

# MANAGED FUNDS ASSOCIATION

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## HEDGE FUND INVESTMENTS IN WISCONSIN

Across the state of Wisconsin, 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.<sup>1</sup>



## Hedge Funds Help Build Retirement Security

- **Wisconsin Retirement System (WRS)**
  - The State of Wisconsin Investment Board (SWIB), created in 1951, is responsible for managing the assets of the Wisconsin Retirement System (WRS), the State Investment Fund (SIF) and other state trust funds. As of June 30, 2012, SWIB managed \$83 billion in assets.<sup>1</sup>
  - WRS is the 9th largest public pension fund in the US and the 30th largest public or private pension fund in the world. Participants include current and former employees of Wisconsin’s state agencies, public school teachers, and most local governments.<sup>4</sup>
  - Statewide, over 578,000 people participate in the WRS.<sup>5</sup>
  - According to SWIB’s 2012 Financial Statements, the Retirement System allocated more than \$2.5 billion to multi asset strategies, which includes the plan’s hedge fund allocation.<sup>3</sup>
- **Boeing**
  - Boeing has more than 2,500 retirees in the state of Wisconsin.<sup>8</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>9</sup>

- **General Electric Healthcare (GE)**
  - GE Healthcare's US Headquarters are in Waukesha, Wisconsin. GE Healthcare also has locations in Milwaukee and Wauwatosa.<sup>10</sup>
  - As of December 31, 2012, the GE employee pension plan invested \$1.7 billion of its \$45 billion total investments in hedge funds.<sup>ii</sup>
  
- **Johnson Controls**
  - Johnson Controls is a global diversified technology and industrial leader serving customers in more than 150 countries.
  - In 2012, Johnson Controls invested \$94 million of its \$30.8 billion total assets in hedge funds.<sup>iii</sup>
  
- **United Parcel Service (UPS)**
  - UPS is one of the top-25 employers in Wisconsin.<sup>12</sup>
  - As of December 31, 2012 UPS invested more than \$2.8 billion, or 11.1%, of its \$25 billion total assets in hedge funds.<sup>iv</sup>

## Hedge Funds Help Provide Educational Opportunities

- **The University of Wisconsin (UW) Endowment**
  - The UW Endowment funds research, academic support, library services, student aid, university operations, and other student services.<sup>16</sup>
  - The University of Wisconsin System has \$456.3 million in assets.<sup>14</sup>
  - In 2012, 7.8% of the endowment's total portfolio, or over \$35 million, was dedicated to hedge funds.<sup>15</sup>
  
- **Marquette University Endowment**
  - Marquette University's endowment helps fund student scholarships, academic programs, and salaries for faculty and staff.<sup>17</sup>
  - The endowment is valued at more than \$405 million.<sup>18</sup> Marquette's financial statements in 2011 mention Marquette's investments in hedge funds, but do not specify the amount.

## Hedge Funds Help Improve the Quality of Life of Wisconsin Residents

- **Greater Milwaukee Foundation**
  - Greater Milwaukee Foundation grants include scholarship programs, neighborhood improvement projects and medical services for the under- or un-insured.<sup>20</sup>
  - In 2011, The Greater Milwaukee Foundation invested 7.6% of its \$559 million total assets in absolute return investments and 2.4% in hedged equity.<sup>19</sup>
  
- **Lynde and Harry Bradley Foundation**
  - The Bradley Foundation is the top giving foundation in Wisconsin and focuses on economic growth, civic discourse, law and society, civic growth and education.<sup>21</sup>
  - In 2011, the Bradley Foundation invested more than \$82 million, or 14%, of its \$572 million total assets in alternative investments, including hedge funds.<sup>22</sup>

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<sup>1</sup> State of Wisconsin Investment Board, "Annual Report, Fiscal Year 2012," Pg. 12, <http://www.swib.state.wi.us/FY2012%20ANNUAL%20REPORT%20-%20Final%20Draft.pdf>.

<sup>3</sup> State of Wisconsin Investment Board, "Annual Report, Fiscal Year 2011," Pg. 18, <http://www.swib.state.wi.us/FY2012%20ANNUAL%20REPORT%20-%20Final%20Draft.pdf>.

<sup>4</sup> State of Wisconsin Investment Board, "WRS," <http://www.swib.state.wi.us/WRS.aspx>.

<sup>5</sup> State of Wisconsin Investment Board, "Annual Report, Fiscal Year 2011," Pg. 12, <http://www.swib.state.wi.us/FY2012%20ANNUAL%20REPORT%20-%20Final%20Draft.pdf>.

