

**SIGMA XI, THE SCIENTIFIC RESEARCH SOCIETY
REPORT OF THE COMMITTEE ON FINANCES
FOR THE YEAR ENDED JUNE 30, 2005**

The membership of the Committee on Finances for 2004-05 is:

Richard L. Meyer, Chair
Francisco J. Ayala
Jaleh Daie
Arthur M. Geller
W. Franklin Gilmour
Lawrence M. Kushner
Raymond P. Lutz
Peter Raven
Patrick Sculley
Ann H. Williams
James F. Baur, Guest

The Committee on Finances met on March 18, 2005, at the Sigma Xi Center in Research Triangle Park, North Carolina, to review the performance of Sigma Xi's investments, and recommended a draft budget, which reflected the needs for support services, programs and activities, for FY 2006 to the Board of the Corporation. The purpose of the Programs and Support Services Fund is to provide annual support for programs, research and Society operations. The purpose of the Capital Campaign Fund is to finance the amortization of the notes on and maintenance of the new Sigma Xi Center.

As of June 30, 2005, the balances in these funds were as follows:

Fund	Cost	Market Value
Programs & Support Services	\$ 12,966,867	\$ 13,187,040
Capital Campaign	\$ 2,212,507	\$ 2,178,964
Total	\$ 15,179,374	\$ 15,366,004

Dividend/interest yields and total returns, based on cost, for these funds on June 30, 2005 were:

Fund	Dividend and Interest Yield, Percent	Total Return Including Realized Capital Gains, Percent
Program & Support Services	2.22	23.63
Capital Campaign	4.43	4.17

The Committee on Finances recommended that a search be initiated for a replacement of our asset manager. At its April, 2004 meeting the Executive Committee endorsed this proposal and forwarded the recommendation to the Board of Directors. The Board charged the Treasurer and Executive Director to identify appropriate potential managers for review. The Executive Director and Treasurer collected information from potential advisors; these companies represented a broad spectrum of investing styles. All interested firms were reviewed. A condensed slate of candidates was presented to the Board at its November, 2004 meeting. They unanimously approved the slate and initiated a selection process. The candidates were thoroughly vetted via documentation and face-to-face meetings with the Committee on Finances. The Executive Committee accepted the Committee's unanimous recommendation, on behalf of the Board, to select Tanglewood Asset Management Company, Inc. (TAMCO). Transfer of monies from Wachovia/Evergreen Investments to TAMCO was accomplished by mid February 2005. Associated with engaging new portfolio managers was the development and adoption by the Board of an improved "Statement of Investment Policies and Objectives". Therefore, the data summarized in the previous performance table represents a nearly equal division between the two asset managers.

The Programs & Support Services Fund yields reflect the decision of the Board of Directors to favor long-term growth potential over short-term yields. As the result of market conditions over the past year the market value of Sigma Xi Support Services and Programs Fund decreased 4.23 percent from July 1, 2004 to June 30, 2005. However, the Committee is confident that the new investment strategy will continue to produce improved investment performance. The Committee recommended that the Capital Campaign funds be managed in reference to the current note repayment strategy.

The Chair wishes to publicly acknowledge the extensive effort by Dr. Patrick Sculley, Executive Director, the wise council and extra commitment of time by the Committee and the encouragement of the Executive Committee as well as the unanimous support of the Board of Directors. The Society is being well served.

Richard L. Meyer
Chair