

THE INSTITUTE FOR ADVANCED STUDY

MINUTES

Meeting of the Finance Committee
Friday, April 25, 1975

Board Room, Princeton, New Jersey

Present

Messrs. Segal, Simon, Petersen, Dilworth, Hansmann, Jenkins, Simpson; Dr. Kaysen; Mr. Morgan; in addition to the members of the Committee, the following Trustees were present: Messrs. Doob, Drell, Forrestal, Roth, Straus, and Taplin.

Presiding Officer

The Chairman of the Finance Committee, Mr. Segal, opened the meeting at 11:15 a.m.

Minutes

The minutes of the Finance Committee meeting held in New York City on February 3 were approved as circulated.

Purchases and Sales

The list of purchases and sales of securities since the last meeting (attached) was approved. Mr. Hansmann and Mr. Jenkins reported that the changes in common stocks were made with an awareness of the need for increasing the total return on the portfolio. The changes in the bond portfolio were made in order to obtain a better quality of bonds with no loss in yield. Mr. Hansmann said that the market was so volatile as to require making more frequent changes than usual.

Percentage of Equities in the Portfolio

Mr. Hansmann said that he would be much more comfortable with a percentage ceiling of equities in the portfolio rather than the dollar increase of \$3,000,000 additional authorized at the February meeting. It was the sense of the meeting that 65% in equities would be an acceptable ceiling.

Portfolio Performance

There followed a general discussion of the problem of comparing the performance of the equities portion of the portfolio with the Dow Jones Averages (at present we are measuring the performance of the total portfolio). It was the sense of the meeting that if this could be accomplished without undue expense, either in the future or for the past few years, that it should be done. Messrs. Hansmann and Morgan will investigate the matter with Haskins & Sells.

Ford Stock

The Director raised the question as to whether it would not be wise to get the sale restriction removed on the Ford stock now being held as part of the matching money in the endowment for Social Science. It was the sense of the meeting that such an attempt should be made.

Fund Raising

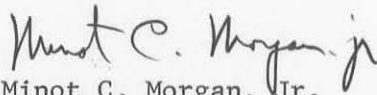
Mr. Petersen raised the question of further corporate support. The Director said that there were now about 20 associates, contributing something over \$100,000 a year. On the basis of past experience, he knows no way of increasing this support other than personal effort by the Director himself. An increase from 20 to 100 members would take a very great effort indeed and so far he has come up with no formula to broaden the number in a reasonable ratio of dollars to effort. The Director has considered the possibility of an assistant who would be engaged primarily in fund raising and has reached a negative conclusion. Mr. Segal said that this should be a Board responsibility.

It was moved, seconded, and unanimously carried that the relationship with Barnes & Roche be terminated and that Mr. Taplin be authorized with the Director to approach Mr. John Harper of Princeton to discuss ways of expanding the Associates Program.

Adjournment

There being no further business, the meeting was adjourned at 12:10 p.m.

Respectfully submitted,


Minot C. Morgan, Jr.
Acting Secretary

THE INSTITUTE FOR ADVANCED STUDY
PRINCETON, NEW JERSEY 08540

QUARTERLY UNIT REPORT ON THE PORTFOLIO

Assets as of March 31, 1975

Common Stock	\$25,004,341
Preferred Stock	2,500,000
Bonds	17,836,692
Mortgages	948,209
Cash	<u>336,222</u>
Total Funds Invested	\$46,625,464
Social Sciences Restricted Investments	<u>2,873,812</u>
Pooled Assets Investments	\$43,751,652

Total Units

Quasi-Endowment Funds	20,577
School of Social Sciences	1,259
Sivian Bequest	210
Herodotus Fund	210
Veblen Fund	207
H. F. Linder Fund	<u>87</u>
	22,550

Market Value Per Unit \$1,940

Dow Jones Industrial Closing Average 768

THE INSTITUTE FOR ADVANCED STUDY

Summary of Purchases and Sales
For the Period September 27, 1974 through April 11, 1975

PURCHASES

<u>I. Short Term Securities</u>		<u>Cost</u>
800M	Ohio Power Company Variable Demand Note	\$ 800,000.00
1,168M	Smithkline Corporation Variable Demand Note	1,168,000.00
310M	United States of America Treasury Bills Disc. 7.12% due 1/23/75	306,687.72
860M	Ford Motor Credit Company Variable Demand Note	860,000.00
200M	United States of America Treasury Bills Disc. 5.38% due 6/19/75	197,282.00
500M	Ford Motor Credit Company Note 5½% due 3/27/75	500,000.00
500M	Sears Roebuck Acceptance Corp. Notes 5½% due 3/27/75	500,000.00
1,000M	United States of America Treasury Bills Disc. 5.55% due 6/26.75	985,982.00
500M	Prullease, Inc. Notes 5% due 4/3/75	500,000.00
500M	United States of America Treasury Bills Disc. 5.55% due 7/3/75	492,991.00
500M	Sears Roebuck Acceptance Corporation Note 5½% due 4/21/75	500,000.00
350M	United States of America Treasury Bills Disc. 6.35% due 10/9/75	338,763.00
		----- \$7,149,705.72

