



HEDGE FUND INVESTMENTS IN CONNECTICUT

Across the state of Connecticut, hedge funds are helping people attain retirement security and allowing young people to receive 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 individual wealthy investors. Globally, 65% of hedge fund assets come from institutional investors.¹



Hedge Funds Help Build Retirement Security

State of Connecticut Retirement Plans & Trust Funds (CRPTF)

- CRPTF, which includes six state pensions and eight trust funds were worth about \$24 billion as of June 30, 2012. CRPTF has 190,000 teachers, state, and municipal employees who are pension plan participants.^{2,3}
- In 2012 CRPTF invested \$549 million of its \$24 billion total assets in absolute return strategies which include hedge funds.⁴

New Haven Retirement Systems

- The New Haven Policemen's and Firemen's and City Employee Retirement Fund both allocate funds to alternative investments, which include hedge funds.⁵ The New Haven Retirement System serves approximately 194,000 state and municipal employees, teachers, retirees.⁶
- As of June 30, 2011, the pension trust invested more than \$7.5 million of its \$425 million in total assets in hedged equity.⁷

Hartford Financial

- Hartford Financial employs about 5,000 workers in Connecticut.⁸
- In 2012, the company invested \$1.3 billion of its \$134 billion total investments in hedge funds.⁹

General Electric

- GE is headquartered in Fairfield and employs 6,300 workers in Connecticut.¹⁰
- As of December 31, 2012, the GE employee pension plan invested \$1.7 billion of its \$45 billion total investments in hedge funds.¹¹
- According to GE's Chief Investment Officer Dave Wiederecht, "Hedge funds have added substantial value, the portfolio has consistently beaten our expectation in return and volatility fronts."

Northeast Utilities (NU)

- Northeastern Utilities operates the largest energy system in New England and employs more than 9,000 workers in Connecticut and Massachusetts.¹²
- In 2012 NU invested \$418.9 million, or 12%, of its \$3.4 billion total pension assets, toward hedge fund investments.¹³

Bristol-Myers Squibb (BMS)

- Bristol-Myers Squibb has a research and development center in Wallingford that employs about 2,100 workers.¹⁴
- In 2011, BMS's pension and postretirement benefit plans invested \$86 million of its more than \$6.1 billion total investments in hedge funds.¹⁵

Xerox

- Xerox employs 750 workers at the company's headquarters in Norwalk, CT.^{16 17}
- As of December 31, 2011, Xerox allocated \$3 million of its \$789 million in assets to hedge funds.¹⁸

International Business Machines (IBM)

- IBM has offices in Southbury that house IBM's Global Services operations.
- In 2012, IBM invested \$1.85 billion of its \$51 billion total assets in hedge funds.¹⁹

Hedge Funds Help Ensure Educational Opportunities

University of Connecticut Foundation (UConn)

- The Foundation's priorities include funding scholarships, endowed faculty positions, academic programs, research, fellowships, athletic scholarships and facilities, and the UConn School of Medicine and hospital.²⁰
- In 2012, UConn's Foundation invested nearly \$70 million of its \$398 million endowment, or nearly 18%, in hedge funds.²¹

Yale University

- Yale's endowment was valued at \$19.3 billion as of June 30, 2012. The endowment funds professorships, scholarships, campus maintenance and books.²²
- Yale's endowment allocates 14.5%, or about \$2.8 billion, of its assets to absolute return or hedged strategies.²³
- Yale announced it will likely increase hedge fund allocations to nearly 18% of total assets in 2013.²⁴

Trinity College

- The Trinity College endowment funds its library, scholarships, fellowships, academic programs, awards and other college purposes.²⁵
- As of June 30, 2012, Trinity's endowment is valued at more than \$439 million. The endowment invests more than \$248 million, or 56% of its endowment in hedge funds.²⁶

