

MINUTES OF THE MARCH 21, 2018, INVESTMENT COMMITTEE MEETING

The Investment Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) conducted a conference call meeting on Wednesday, March 21, 2018. Participating were Committee Chair Tim O’Neill, Committee Vice Chair Roger W. Ferguson, Jr., and Committee members Steve Case, Henry Ellenbogen, Alice Handy, Kathryn (“Katie”) Hall, David Rubenstein, and Michael Tennenbaum. Committee member J. Tomilson (“Tom”) Hill was unable to participate.

Participating Smithsonian staff included Secretary Dr. David Skorton; Director of Investment Operations Genta Arovas; Chief of Staff to the Secretary Greg Bettwy; Chief Investment Officer Amy Chen; Associate General Counsel Farleigh Earhart; Investment Officer Michael Giovenco; Inspector General Cathy Helm; Under Secretary for Finance and Administration/Chief Financial Officer Albert Horvath; Assistant Secretary for Advancement Robert Spiller; Investment Officer Jeff Smith; and Chief of Staff to the Board of Regents Porter Wilkinson.

CALL TO ORDER / REPORT OF THE CHAIR

Committee Chair Tim O’Neill called the meeting to order at 12:03 p.m. and thanked everyone for calling in. He noted that as a result of the snow conditions, the next Investment Committee meeting on Wednesday, June 27, 2018, would be relocated to Washington D.C.

APPROVAL OF THE DECEMBER 6, 2017, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the December 6, 2017, Committee meeting were approved without modification.

ANNUAL PORTFOLIO REVIEW AND ASSET CLASS REVIEW

Chief Investment Officer Amy Chen thanked Committee Chair Tim O’Neill for conducting the meeting via conference call due to the winter storm and welcomed Committee Vice Chair Roger Ferguson to the Investment Committee.

Annual Portfolio Review

Ms. Chen compared the total returns of the Smithsonian Endowment against various market indexes over different periods and reported that the endowment ended fourth quarter 2017 with assets of \$1.51 billion. In 2017, the endowment generated a total return of nearly \$200 million and contributed over \$70 million to the Smithsonian’s programs and National Campaign. Ms. Chen also reviewed the portfolio attribution analysis and the top twenty positions including both public and private positions.

** Participated by telephone*

Annual Asset Class Review

Investment Officer Michael Giovenco and Investment Officer Jeff Smith reviewed both public and private investments and noted potential rebalancing or investments activities.

FACTOR ANALYSIS AND ASSET ALLOCATION REVIEW

Gino Reina, Portfolio Manager, and Scott Freemon, Head of Strategy and Risk, of SECOR Asset Management, LP, presented the factor analysis and asset allocation review. The Committee agreed with investment staff's recommendation that no changes should be made to the target Long Term Policy Portfolio at this time.

MANAGER CONCENTRATION REVIEW

Ms. Chen reviewed the endowment's manager concentration relative to peers, asset class implementation and resource utilization and noted that fund access, strategy preference, and market cycles contribute to the manager lineup and asset class implementation.

PORTFOLIO IMPLEMENTATION

Ms. Chen reviewed liquidity analysis of the total Endowment and provided an update to the Watch List.

Investment Officer Jeff Smith sought the Committee's approval for Investment staff's proposed commitment levels for 2018 and also staff's recommendation to revise the policy benchmark to be more aligned with underlying exposures.

OPERATION REVIEW

Director of Investment Operations Genta Arovas updated the Committee on the internship program and staff initiatives for the Smithsonian Strategic Plan. Ms. Chen also reported on the OI's expense analysis for fiscal year 2017.

ADJOURNMENT

The meeting was adjourned at 2:01 p.m. and an executive session was held.