

MINUTES OF THE NOVEMBER 15, 2016, INVESTMENT COMMITTEE MEETING

The Investment Committee (“Committee”) of the Board of Regents of the Smithsonian Institution (“Smithsonian”) conducted a meeting on Tuesday, November 15, 2016, in Committee Chair Tim O’Neill’s office in New York City. Participating were Committee Chair Tim O’Neill and Committee members Kathryn (“Katie”) Hall, J. Tomilson (“Tom”) Hill,* Roger Sant, and Michael Tennenbaum.* Board and Executive Committee Chair John W. McCarter, Jr.; Committee Vice Chair Steve Case; and member David Rubenstein were unable to participate in the meeting.

Participating Smithsonian staff included Secretary David Skorton;* Director of Investment Operations Genta Arovos; Chief Investment Officer Amy Chen; Director of Advancement Virginia Clark;* Investment Officer Ryan Dotson; Investment Officer Michael Giovenco; Inspector General Cathy Helm;* Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath; and General Counsel Judith Leonard.*

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.

He thanked the Board of Regents for sponsoring the dinner that was held at the Cooper Hewitt Smithsonian Design Museum, the prior evening, in honor of David Silfen, who was posthumously awarded the Regents Gold Medal for his exceptional service to the Smithsonian Institution.

Mr. O’Neill congratulated Chief Investment Officer Amy Chen and the Office of Investments staff for receiving another accolade – Sovereign Wealth Funds, Pensions, and Institutional Investors (SWFI), a research and data provider publication, ranked Smithsonian #4 among the 100 most powerful asset owner and public executives of 2016.

APPROVAL OF THE SEPTEMBER 20, 2016, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the minutes of the September 20, 2016, Committee meeting were approved without modification.

PORTFOLIO REVIEW

Chief Investment Officer Amy Chen introduced the Portfolio Review, which was divided into two sections: the June 30, 2016 performance that included actual private fund valuations, and a preliminary portfolio review for the period ending September 30, 2016.

June 30, 2016 – Final

For the period ending June 30, 2016, the Endowment returned -2.4% against the policy benchmark of -2.0%. Ms. Chen reviewed the Cambridge peer results as of June 30, 2016.

* *Participated by telephone*

September 30, 2016

Investment Officer Ryan Dotson reported that the Smithsonian Endowment one-year return as of September 30, 2016, was 6.8% versus 7.4% for the policy benchmark. Mr. Dotson reviewed the current portfolio asset allocations against the target policy allocations as well as performance attribution.

SUSTAINABLE INVESTING

Ms. Chen presented a framework on sustainable investing developed by staff to help guide a discussion on the subject. She provided a definition for sustainable investing and reviewed the landscape.

PORTFOLIO IMPLEMENTATION

Director of Investment Operations Gentiana Arovos reviewed significant portfolio decisions that were made during the quarter as well as a pro forma cash flow report.

Ms. Chen reviewed the Watch List and sought input from Committee members on managers listed on the Forward Calendar.

OPERATIONS REVIEW

Ms. Chen updated the Committee on the status of staffing and technology

ADJOURNMENT

The meeting was adjourned at approximately 1:21 p.m. and an executive session was held.