Hedge Funds Improve the Lives of Connecticut Residents

Community Foundation of Eastern Connecticut

- The Community Foundation of Eastern Connecticut funds grants and projects in several areas, including academic scholarships, after-school programs and camps, programs for women and girls, scientific and arts school programs, health care and assistance for the elderly, training programs for the unemployed and others.²⁷
- In 2011, The Foundation's assets total nearly \$40 million dollars with \$1.98 million, or 5%, allocated to alternative investments and hedge funds.²⁸

Community Foundation of Greater New Haven (CFGNH)

- The Community Foundation of Greater New Haven funds projects that address local needs, including arts and culture, economic development, education, environment, health and human services, and neighborhood revitalization.²⁹
- In 2011, The foundation's investments are valued at more than \$312 million. CFGNH allocates more than \$62 million or about 20% of its total investments, in alternative investments, which includes hedged equity.³⁰

Community Foundation of Fairfield County

- The Community Foundation of Fairfield County is involved in projects that support the environment, urban education, arts and culture, empowering women, college scholarships, and health and wellness.³¹
- In 2011, The foundation's assets total nearly \$156 million. The foundation invests 16% of its assets in hedge funds, or nearly \$25 million.³²

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

¹ "Prequin Special Report: Hedge Funds" pp. 16, October 2012,
http://www.prequin.com/docs/reports/Prequin_Special_Report_Hedge_Funds_October_2012.pdf.

² Office of Connecticut State Treasurer, "Pension Fund Management Division,"
<http://www.state.ct.us/ott/aboutpension.htm> .

³ "Pension Fund Management Division." Office of State Treasurer, Denise L. Nappier.
<http://www.state.ct.us/ott/aboutpension.htm>

⁴ "Combined Investment Funds Comprehensive Annual Financial Report Report for 2012," June 30, 2012, pp. 31,
<http://www.state.ct.us/ott/PDFs/Annual2012.pdf>.

⁵ City of New Haven, Connecticut, "Financial Report 2010," pg. 47,
<http://www.cityofnewhaven.com/Finance/pdfs/New%20Haven-Financial%20Report-Audit-6-30-2010.pdf>.

⁶ City of New Haven, Connecticut, "Financial Report 2011," pg. 16,
<http://www.cityofnewhaven.com/Finance/pdfs/New%20Haven-Financial%20Report-Audit-6-30-2011.pdf>

⁷ City of New Haven, Connecticut, "Financial Report 2011," pg. 34,
<http://www.cityofnewhaven.com/Finance/pdfs/New%20Haven-Financial%20Report-Audit-6-30-2011.pdf>

⁸ "Hartford Financial Services Group Inc," America's Career Infonet, Accessed November 13, 2012
<http://www.careerinfonet.org/oview6.asp?soccode=&id=&nodeid=12&stfips=09&from=State>.

⁹ The Hartford Financial Services Group, Inc., "2012 Annual Report" pg. 117,
<http://ir.thehartford.com/phoenix.zhtml?c=108754&p=proxy>.

¹⁰ Hartford Courant, "Largest Employers," Hartford Courant, http://www.courant.com/mhc-market-employers_0,2795018.htmlstory.

¹¹ "GE 2012 Annual Report," General Electric, December 31, 2012, pg. 104,
http://www.ge.com/ar2012/pdf/GE_AR12.pdf.

¹² Northeastern Utilities, "About NU," Northeastern Utilities, Accessed November 13, 2012
<http://www.nu.com/aboutnu/timeline.asp>.

¹³ Northeast Utilities, "US SEC 10-K Form for Fiscal Year Ended December 31, 2012," pg. 139, <http://phx.corporate-ir.net/phoenix.zhtml?c=119413&p=irol-SECText&TEXT=aHR0cDovL2FwaS50ZW5rd2l6YXJkLmNvbS9maWxpbnmcueG1sP2lwYWdlPTg3NTg5NTEmRFNFUT0wJINJFUT0wJINRREVTQz1TRUNUSU9OX0VOVEISRzZzdWJzaWQ9NTc%3d>.

