

MINUTES OF THE JUNE 27, 2018, INVESTMENT COMMITTEE MEETING

The Investment Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) conducted a meeting on Wednesday, June 27, 2018, in the Regents’ Room at the Smithsonian Castle in Washington, D.C. Participating were Committee Chair Tim O’Neill, Committee Vice Chair Roger W. Ferguson*, Jr., Committee members Henry Ellenbogen*, Alice Handy*, Kathryn (“Katie”) Hall*, J. Tomilson (“Tom”) Hill*, David Rubenstein and Michael Tennenbaum*. Committee member Steve Case was unable to participate.

Participating Smithsonian staff included Secretary Dr. David Skorton; Director of Investment Operations Genta Arovos; 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; Investment Officer Jeff Smith; and Deputy Chief of Staff to the Board of Regents Kate Forester.

CALL TO ORDER / REPORT OF THE CHAIR

Committee Chair Tim O’Neill called the meeting to order at 12:02 p.m. and welcomed everyone.

APPROVAL OF THE MARCH 21, 2018, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the March 21, 2018, Committee meeting were approved without modification.

PORTFOLIO REVIEW

Investment Officer Michael Giovenco reported that the Endowment ended first quarter 2018 with assets of \$1.55 billion, outperformed its policy benchmark over one-, three-, five- and ten-year periods, and also reviewed the portfolio attribution analysis, manager performances, and the top twenty positions as of June 30, 2018.

PRIVATE EQUITY DISTRIBUTION APPROACH

Investment Officer Ryan Dotson reviewed the Smithsonian’s current approach to private equity in-kind stock distributions and presented the Committee members with a recommendation to possibly enhance the value received from stock distributions in the future. Chief Investment Officer Amy Chen added that liquidity concerns, impact on asset allocation, and increasing financial and operational risks would also be considered when evaluating distributions. She welcomed the Committee’s thoughts and comments on the recommendation.

** Participated by telephone*

PORTFOLIO IMPLEMENTATION

Ms. Chen reviewed the pro forma cash analysis and noted that by the end of 2018, staff will evaluate rebalancing the portfolio and/or potentially revising the allowable policy ranges. Ms. Chen also provided an update to the Watch List and Forward Calendar.

OPERATION REVIEW

Ms. Chen updated the Committee on staff changes.

ADJOURNMENT

The meeting was adjourned at 1:40 p.m. and an executive session was held.