



HEDGE FUND INVESTMENTS IN MARYLAND

Across the state of Maryland, hedge funds help build economic and retirement security, expand access to higher education, and improve the quality of life in local communities.

Institutional investors – like public and corporate pensions, university endowments, and philanthropic 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

Maryland State Retirement and Pension System (MSPRS)

- In 2012 MSRPS had 103,694 active members and 63,699 retired members.²
- As of June 30, 2012, MSRPS had invested approximately \$9.6 billion, in its alternative investment portfolio,³ which includes absolute return investments.⁴

Employees' Retirement System, City of Baltimore

- As of June 30, 2012, the ERS of the City of Baltimore had 9,107 active members.⁵
- As of June 30, 2012, the ERS of Baltimore had invested \$62 million in hedge funds, or 5.1% of its \$1.22 billion in total net investments.⁶

Fire and Police Employees' Retirement System, City of Baltimore

- The FPERS of Baltimore has been serving Baltimore City for over 50 years.⁷
- As of June 30, 2011, had a total of more than \$2 billion in total investments, with \$12.8 million in hedge fund investments.⁸

Northrop Grumman

- Located in Linthicum , Northrop Grumman is one of the Maryland largest employers. The company employs around 11,000 people in the state.⁹
- Northrop invests \$1.4 billion, or 6%, of its \$22 billion retirement plan assets in hedge funds.^{10 11}

Verizon Wireless

- Verizon serves more than 2.5 million accounts in Maryland, and owns or manages more than 112 million locations or buildings in Maryland. Verizon has 8,920 employees in Maryland.¹²
- As of December 31, 2011, Verizon invested more than \$2.3 billion in hedge funds, which composes more than 9.5% of its \$24 billion pension plan.¹³

Lockheed Martin

- Lockheed Martin has locations in Baltimore, Gaithersburg, Greenbelt and Rockville.¹⁴ It employs around 8,000 workers.¹⁵
- As of December 31, 2012, Lockheed invested \$806 million of its \$32 billion in total pension plan assets in hedge funds.¹⁶

Middle River Aircraft Systems (Part of GE Aviation)

- Middle River Aircraft Systems is located in Baltimore and employs 1,166 people.¹⁷
- As of December 31, 2012, the GE employee pension plan invested \$1.7 billion of its \$45 billion total investments in hedge funds.¹⁸

United Parcel Service (UPS)

- UPS employs 492 workers in Maryland.¹⁹
- As of December 31, 2012 UPS invested more than \$2.8 billion, or 11.1%, of its \$25 billion total assets in hedge funds.²⁰

GM Powertrain

- GM Powertrain is located in Baltimore, and employs about 250 people.²¹
- GM's U.S. pension plans currently provide benefits to 688,000 participants nationwide.²²
- As of June 30, 2011, GM invested \$11.3 billion, or 12%, of its \$94 billion total US plan assets in hedge funds.²³
- To date, this is the largest hedge fund allocation by a corporate pension plan in the United States.

Weyerhaeuser

- Weyerhaeuser has locations in Baltimore, Bethesda, and Havre de Grace.²⁴
- According to its 2012 Financial Report, Weyerhaeuser allocated \$2.7 billion, or 55.3%, of its more than \$5 billion total assets to its U.S. and Canadian retirement plans to various, multi-strategy hedge funds.²⁵

Raytheon Solipsys

- Raytheon Solipsys is headquartered in Fulton.²⁶ The company employs 189 people in Maryland.²⁷
- The fair market value of Raytheon's hedge fund investments in 2011 was \$1.385 billion out of 14.9 billion in total investments.²⁸

Hedge Funds Help Ensure Educational Opportunities

University System of Maryland Foundation (USMF)

- The University of Maryland System is made up of 11 public universities and one research institution. It is the 12th-largest university system in the nation, and has over 152,000 students.²⁹
- As of June 30, 2012, USMF had around \$940 million in assets invested. Around \$210 million, or 22%, of that total was invested in long/short equity hedge funds.³⁰

Johns Hopkins University (JHU)

- Johns Hopkins University was founded in 1876 and has an enrollment of around 20,000 students on three major campuses in Baltimore. The university employs about 27,000 people.³¹
- As of June 30, 2012, JHU allocated \$704 million, or 16%, of its \$4.3 billion in total investments³² to marketable alternatives, which is comprised of hedge funds.³³

Hedge Funds Help Improve the Quality of Life in Local Communities

The Annie E. Casey Foundation

- The Annie E. Casey Foundation is a private charitable organization, dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother.³⁴
- As of December 31 2011, the foundation invested nearly \$599 million, or 24%, of its more than \$2.5 billion total investments in hedge funds.³⁵

The Jewish Federation of Greater Washington, Inc.

- In the Greater Washington area, the Jewish Federation provides funds to partner agencies. These programs serve 110,000 Jewish households and 270,000 people throughout Northern Virginia, Maryland, and the District of Columbia. Its main office is located in Rockville, MD.³⁶
- As of June 30, 2011, the organization invested more than \$25 million, or 20%, of its \$127.5 million total investments in directional hedge funds.³⁷

*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 "Maryland State Retirement and Pensions System: Comprehensive Annual Financial Report." SRA.State.MD.US, pp. 86. <http://www.sra.state.md.us/Agency/Downloads/CAFR/CAFR-2012-Actuarial.pdf>.

