

# MANAGED FUNDS ASSOCIATION

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## HEDGE FUND INVESTMENTS IN WASHINGTON

Across the state of Washington, hedge funds are helping people attain retirement security, allowing young people to receive a quality education and benefitting communities through the important work done by non-profits and charities.

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.<sup>1</sup>



## Hedge Funds Help Build Retirement Security

- **The Boeing Company**
  - Boeing is the largest aerospace company and leading manufacturer of commercial jetliners and defense, space and security systems. In Washington, Boeing employs more than 81,000 workers and has more than 52,000 retirees.<sup>2</sup>
  - In 2012, Boeing invested \$2.5 billion in hedge funds, roughly 5% of the company's defined benefit plan, which totals \$50 billion.<sup>3</sup>
- **Weyerhaeuser**
  - Based in Federal Way, Weyerhaeuser employs nearly 13,000 workers across the U.S.<sup>4</sup>
  - 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.<sup>5</sup>
- **International Paper Company (IPC)**
  - The International Paper Company has several locations in Washington, including an industrial packaging facility in Hillsboro.<sup>6</sup>
  - In 2012, IPC invested \$492 million, or approximately 5%, of its more than \$10 billion total investments in hedge funds.<sup>7</sup>

- **JP Morgan Chase & Co.**
  - JP Morgan Chase & Co. has more than 2,900 employees in Washington.<sup>8</sup>
  - According to its 2011 financial report, JPMC allocated \$1.97 billion, or about 18%, of its assets to hedge funds from its \$10.67 billion pension plan.<sup>9</sup>

## Hedge Funds Ensure Educational Opportunities

- **Washington State University**
  - As of June 30, 2012, Washington State University, located in Pullman, has an endowment valued at \$318.1 million. The endowment enhances education, research, programs, and the overall academic experience at Washington State University.<sup>10</sup>
  - As of December 31, 2012, WSU Foundation's asset allocation invested 20% in absolute return equity which includes hedge funds.<sup>11</sup>
- **University of Washington**
  - The University of Washington has campuses in Seattle, Tacoma and Bothell and is a research institution with a \$2.11 billion endowment in 2012.<sup>12</sup>
  - Funds that help the University maintain its learned faculty and historic campuses are placed in the Consolidated Endowment Fund, which invested 17% in absolute return funds in 2012 (including hedged equity, credit event driven, and relative value managers).<sup>13</sup>

## Hedge Funds Help Improve the Quality of Life of Washington Residents:

- **Seattle Foundation**
  - The Foundation supports and helps create a healthy community by funding and advocating a wide range of issues, including everything from arts and culture to basic needs.
  - One of the nation's largest community foundations, the Seattle Foundation's total assets were nearly \$600 million in 2012.<sup>14</sup>
  - Its investment pool is diverse and includes a variety of investments, including hedged equity (roughly 5%) in 2011. Over the past decade it has begun to move away from traditional marketable equities and into less liquid investments.<sup>15</sup>

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

<sup>1</sup> "Prequin Special Report: Hedge Funds" pp. 16, October 2012,

[http://www.preqin.com/docs/reports/Preqin\\_Special\\_Report\\_Hedge\\_Funds\\_October\\_2012.pdf](http://www.preqin.com/docs/reports/Preqin_Special_Report_Hedge_Funds_October_2012.pdf).

<sup>2</sup> Boeing, "Improving the Quality of Life in Washington," About Us,  
[http://www.boeing.com/aboutus/govt\\_ops/state\\_cards/card\\_WA.pdf](http://www.boeing.com/aboutus/govt_ops/state_cards/card_WA.pdf).

<sup>3</sup> "The Boeing Company Annual Report," Boeing, March 4, 2012, pg. 89,  
[http://www.boeing.com/companyoffices/financial/finreports/annual/2012/annual\\_report.pdf](http://www.boeing.com/companyoffices/financial/finreports/annual/2012/annual_report.pdf).

<sup>4</sup> "2012 Annual Report and Form 10-K," Weyerhaeuser, pg. 2,  
<http://investor.weyerhaeuser.com/phoenix.zhtml?c=92287&p=irol-irhome>.

<sup>5</sup> "2012 Annual Report and Form 10-K," Weyerhaeuser, pg. 8,  
<http://investor.weyerhaeuser.com/phoenix.zhtml?c=92287&p=irol-irhome>.

<sup>6</sup> "Global Map of Operations," International Paper,  
<http://www.internationalpaper.com/locations/ipMap.asp?latlong=17.46071,78.49298>\

<sup>7</sup> "2012 Annual Report," International Paper Company, December 31, 2012, p. 84,  
<http://investor.internationalpaper.com/phoenix.zhtml?c=73062&p=irol-reportsAnnual> .

<sup>8</sup> "The Way Forward," JP Morgan Chase & Co. <http://www.jpmorganchase.com/corporate/Home/home.htm>.

<sup>9</sup> "2011 Annual Report," JP Morgan Chase & Co.  
[http://files.shareholder.com/downloads/ONE/2171961503x0x556139/75b4bd59-02e7-4495-a84c-06e0b19d6990/JPMC\\_2011\\_annual\\_report\\_complete.pdf](http://files.shareholder.com/downloads/ONE/2171961503x0x556139/75b4bd59-02e7-4495-a84c-06e0b19d6990/JPMC_2011_annual_report_complete.pdf).

<sup>10</sup> "The Campaign for Washington State University," Washington State University Foundation,  
<http://foundation.wsu.edu/give/createanendowment.html>.

<sup>11</sup> "The Washington State University Annual Report 2012," Washington State University Foundation, pp.10  
[http://foundation.wsu.edu/annual-reports/wsu\\_foundation\\_2012\\_financial\\_report.pdf](http://foundation.wsu.edu/annual-reports/wsu_foundation_2012_financial_report.pdf).

<sup>12</sup> "UW Treasury Office Endowment Report 2012," University of Washington, pg. 3,  
<http://f2.washington.edu/treasury/CEF-Annual-Report/sites/default/files/CEF12.pdf>.

<sup>13</sup> "UW Treasury Office Endowment Report 2012," University of Washington, pg. 12,  
<http://f2.washington.edu/treasury/CEF-Annual-Report/sites/default/files/CEF12.pdf>.

<sup>14</sup> "The Seattle Foundation: About Us," seattlefoundation.org,  
<http://www.seattlefoundation.org/aboutus/Pages/default.aspx>.

<sup>15</sup> "Financial Information," The Seattle Foundation,  
[http://www.seattlefoundation.org/aboutus/annualreport/Documents/2011/TSF\\_AR2011\\_financial.pdf](http://www.seattlefoundation.org/aboutus/annualreport/Documents/2011/TSF_AR2011_financial.pdf).