¹⁴ Ray Bendici, "Great Places to Work," ConnecticutMag.com, November 2010,
<http://www.connecticutmag.com/Connecticut-Magazine/November-2010/Great-Places-to-Work/index.php?cparticle=2>.

¹⁵ Bristol-Myers Squibb, "2011 Annual Report," pg. 87, <http://www.bms.com/investors/Pages/annual-reports.aspx>.

¹⁶ Ray Bendici, "Great Places to Work," ConnecticutMag.com, November 2010,
<http://www.connecticutmag.com/Connecticut-Magazine/November-2010/Great-Places-to-Work/index.php?cparticle=4&siarticle=3#artanc>

¹⁷ Xerox, "Xerox Fact Sheet,"
http://www.xerox.com/downloads/usa/en/x/Xerox_Fact_Sheet_Who_We_Are_Today.pdf .

¹⁸ "2011 Annual Report," Xerox, November 14, 2012, p. 89
http://www.xerox.com/assets/pdf/2011_Annual_Report.pdf

¹⁹ "2012 Annual Report," IBM, December 31, 2012, p. 129,
http://www.ibm.com/annualreport/2012/bin/assets/2012_ibm_annual.pdf.

²⁰ The University of Connecticut Foundation, Inc., "Campaign Priorities,"
<http://www.foundation.uconn.edu/campaign-priorities.html>.

²¹ The University of Connecticut Foundation, Inc., "FY12 Audited Financial Statements," pg. 13,
http://web.uconn.edu/ots/docs/dd11/FDN_FY12_Audited_Financial_Statements.pdf.

²² Yale University, "2011-2012 Financial Report," Yale University, pg. 11, <http://www.yale.edu/finance/controller/resources/docs/finrep11-12.pdf>.

²³ Yale University, "2011-2012 Financial Report," Yale University, pg. 12, <http://www.yale.edu/finance/controller/resources/docs/finrep11-12.pdf>

²⁴ "Yale May Buy More Hedge Fund Assets After Favoring Cash," By Michael McDonald, Bloomberg Businessweek, January 16, 2013, <http://www.bloomberg.com/news/2013-01-16/yale-may-buy-more-hedge-fund-assets-after-favoring-cash.html>.

²⁵ Trinity College, "Endowment Funds," <http://www.trincoll.edu/givingtotrinity/endowment/Pages/Endowment.aspx>.

²⁶ Trinity College, "Consolidated Financial Statements June 30 2012 and 2011," Page 12, Trinity College, <http://www.trincoll.edu/AboutTrinity/offices/accounting/Documents/Trinity%20College%202012%20-%20Audited%20Financial%20Statements.pdf>.

²⁷ The Community Foundation of Eastern Connecticut, "A Report on the Activities of 2009 and Beyond," pg. 24-26, <http://www.cfect.org/Portals/0/Uploads/Documents/CFECT.AR.2009.pdf> .

²⁸ The Community Foundation of Eastern Connecticut, "Financial Statements," pg. 8, http://www.cfect.org/Portals/0/Uploads/Documents/Public/CFECT_2011_financial_statements.pdf.

²⁹ The Community Foundation for Greater New Haven, "How to Give," <http://www.cfgnh.org/Giving/HowtoGive/Preference/tabid/182/Default.aspx>.

³⁰ The Community Foundation of Greater New Haven, "2011 Consolidated Financial Statements," pg. 7, http://www.cfgnh.org/Portals/0/Uploads/Documents/Public/Financial%20Statements/2011_CFGNH_financial_statements.pdf .

³¹ Community Foundation of Fairfield County, "Explore Our Work," <http://www.fccfoundation.org/cm/Explore%20Our%20Work/Home.html> .

³² Community Foundation of Fairfield County, "The Path of Giving: Annual Report 2011," pg. 44, http://www.fccfoundation.org/Library/FCCF%20Documents/Reports%20and%20Publications/FCCF_FY11_Annual_Report_Web.pdf .