

Committee on Printed and Electronic Publications consider a 5% per annum increase in the subscription prices of *PAC*. Beyond this biennium, we may have to be prepared to increase the National Subscriptions in the period 2003–2005 at a higher rate, depending on our experience with the new project system.

It is most important that we spend IUPAC funds on strategically important projects, making visible to our outside world of customers those accomplishments that IUPAC is in a unique position to provide. This effort will require focusing on fewer, high-priority tasks. For the next biennium, the allocation to the Divisions will follow mainly the pattern of past expenditures, as proposed to the Bureau at its meeting in September 2000. As we take on new tasks, such as the Systematic Nomenclature and Structure Representation Division, more activity in COCI, and educational efforts, the allocations will be different.

The next biennium is, in many respects, a provisional one, with some uncertainties that will be resolved through the experience of the next two years. For future biennia, it will be up to the Executive Committee and the Bureau to develop focused strategies that give clear guidelines to the Finance Committee and to the Treasurer to allocate the funds in the most sensible way.

### Acknowledgments

The present work of the Treasurer was only possible thanks to the great cooperation and help of the Executive Director, the Finance Committee, and last—but not least—the outstanding heritage of my predecessor, Prof. John Ward.

### Finance Committee Report

According to the standing orders of the Finance Committee (FC), the FC is charged broadly with providing financial advice to IUPAC, as well as the responsibility for IUPAC securities in the long-term accounts. Over the past biennium, our long-term investments have been handled through the Merrill Lynch International Bank Limited with offices in New York City. The holdings in the IUPAC long-term investment account are a mixture of international equity funds and international bonds, with approximately 1–2% of the funds being available in a money market fund for liquidity.

The investment market over the past two years was very mixed. The year 1999 showed poor performance early in the year; however, the fourth quarter ended strong. In 2000, the markets took a decided turn downward from the preceding several

years when growth was high. It was the end of a prolonged period of outstanding investment opportunities. The downward turn in the markets, especially during the past year, had its way with the IUPAC portfolio.

For the biennium, 1999–2000, the value of our long-term portfolio increased from USD 3 465 219 to USD 4 359 888, or 25.8%. However, a significant portion of this increase is due to underrunning the operating budgets during this biennium and transfer of those funds to the long-term account. During 1999, the investments yielded an 11.9% increase, largely due to a market rally in the fourth quarter of the year. During the year 2000, however, our investments decreased in value by 1% in an equity investment market that decreased by over 9%. Financially, we have done well in a rather poor investment market.

In view of the recent volatility of the equity markets and the goal of the FC to “preserve capital”, a decision was taken at the FC meeting in March 2001 to move to a 50/50 ratio of equity-to-fixed income in the long-term portfolio.

The Finance Committee and Executive Committee also approved an IUPAC Investment Policy and a Fund Policy Statement that provide an annual operating description of how the long-term investment account is allocated to various funds of the organization. These policy statements are available upon request to the Secretariat.

In summary, the long-term investment account of IUPAC is in good shape and can provide financial stability for the annual operations of the Union, as well as income to support certain special projects. As the Treasurer points out in his report, the health of this account depends on a continued strong investment market.

As FC chairman, my thanks go to our Treasurer and to the FC committee members for their advice and counsel, as well as to the officers of IUPAC for their continued support. Special thanks go to Dr. Alfred Hartmann, a retired member of the FC, and to Prof. John Ward, past-Treasurer, who have attended the FC meetings during the past two years and participated in our deliberations.



**Dr. Ed Przybyłowicz**