II. Long Term Bonds

500M	Bank of America National Trust & Savings Assoc. Notes 6.625% due 7/1/79	\$ 436,437.00
1,000M	First National Boston Corp. Notes 6.625% due 7/15/79	895,700.00
500M	General Motors Acceptance Corp. Notes 5% due 9/1/80	394,880.00
500M	General Motors Acceptance Corp. Notes 4.625% due 9/1/82	360,680.00
500M	Pacific North West Bell Telephone 7% due 2/1/79	458,990.00

Summary of Purchases and Sales (cont'd)

II. Long Term Bonds (cont'd)

500M	Pacific Telephone & Telegraph Co. Deb.		
	5-1/8% due 8/1/80		\$ 406,850.00
500M	Sears Roebuck Acceptance Corp.		
	5% due 7/15/82		377,135.00
1,000M	Citicorporation - Note		
	6-5/8% due 11/15/80		858,680.00
800M	Ford Motor Company - Debentures		
	7.40% due 1/15/80		795,000.00
1,000M	First National Boston Corporation Notes		
	8% due 7/15/82		995,000.00
500M	J. P. Morgan Overseas Capital Corp. SubConvDeb.		
	4 1/2% due 6/15/87		538,750.00

			\$6,518,102.00

III. Equities

		<u>Avg. Price</u>	<u>Cost</u>
8,000 shs.	Rohm & Haas Company	\$52.56	\$ 420,449.36
3,000 shs.	Smithkline Corporation	44.60	133,814.44
16,700 shs.	American Telephone & Telegraph Co.	50.31	840,131.04
15,000 shs.	Connecticut General Ins. Corp.	37.70	565,437.50
8,000 shs.	Ingersoll-Rand Co.	69.87	558,936.20
10,000 shs.	Union Pacific Corporation	64.81	648,084.48
25,000 shs.	Raytheon Company	33.32	883,073.05
25,000 shs.	American Cyanamid Company	26.03	650,653.38
1,200 shs.	Hercules, Inc.	25.34	30,409.86
2,600 shs.	Hobart Corporation	18.22	47,362.87

			\$4,778,352.18

IV. Received

		<u>Avg. Price</u>	<u>Value</u>
<u>Distribution of the Estate of Elizabeth Veblen</u>			
3,300 shs.	American Tel. & Tel. Co.	\$43.38	\$ 156,337.50
200 shs.	Bethlehem Steel Corp.	26.63	5,325.00
150 shs.	E. I. duPont deNemours & Co.	110.00	16,500.00
250 shs.	Exxon Corporation	69.44	17,359.38
1,300 shs.	General Electric Co.	39.50	51,350.00
450 shs.	General Motors Corp.	35.94	16,171.88

Summary of Purchases and Sales (cont'd)

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IV. Received (cont'd) (Distribution of the Estate of Elizabeth Veblen)

450 shs.	Kennecott Copper Corp.	\$33.13	\$	14,906.25
200 shs.	Louisiana Land & Exploration Corp.	25.75		5,150.00
300 shs.	Phelps Dodge Corporation	32.06		9,618.75
400 shs.	Sears Roebuck & Co.	54.88		21,950.00
100 shs.	Standard Oil Indiana	91.00		9,100.00
752 shs.	Sun Oil Co.	42.50		31,960.00
3M	U. S. Treasury Bonds 3½% due 11/15/98	72.31		2,169.38

			\$	357,898.14

GIFTS

500 shs.	Kennecott Corp.	36.38		18,187.50
767 shs.	Continental Oil Corp.	41.56		31,876.52
5,000 shs.	Parco Managers Corporation 7% cumulative preferred	100.00		500,000.00

			\$	550,064.02

Conversions to Common Stock

42,537 shs. Newmont Mining Corporation - common
in exchange for

13,612 shs. Newmont Mining Corporation - Ser. A
\$4.50 cumulative convertible preferred

10% Stock Dividend (paid 12/10/74)

75 shs. Sun Oil Company

SALES

<u>I. Maturities</u>		<u>Proceeds</u>
200M	Twelve Federal Land Banks 7.15% due 1/20/75	\$ 200,000.00
310M	U. S. Treasury Bills Disc. 7.12% due 1/23/75	306,687.72
500M	U. S. Treasury Notes 5-7/8% due 2/15/75	500,000.00
350M	Federal National Mortgage Association 7.55% due 3/10/75	350,000.00
500M	Ford Motor Credit Company Notes 5½% due 3/27/75	500,000.00
500M	Sears Roebuck Acceptance Corp. Note 5½% due 3/27/75	500,000.00
500M	Prulose, Inc. Notes 5% due 4/3/75	500,000.00
350M	U. S. Treasury Bills Disc. 7.95% due 4/8/75	328,897.33

