

THE INSTITUTE FOR ADVANCED STUDY

MINUTES

Meeting of the Finance Committee
January 14, 1978

Board Room
The Institute for Advanced Study

Present: Messrs. Petersen, Dilworth; Other Trustees: Messrs Doob, Drell, Forrestal, Hansmann, Segal, Straus; Messrs. Jenkins, Simpson; Dr. Woolf, Mr. Morgan, Miss Modzelewski.

Absent: Messrs. Houghton, Simon.

Presiding Officer: In the absence of the Chairman, Mr. Hansmann opened the meeting at 9:30 a.m.

Hansmann Letter: Mr. Forrestal reopened the matter of the management of the portfolio by Mr. Hansmann and the sub-committee of the Finance Committee. At a previous meeting of the Board, a statement from Mr. Hansmann had been accepted by the Board. On further discussion between Mr. Forrestal and Mr. Hansmann, an addition to that statement is now being submitted to the Finance Committee. It follows:

"The Treasurer has always recognized that despite the fact that he received no compensation or reimbursement of expenses from the Institute, he nevertheless is in a fiduciary relationship with the Institute. In managing the Institute's portfolio the Treasurer has acted and will continue to act in accordance with the highest standards of fiduciary. In particular, the Treasurer has always been careful to insure that purchases and sales of securities for the Institute's account are not effected in a manner which would confer any economic benefit on the Treasurer or his associates."

The addition was unanimously accepted by the Finance Committee and will be accepted by the full Board.

Hamilton, Johnston and Co., Inc. Report: The report of Hamilton, Johnston and Co., Inc. on the portfolio performance for the quarter ended September 30, 1977 is attached. At Mr. Hansmann's suggestion, Mr. Simpson made a correction in the section on "fixed income." He pointed out that the Hamilton, Johnston Report does not take into account .08% of accruals which would raise the total from .03 to 1.1%.

-2-

Equity Funding: Mr. Jenkins and Mr. Hansmann reported that the Equity Funding matter was almost concluded and that an additional 15-20% of the proceeds of the sales could be expected, presuming the Orion stock produces a yield in another year.

Hochschild Trust: Mr. Hansmann reported that the Hochschild Trust had been diversified and that its value as of September 30, 1977 was \$425,000.

Transactions between Meetings: There followed a general discussion of the transactions for the period October 8, 1977 through January 6, 1978 (attached). Mr. Jenkins spoke specifically to the purchases and sales of equity. Mr. Simpson said that about 50% of the fixed income investment was now in Commercial Paper and that the general bond market was in a defensive position.

"Guidelines": Mr. Hansmann stated that the "Guidelines" under which the Finance Committee had been operating for a number of months were 60-70%. Recent purchases takes the equity portion of the portfolio up to 62%. There followed a general discussion, and it was agreed that the sub-committee would have more flexibility in the future if the "Guidelines" were revised to permit investment in equities from 50% to 70%.

Adjournment: There being no further business before the Finance Committee, the meeting was adjourned at 10:30 a.m.

Respectfully submitted,

Minot C. Morgan, Jr.
Minot C. Morgan, Jr.
Secretary