

MANAGED FUNDS ASSOCIATION

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HEDGE FUND INVESTMENTS IN VIRGINIA

Across the state of Virginia, hedge funds are helping people attain retirement security and young people get a quality education.

Institutional investors – like pensions and university foundations – use hedge funds to diversify their investment portfolios and manage risk. Ultimately, hedge funds are an important tool used by institutional investors to help meet their financial obligations.

Hedge funds are no longer exclusively used by wealthy investors. Globally, 65% of hedge fund assets come from institutional investors.¹



Hedge Funds Help Build Retirement Security

- **Virginia Retirement System (VRS)**
 - More than 340,000 Virginia residents rely on VRS for their retirement security.²
 - The VRS manages assets worth over \$54 billion. In 2012, VRS invested more than \$4.4 billion of its assets, or approximately 8%, in hedge funds.³
 - Some of the largest public employers in the commonwealth are enrolled in VRS.
 - **Fairfax County Public Schools – 20,592 active employees** are automatically enrolled in VRS. FCPS is the largest contributing employer to the VRS system (6.02%).⁴
 - **Virginia Beach City Schools – 8,401 active employees** are enrolled in VRS. It is the second biggest employer in the VRS system.⁵
 - **Prince William County Schools – 6,558 active employees** are enrolled in VRS. It is the 15th largest employer in the state.⁶
 - **Loudon County Schools – 5,163 active employees** enrolled in VRS. It is the 18th largest employer in the state.⁷
 - **Chesterfield County Schools – 5,660 active professional employees** are enrolled.⁸
 - **Henrico County** – The school system has **4,526 active professional employees** and the County of Henrico government has **4,918 active employees**. Both are enrolled in the VRS.⁹

- **Northrop Grumman**
 - Northrop Grumman Shipbuilding is the third largest employer in the state with more than 16,300 employees in Newport News.¹⁰
 - The company sponsors several defined benefit pension plans in the U.S. covering the majority of its employees.
 - In 2011, Northrop invested \$1.4 billion of its \$22 billion retirement plan assets in hedge funds.¹¹

- **Verizon**
 - Verizon has more than 11,000 employees in Virginia.¹²
 - As of December 31, 2011, Verizon invests more than \$2.3 billion in hedge funds, which composes more than 9.5% of its \$24 billion pension plan.¹³

- **BB&T**
 - BB&T employs 3,000 workers in Falls Church, Virginia.¹⁴
 - In 2011, BB&T invested \$99 million in alternative investments, including hedge funds, out of \$2.4 billion in total pension plan assets.¹⁵

- **Wells Fargo**
 - Wells Fargo has more than 280 locations in Virginia.¹⁶
 - As of December 31, 2012, Wells Fargo allocated \$258 million of its \$9.6 billion pension plan assets to multi-strategy hedge funds.¹⁷

- **Lockheed Martin**
 - Lockheed Martin employs over 2,500 workers in Manassas.¹⁸
 - As of December 31, 2012, Lockheed invested \$806 million of its \$32 billion in total pension plan assets in hedge funds.¹⁹

- **Boeing**
 - Boeing employs more than 2,600 workers across Virginia. There are currently 1,433 Boeing retirees in Virginia.²⁰
 - In 2012, Boeing invested \$2.5 billion in hedge funds, roughly 5% of the company's defined benefit plan, which totals \$50 billion.²¹

- **UPS**
 - UPS has nearly 2,400 workers in the Richmond area.²²
 - As of December 31, 2012 UPS invested more than \$2.8 billion, or 11.1%, of its \$25 billion total assets in hedge funds.²³

- **Tyson Foods**
 - Tyson Foods has locations in Glen Allen and Temperanceville in Virginia.²⁴
 - According to its most recent financial report in 2012, Tyson's defined benefit plan allocated \$276 thousand of its nearly \$69 million total assets, to alternative investments, including hedge funds.²⁵
- **IBM**
 - IBM has major locations in Herndon, McLean, Reston and Richmond.²⁶
 - IBM works with more than 1,000 software vendors, business partners and companies in Virginia.²⁷
 - In 2012, IBM invested \$1.85 billion of its \$51 billion total assets in hedge funds.²⁸