³ "Maryland State Retirement and Pensions System: Comprehensive Annual Financial Report." SRA.State.MD.US, pp. 19. <http://www.sra.state.md.us/Agency/Downloads/CAFR/CAFR-2012-Financial.pdf>

⁴ "Maryland State Retirement and Pensions System: Comprehensive Annual Financial Report." SRA.State.MD.US, pp. 19. <http://www.sra.state.md.us/Agency/Downloads/CAFR/CAFR-2012-Financial.pdf>

⁵ "Employees' Retirement System, City of Baltimore, Maryland: Comprehensive Annual Financial Report, Year Ended June 30, 2012." BCERS.org, pp. 25.

<http://www.bcercs.org/PDFs%20for%20Download/ERS%20CAFR%20FY2012%20DOWNLOAD.pdf>.

⁶ "Employees' Retirement System, City of Baltimore, Maryland: Comprehensive Annual Financial Report, Year Ended June 30, 2012." BCERS.org, pp. 43.

<http://www.bcercs.org/PDFs%20for%20Download/ERS%20CAFR%20FY2012%20DOWNLOAD.pdf>.

⁷ "Fire & Police Employees' Retirement System: City of Baltimore, Maryland." Comptroller.BaltimoreCity.gov, pp. 5. http://www.bcfpers.org/Documents/CAFR_2011.pdf.

⁸ "Fire & Police Employees' Retirement System: City of Baltimore, Maryland." Comptroller.BaltimoreCity.gov, pp. 26, http://www.bcfpers.org/Documents/CAFR_2011.pdf.

⁹ "Major Employers." Maryland Department of Business and Economic Development.

<http://www.choosemaryland.org/factsstats/pages/majoremployers.aspx>.

¹⁰ "Northrop Grumman 2011 Annual Report," Northrop Grumman, March 24, 2012, pg. 100,

http://www.northropgrumman.com/pdf/2011_noc_ar.pdf.

¹¹ "Northrop Grumman makes \$500 million contribution." Pensions & Investments, 27 July 2011.

<http://www.pionline.com/article/20110727/REG/110729894>.

¹² "Major Employers." Maryland Department of Business and Economic Development.

<http://www.choosemaryland.org/factsstats/pages/majoremployers.aspx>.

¹³ "Verizon Communications 2011 Annual Report," Verizon, March 16, 2011, p. 64

http://www22.verizon.com/investor/app_resources/interactiveannual/2011/downloads/11_vz_ar.pdf.

¹⁴ "Locations: Mid-Atlantic." LockheedMartinJobs.com. <http://www.lockheedmartinjobs.com/locations-midatlantic.asp>.

¹⁵ "Major Employers." Maryland Department of Business and Economic Development.

<http://www.choosemaryland.org/factsstats/pages/majoremployers.aspx>.

¹⁶ Lockheed Martin Corporation 2012 Annual Report, December 31, 2012, under: "Fair Value of Plan Assets," p. 78,

<http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/2012-Annual-report.pdf>.

¹⁷ "Baltimore County's Largest Employers." BaltimoreCountyMD.gov.

http://www.baltimorecountymd.gov/agencies/economicdev/edd_memployers.html.

¹⁸ "GE 2012 Annual Report," General Electric, December 31, 2012, pg. 104,

http://www.ge.com/ar2012/pdf/GE_AR12.pdf.

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- ¹⁹ “Department of Labor, Licensing and Regulation.” DLLR.State.MD.US.
<http://www.dllr.state.md.us/lmi/emplists/maryland.shtml>.
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http://www.baltimorecountymd.gov/agencies/economicdev/edd_memployers.html.
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http://media.gm.com/content/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2011/Jan/0114_finance.
- ²³ “Vision in Motion: General Motors 2011 Annual Report,” pp. 137 ,
http://www.gm.com/content/dam/gmcom/COMPANY/Investors/Stockholder_Information/PDFs/2011_GM_Annual_Report.pdf.
- ²⁴ “Weyerhaeuser: World View: United States: Maryland.” Maps.Weyerhaeuser.com.
<http://maps.weyerhaeuser.com/maps/displayT3.asp?sectorID=null&businessID=null&mapID=70&locID=>
- ²⁵ “2012 Annual Report and Form 10-K,” Weyerhaeuser, pg. 8,
<http://investor.weyerhaeuser.com/phoenix.zhtml?c=92287&p=irol-irhome>.
- ²⁶ “Raytheon Solipsys: About Us.” Solipsys.com. <http://www.solipsys.com/about-us/locations.php>.
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http://www.hceda.org/PDF/DB_MajorEmployersList_122009.pdf.
- ²⁸ Raytheon, “Raytheon 2011 Annual Report,” Notes to Consolidated Financial Statements, pg. 113,
<http://investor.raytheon.com/phoenix.zhtml?c=84193&p=irol-reportsannual>.
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- ³⁰ “University System of Maryland Foundation, Inc.: Annual 2012 Report.” USMF.org, pp. 27.
http://www.usmf.org/usmf/wp-content/uploads/usmf_annualreport_2012.pdf.
- ³¹ “Johns Hopkins University: Facts at a Glance.” JHU.edu.
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http://finance.jhu.edu/pubs/financial_reports/AnnualReport2012.pdf.
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<http://www.aecf.org/AboutUs/~media/PDFFiles/AboutUs/AECFFinancialStatementsDec312011.pdf>.
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<http://www.shalomdc.org/page.aspx?id=196488>.
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