<sup>6</sup> Diversey, "Contact Us," <http://www.diversey.com/contact-us>; <http://www.diversey.com/about-us>.

<sup>7</sup> Diversey, Inc. "Form 10-K – March 17, 2011," SEC Filing, [http://www.fqs.org/sec-filings/110317/JOHNSONDIVERSEY-INC\\_10-K/#b](http://www.fqs.org/sec-filings/110317/JOHNSONDIVERSEY-INC_10-K/#b).

<sup>8</sup> Boeing, "Improving the Quality of Life in Wisconsin," [http://www.boeing.com/aboutus/govt\\_ops/state\\_cards/card\\_WI.pdf](http://www.boeing.com/aboutus/govt_ops/state_cards/card_WI.pdf).

<sup>9</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>10</sup> General Electric Healthcare, "GEHC Locations and Descriptions," <http://www.gehealthcare.com/company/interns/business.html>.

<sup>11</sup> "GE 2011 Annual Report," General Electric, March 04, 2012, pg. 99, [http://www.ge.com/ar2011/pdf/GE\\_AR11\\_EntireReport.pdf](http://www.ge.com/ar2011/pdf/GE_AR11_EntireReport.pdf).

<sup>12</sup> Wisconsin's WorkNet, "Wisconsin's Large Employer Search Results," Information to Grow Wisconsin's Workforce, <http://worknet.wisconsin.gov/worknet/largemp.aspx>.

<sup>13</sup> "UPS 2011 Annual Report," UPS, March 11, 2011, <http://thomson.mobular.net/thomson/7/3275/4584/>

<sup>14</sup> University of Wisconsin Trust Funds, "Annual Report 2012," Total Assets, pg. 5, <http://www.uwsa.edu/tfunds/TrustFundsAnnualReport2012.pdf>.

<sup>15</sup> University of Wisconsin Trust Funds, "Annual Report 2012," Asset/Strategy Allocations, pg. 11, <http://www.uwsa.edu/tfunds/TrustFundsAnnualReport2012.pdf>.

<sup>16</sup> University of Wisconsin Trust Funds, "Annual Report 2012," Disbursements, pg. 29, <http://www.uwsa.edu/tfunds/TrustFundsAnnualReport2012.pdf>.

<sup>17</sup> Marquette University Office of Finance, "Frequently Asked Questions," Endowment Office, <http://www.marquette.edu/endowment/frequently-asked-questions.shtml>.

<sup>18</sup> Marquette University Office of Finance, "Endowment Performance Summary," Endowment Office, <http://www.marquette.edu/endowment/endowment-performance.shtml>.

<sup>19</sup> Greater Milwaukee Foundation, "Annual Report," December 30, 2011, pg. 28, [http://www.greatermilwaukeefoundation.org/pdf/GMF\\_2011\\_Annual\\_Report.pdf](http://www.greatermilwaukeefoundation.org/pdf/GMF_2011_Annual_Report.pdf).

<sup>20</sup> Greater Milwaukee Foundation, "Annual Report," 2011, [http://www.greatermilwaukeefoundation.org/pdf/GMF\\_2011\\_Annual\\_Report.pdf](http://www.greatermilwaukeefoundation.org/pdf/GMF_2011_Annual_Report.pdf).

<sup>21</sup> Bradley Foundation, "2011 Annual Report," <http://www.bradleyfdn.org/pdfs/Reports2011/2011AnnualReport.pdf>.

<sup>22</sup> Bradley Foundation, "2011 Financial Statements," pg. 9, <http://www.bradleyfdn.org/pdfs/Reports2010/2010FinancialStatements.pdf>.

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

<sup>i</sup> "Preqin 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>ii</sup> "GE 2012 Annual Report," General Electric, December 31, 2012, pg. 104, [http://www.ge.com/ar2012/pdf/GE\\_AR12.pdf](http://www.ge.com/ar2012/pdf/GE_AR12.pdf).

<sup>iii</sup> "Johnson Controls 2012 Annual Report," December 31, 2012, pg. 88

<http://www.johnsoncontrols.com/content/dam/WWW/jci/corporate/investors/2012/FY12%2010-K%20-%20FINAL%20for%20web.pdf>.

<sup>iv</sup> "UPS 2012 Annual Report," UPS, March 11, 2012, pg. 72, <http://thomson.mobular.net/thomson/7/3275/4724/>.