Hedge Funds Help Ensure Educational Opportunities

- **The University of Virginia's (UVa) Endowment**
 - The University of Virginia's (UVa) Endowment is primarily managed by the University of Virginia Investment Management Company (UVIMCO).
 - The endowment helps fund scholarships, research, faculty and operating costs for various schools within the University of Virginia system.²⁹
 - In 2012, over 70% of the Long Term Pool was invested in hedge funds and private equity. The total assets of the Long Term Pool in 2012 were \$5.4 billion.³⁰
- **Virginia Commonwealth University (VCU)**
 - Virginia Commonwealth University is a public research university located in Richmond. In 2012, Virginia Commonwealth University had more than 31,000 students pursue 222 degree and certificate programs through VCU's 13 schools and one college.³¹
 - In 2012, VCU invested more than \$8 million in hedge funds of its \$317 million in total investments.³²
- **University of Richmond Endowment**
 - The University of Richmond's endowment supports 30% of the university's operating budget. It also provides financial aid for students, professorships and fellowships, research opportunities, internships, and academic and cultural programming.³³
 - The endowment is valued at nearly \$1.9 billion. The University invests more than \$1.1 billion in hedge funds, according to the most recent financial statements.³⁴

Hedge Funds Help Improve the Quality of Life of Virginia Residents

- **The Community Foundation Serving Richmond and Central Virginia (TCF)**
 - TCF focuses its efforts on Richmond and the surrounding areas, working to “enhance the lives of area citizens.” TCF grants money to non-profits to provide and distribute food, employment services, primary and preventative health care for the under- and uninsured, and foreclosure counseling and support, among other projects.³⁵
 - In 2011, TCF invested 12.4% of its \$748 million total assets in absolute return investments.³⁶
- **Jack Kent Cooke Foundation**
 - The Jack Kent Cooke Foundation, located in Lansdowne, is one of the largest foundations in Virginia. In 2012, the foundation awarded 772 scholarships totaling \$12.1 million and awarded 69 grants totaling \$7.9 million.³⁷
 - The foundation focuses on expanding educational opportunity for lower-income students through scholarship programs for high school, college and graduate school.³⁸
 - In 2012, the foundation invested more than \$107 million in hedge fund assets.³⁹
- **Hampton Roads Community Foundation**
 - The Hampton Roads Community Foundation is the oldest community foundation in Virginia and focuses on the Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach areas of Virginia.⁴⁰
 - In 2011, the Foundation had more than \$245 million in assets and invested over \$195 million in its alternate investment fund, which included hedge funds.⁴¹

*Data listed here is updated frequently and contains the most current information in public filings.

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- ³ Virginia Retirement System, "Comprehensive Annual Financial Report," pg. 40, 105, <http://www.varetire.org/pdf/publications/2012-annual-report.pdf>.
- ⁴ Virginia Retirement System, "Comprehensive Annual Financial Report," pg. 186, <http://www.varetire.org/pdf/publications/2012-annual-report.pdf>.
- ⁵ Virginia Retirement System, "Comprehensive Annual Financial Report," pg. 186, <http://www.varetire.org/pdf/publications/2012-annual-report.pdf>.
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- ⁷ Virginia Retirement System, "Comprehensive Annual Financial Report," pg. 186, <http://www.varetire.org/pdf/publications/2012-annual-report.pdf>.
- ⁸ Virginia Retirement System, "Comprehensive Annual Financial Report," pg. 186, <http://www.varetire.org/pdf/publications/2012-annual-report.pdf>.
- ⁹ Virginia Retirement System, "Comprehensive Annual Financial Report," pg. 186, <http://www.varetire.org/pdf/publications/2012-annual-report.pdf>.
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- ¹⁵ BB&T, "BB&T 2011 Form 10-K," pg. 131, <http://www.bbt.com/sites/bbt.com/about/investor-relations/reports/2011-annual-report-with-10-k.pdf>.
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- ¹⁷ "Wells Fargo 2012 Annual Report," Wells Fargo, December 31, 2012, pg. 230, https://www.wellsfargo.com/downloads/pdf/invest_relations/2012-annual-report.pdf.
- ¹⁸ America's Career InfoNet, "Largest Employers – Virginia," <http://www.careerinfonet.com/oview6.asp?soccode=&id=11&nodeid=12&stfips=51&from=State>.
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