

MINUTES OF THE JUNE 12, 2024, INVESTMENT COMMITTEE MEETING

The Investment Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) conducted a virtual meeting on June 12, 2024. Participating were Committee Chair Kathryn (“Katie”) Hall, Committee Vice Chair Roger Ferguson, and Committee members Henry Ellenbogen, Anna-Lena Kamenetzky, Jose Minaya, Franklin D. Raines, and Chair of the Board of Regents Risa J. Lavizzo-Mourey.

Also present by invitation of the Committee were Chief of Staff to the Secretary Greg Bettwy, Chief Investment Officer Amy Chen, Investment Director Jinwen Chen, Under Secretary for Finance and Administration and Chief Financial Officer Ron Cortez, Managing Director Ryan Dotson, Deputy Chief of Staff to the Regents Kate Forester, Managing Director Michael Giovenco, Chief Legal Officer Jennifer McIntyre, Deputy Secretary and Chief Operating Officer Meroë Park, Director of Investment Operations Allen Rumanyika, Managing Director Jeff Smith, and Counselor and Chief of Staff to the Regents Porter Wilkinson.

CALL TO ORDER

Committee Chair Katie Hall called the meeting to order at 12:00 p.m., welcomed all participating Committee members and staff, and reviewed the agenda.

APPROVAL OF THE COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the March 27, 2024, Committee meeting were approved.

CENTRAL TRUST ENDOWMENT DRAW PROPOSAL

Deputy Secretary and Chief Operating Officer Meroë Park reported on the Regents’ recent approval of a proposal to increase the quasi-endowment draw for strategic priorities. The increase was due to the need for additional investments in preparation for the America250 celebration of which the Smithsonian will be supporting the Semi quincennial on multiple levels: through the work of individual units and pan-institutional initiatives, as well as, in Washington, DC, and across the country.

Under Secretary for Finance and Administration and Chief Financial Officer Ron Cortez presented details on the alternative funding sources considered. The Institution is also fundraising for the Smithsonian 250th events and programming, and Mr. Cortez noted that not all the approved funds may need to be drawn.

PORTFOLIO REVIEW

Managing Director Michael Giovenco presented the endowment performance as of March 31, 2024, against benchmarks for the one-, five-, ten- and fifteen-year trailing periods. The equity and fixed income portfolios outperformed relative to their benchmarks while the marketable alternatives, private equity, and venture capital portfolios underperformed relative to their benchmarks. Asset class weights were generally in line with the policy portfolio targets with marketable alternatives underweight and fixed income overweight. Mr. Giovenco also reviewed the endowment attribution, asset allocation, and manager selection reports.

PRIVATE EQUITY REVIEW

Managing Director Jeff Smith provided an in-depth review of the private equity asset class noting that the asset class weight was in-line with the policy target. The private equity and venture capital portfolio is geared to generate the highest returns in the portfolio over the long term.

Mr. Smith presented the private equity and venture capital portfolio's performance relative to public market equivalents on a 10-year basis. The private equity and venture capital portfolios have generally achieved their target returns and outperformed the median peer on a DPI (distribution overpaid in capital) basis. Mr. Smith presented the performance of top contributors and detractors.

PORTFOLIO IMPLEMENTATION

Chief Investment Officer Amy Chen noted that the Manager Diversity Report was made available to the public on the Smithsonian's website. Ms. Chen presented the summary of significant changes showing Q1 2024 investment activity, an overview of portfolio allocation changes made during Q2 2024, and the projected cash flows through December 2024.

Director of Operations Allen Rumanyika presented results of the April 2024 annual manager diversity review showing that 40% of US manager assets under management were managed by diverse managers.

OPERATIONS REVIEW

Ms. Rumanyika presented results of the annual review of external manager fees and oversight costs through December 31, 2023.

EXECUTIVE SESSION

The Committee moved into an executive session at approximately 1:54 p.m.

ADJOURNMENT

With no other business to consider the meeting was adjourned at approximately 2:00 p.m.

Respectfully submitted,

Katie Hall, Chair