Director’s Matters

Prudent investments pay off

With the global recession still broadcasting weekly signals that it has yet to hit rock bottom, there is mixed advice coming from financial advisers on both personal and institutional investments. Fortunately, AIP benefits from the expert advice of a highly experienced professional investment advisory firm—Stratford Advisory Group—and a dedicated group of volunteers from our Governing Board and Member Societies who constitute our Investment Advisory Committee (IAC). IAC met last week for a periodic review of AIP's investment portfolio and to consider potential changes given the turbulent economy.

More than 25 years ago, AIP began contributing portions of its operating surpluses to an investment portfolio, with the present goal of accumulating a reserve fund large enough to cover one year's operating expenses, plus long-term liabilities and obligations (for example, medical benefits for retirees and lease obligations). The reserve fund protects AIP in case of a severe downturn in AIP's business or a severe general economic downturn, such as the one we are experiencing now. As AIP grew the fund, budgetary guidelines permitted a 3–5% annual withdrawal from the reserves to supplement the operating budget.

Through the years, sound investment advice enabled our reserve fund to grow to $117 million in October 2007, when the capital markets peaked. We were then very close to our stated goal. The subsequent downturn in the markets, however, particularly since last September, has caused our portfolio value to decrease to $80 million as of last week. This is a gut-wrenching plunge in value. However, this type of event is one of the reasons why we built up the reserves. In a very real sense, AIP's prudent growth of reserves over the last 25 years (with an average annual appreciation of 8.4%) has given us the financial security to weather the current extraordinary period of stress in the global economy. Fortunately, we do not anticipate any significant draw down to our reserves in the short term. With careful budgeting and an Institute-wide commitment to maximizing efficiency, we will likely be able to wait out the market's eventual recovery.

Using a model that has worked well over a similar observation period, the Investment Advisory Committee took a careful look at the diversified mix of 10 funds which constitute our reserves, taking into account a range of allocations for equities (stock funds) and fixed instruments (bond funds or money market funds), and extrapolated future performance over the next decade. The resulting analysis showed that it will likely take us more than 10 years to reach our reserve fund goal. The model also assumed some spending from the reserves to supplement our annual operating budgets and fund key capital projects such as the ongoing Scitation upgrade. This strategy will allow AIP to continue investing in new products, programs, and services while it is building back its reserves.

I thank our Investment Advisory Committee for their dedicated service to AIP and their prudent stewardship of its investment portfolio.

Sincerely,
**Publishing Matters**

**Flying the AIP flag in Japan**
Last week, John Haynes and Tim Ingoldsby conducted the first official visit to Japan by AIP Publishing executives in more than a decade. Next to the US market, Japan represents AIP’s largest national market for content sales. It is also one of the top countries for scientific research; Japanese authors submit thousands of papers for publication in AIP journals every year. The first objective of this visit was to meet with our exclusive subscription agent for Japan—Kinokuniya—to stress the importance of our relationship and to begin the strategic process of growing the business together. The second was to meet with leaders from the two national physics societies—the Physical Society of Japan and the Japan Society of Applied Physics—and their publisher, the Institute of Pure and Applied Physics, to discuss opportunities for mutual collaboration. Haynes and Ingoldsby also visited the Tokyo offices of two publishers with successful operations in Japan. At the US Embassy, they met with environment, science, and technology officials. Some other goals for the trip were to fly the AIP flag, build understanding of AIP’s mission and activities, and conduct fact-finding visits with some of our Japanese editorial board members and other friends of AIP. The visit was highly successful—uncovering and generating numerous opportunities for collaboration and enhanced sales and marketing.

![Image: Tim Ingoldsby (center) and John Haynes (3rd from right) meet with officials of Kinokuniya at their Tokyo office.](image1)

![Image: John Haynes (front row, second from right) and Tim Ingoldsby (front row, center) with IPAP, JSAP, and P&J after a traditional Japanese tempura dinner.](image2)

**Physics Resource Center Matters**

**The science behind the Oscars - on TV and in print**
Did you watch the Academy Awards last weekend? One of the Oscar-winning movies had been the subject of a segment on Discoveries and Breakthroughs Inside Science, AIP’s local TV news syndication program. AIP explained the motion capture technology that won the award for visual effects in The Curious Case of Benjamin Button. Based on the interviews and research to produce the segment, AIP also crafted an article for local newspapers through Inside Science News Service. Sometimes there’s more than meets the eye in the science behind the news!

**Learning to teach**
The Statistical Research Center (SRC) completed data collection on a study designed to answer the question: How do physics faculty learn to teach? SRC surveyed physics faculty members who recently taught a quantitative introductory physics course at either a two-year or four-year institution. The questionnaire asked the faculty members what they knew about two dozen different instructional strategies. Faculty members also reported on the extent to which they used any of these instructional strategies, and what
aspects of the strategies worked or didn't work for them. This study was conducted as part of an NSF grant whose principal investigators were Charles Henderson of Western Michigan University and Melissa Dancy, now at Johnson C. Smith University.

## Around AIP

### ACP food drive
Due to the state of our economy, area food banks' resources are scarce—and ACP plans to help. The ACP Events Committee is running a food drive that begins today and continues through March 23. Donations will be made to Community Support Systems, Inc. to benefit residents of southern Prince George's County and northern Charles County. A collection box has been placed in the lobby for nonperishable packaged goods. See the list in your floor's pantry for suggested items. Grocery store gift cards are also accepted. Please join us in helping our neighbors in need.

### Who we are—Office of the Vice President, Physics Resources Center
The Office of the Vice President, Physics Resources Center (PRC) (as shown on page 21 of the AIP organizational chart) works closely with the AIP Member Societies and oversees the provision of many services such as media relations, government affairs, education and employment statistics, promotion of physics education, and preservation of and making known the history of physics and allied fields. Additionally, PRC is responsible for publishing Physics Today (PT) magazine; PT staff work closely with IEEE in the publication of the magazine Computing in Science and Engineering (CiSE). Catherine O'Riordan heads this dynamic group of departments, which will be introduced to you in the coming months. O'Riordan and the PRC division directors and staff appear below.

We invite your feedback to this newsletter via e-mail to aipmatters@aip.org.

For past issues of this newsletter, visit the AIP Matters archives.