		\$3,185,585.05
 <u>II. Fixed Income Securities</u>		 <u>Proceeds</u>
300M	Ohio Power Company Variable Demand Note	\$ 300,000.00
250M	Twelve Federal Intermediate Credit Banks 8.15% 1/2/75	249,840.75
525M	Singer Company Debentures 8.25% 4/15/76	500,062.50
668M	Smithkline Corporation Variable Demand Note	668,000.00
3M	United States of America Treasury Bonds 3½% 11/15/98	2,220.00
360M	Ford Motor Credit Company Variable Demand Note	360,000.00
800M	Ford Motor Company Notes 7½% 7/15/77	800,000.00
1,000M	First National Boston Corporation Notes 6-5/8% 7/15/79	955,540.00
100M	Pennzoil Louisiana & Texas Offshore, Inc. 1% 5/1/79	74,000.00
1,000M	First National Boston Corporation Notes 8% 7/15/82	987,500.00
400M	Commonwealth Edison Company - 1st Mtg. 7.75% 10/1/76	401,084.00
	Received S/F Payments Canadian Petrofina Ltd.	36,881.32

		\$5,335,128.57

III. <u>Equities</u>	<u>Avg. Price</u>	<u>Proceeds</u>
4,000 shs. Getty Oil Company	\$109.00	\$ 435,967.73
16,000 shs. J.P. Morgan & Company, Inc.	50.68	810,801.23
11,000 shs. Rohm & Haas Company	63.36	696,945.95
7,000 shs. Schlumberger Ltd.	75.92	531,430.65
3,000 shs. Skelly Oil Company	44.73	134,175.71
16,000 shs. Squibb Corporation	23.39	374,252.07
16,000 shs. Warner Lambert Company	18.88	302,074.99
15,000 shs. Union Carbide Corporation	48.14	722,158.01
18,700 shs. Champion International Corporation	13.79	257,895.80
5,000 shs. INA Corporation	25.78	128,882.38
5,000 shs. Eastman Kodak Company	61.37	306,855.37
200 shs. Bethlehem Steel Corporation	23.99	4,797.12
150 shs. E.I. duPont deNemours & Co.	86.40	12,959.78
250 shs. Exxon Corporation	58.31	14,576.62
300 shs. Phelps Dodge Corporation	26.48	7,944.60
400 shs. Sears, Roebuck and Co.	42.82	17,128.02
100 shs. Standard Oil Company of Indiana	79.39	7,939.10
450 shs. General Motors Corporation	29.38	13,219.93
5,000 shs. Kennecott Copper Corporation	37.24	186,213.89
15,500 shs. Continental Telephone Corporation	13.10	203,029.34
4,000 shs. International Business Machines Corp.	198.77	795,085.57
17,500 shs. Louisiana Land and Exploration Co.	25.45	445,312.95
30,000 shs. Middle South Utilities, Inc.	14.13	423,870.29
827 shs. Sun Oil Company	33.89	28,030.27
25,000 shs. Southern Union Gas Company	24.05	601,253.81
5,000 shs. Beckman Instruments, Inc.	30.73	153,652.26
1,300 shs. General Electric Company	45.64	59,332.62
3,000 shs. Smithkline Corporation	54.90	164,696.61
18,100 shs. Scott Paper Company	17.46	316,022.80
1/2 fr. sh. Newmont Mining Corporation		9.63

		\$8,156,515.10

The Institute For Advanced Study

PRINCETON NEW JERSEY 08540

Office of the General Manager

April 25, 1975

Memo to Mr. Petersen
Mr. Dilworth
Mr. Taplin
Mr. Segal
Mr. Simon
Mr. Hansmann
Mr. Jenkins
Mr. Simpson
Dr. Kaysen
Mr. Morgan, Jr.

THE INSTITUTE FOR ADVANCED STUDY

Joint Meeting of the Budget and Finance Committees
Friday, April 25, 1975 at 10:30 A.M.

AGENDA

- A. 10:30 A.M. BUDGET COMMITTEE (Mr. Taplin, Chairman),
Review of the proposed Budget for 1975-1976.

- B. 11:00 A.M. FINANCE COMMITTEE (Mr. Segal, Chairman),
 1. Report of the Chairman (Minutes of February 3, 1975).
 2. Review of quarterly report on unit values (attached).
 3. Review and ratification of security transactions (schedule attached).
 4. Investment review:
List of holdings as of March 31, 1975.
 5. New Business.

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Conversions to Common Stock

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13,612 shs.	Newmont Mining Corporation - Ser. A \$4.50 cumulative convertible preferred

10% Stock Dividend (paid 12/10/74)

75 shs.	Sun Oil Company
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SALES

I. Maturities

Proceeds

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1/2 fr. sh. Newmont Mining Corporation		9.63

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