



## **Outline of 2005 Wall Street Project Conference** **By Rev. Jesse L. Jackson, Sr.** **January 11-13, 2005**

### **Mission Statement:**

*The mission of the Wall Street Project (WSP) is to challenge corporate America to end its multibillion-dollar trade deficit with minority vendors, consumers and employees. It is a continuation of the work of the Rev. Jesse L. Jackson, Sr. which started when the Rev. Dr. Martin Luther King, Jr. appointed him to run the SCLC's Operation Breadbasket in Chicago in the early 1960's. The WSP uses the Breadbasket model of research, education, negotiation and reconciliation to promote inclusion, opportunity and economic growth by encouraging public and private industries to improve hiring and promotion practices; name more minorities to corporate boards; allocate more business to minority companies; and increase the amount of business minority firms conduct with each other.*

It is our intent through our Wall Street Conference to challenge Fortune 1000 Companies to bridge the trading and opportunity gap between corporations and minority business owners through inclusion. By increasing diversity on Wall Street, we create a ripple effect that will increase business growth and job creation and engage members of our own community in philanthropy. Our success is everyone's victory.

### **I. Economic Exploitation**

*"African Americans, Hispanic Americans, and in some cases Asian Americans tend to fit a basic profile: They work harder for less, pay more for less, live under stress and do not live as long."*

Reverend Jesse L. Jackson, Sr.

### **Summary of complaint:**

We continue to face a skin tax in many aspects of financial and consumer services. Among the most pervasive are: 1) Mortgage Lending - in which predatory practices and sub-prime lending enables financial institutions to enrich themselves at the expense of the consumer by charging excessive fees for first and second mortgage loans, refinancing

loans or home equity loans most often used for home improvements;. 2) Insurance - where redlining leads to higher premiums on property and casualty insurance policies or upside-down policies in which the investment in paying for the policy far exceeds the value gained;. 3) Automotive Lending - where mark-ups are practiced during the automotive financing resulting in higher interest rates; and most recently joining the list 4) Pension Defrauding - where unsophisticated investors are swindled out of their life savings by unscrupulous or novice brokers.

Many Lenders hide behind the cloak of “credit scoring” as a basis for excessive fees and high interest rates. Because most people of color work harder for less, and often pay more for less, they become trapped in a vicious cycle that is very difficult to break. More disenchanting are the instances in which credit scores are acceptable and exploitation still occurs.

The erosion of fair lending occurred in 1980 with the passage of the Depository Institution Deregulation and Monetary Control Act (DIDMCA) and in 1982 with the Alternative Mortgage Transaction Parity Act (AMTPA). DIDMCA removed usury caps on state interest ceilings, while AMTPA removed states’ ability to limit terms on “alternative” mortgages, allowing negative amortizations, variable rates, balloon payments and (until 2003) prepayment penalties.

#### Summary of Resolution:

We want consumer activities regulated, consumer protection laws passed, and violations of said laws penalized to the fullest extent of the law. It is unreasonable for consumers to be taken advantage of due to lack of sophistication, language barriers or their socio-economic class. The unfortunate reality is that most people of color tend to fit into these categories. Therefore we will continue to partner with consumer activist groups, support law suits and negotiate with the violators until justice is served.

#### **A. Mortgage Lending** *(sources: National Consumer Law Center, Center for Responsible Lending & Africana.com)*

- a. Since the passage of DIDMCA and AMTPA, nationally there has been a **3.6%** increase in homeownership and a startling **335.6%** increase in foreclosures.
- b. Subprime mortgage-backed securities grew from over **\$18 billion** issued in 1995 to more than **\$134 billion** issued in 2002 – this was done by capital from Wall Street.
- c. 48% of African Americans own their own homes, 47% of Hispanics own their own homes while 75% of White Americans have realized the American Dream.
- d. Statistics have shown that African Americans are 4.1 times more likely while Hispanics are 2.5 times more likely victimized by predatory lending.
- e. African Americans are five times more likely to get a loan from a sub-prime lender also known as **legal extortion**.

- f. Subprime loans are: three times more likely in low-income neighborhoods; five times more likely in African American neighborhoods; and two to four times more likely in Latino/Hispanic neighborhoods.

*Predatory Lending is defined as charging excessive interest rates and fees and the imposition of single premium credit life insurance and prepayment penalties that provide no countervailing benefit to the borrower.*

**B. Insurance Redlining** (source: *New Jersey Citizen Action*)

- a. While Asians, African Americans and Hispanics are subjected to redlining, one study reveals Hispanics on average pay \$303 more than all three race groups when purchasing homeowners insurance.

**Case Study on Practices of Prudential Insurance**

Prices by Company	Asian	Black	Hispanic	White
Total Average Price	\$463.33	\$446.75	\$768.60	\$430.40
Prudential Average Price	\$455.20	\$318.25	\$720.00	\$241.00
Non-Prudential Average Price	\$516.00	\$511.00	\$801.00	\$499.26

**C. Automotive Finance Mark-up** (source: *Troubleshooter.com*)

In a case study done on the automotive markup practices of Primus Financial Services Inc., it was discovered that African Americans and Hispanic Americans pay more for auto lending, even when their credit profile is similar to that of White Americans.

- b. 61.8% of African Americans were charged markups compared to 57.9% of Hispanics and 41.1% of White Americans.
- c. African Americans borrowers on average were charged 1.8 times the amount of White Americans: \$862 versus \$475 a difference of \$387 while Hispanics were charged \$715.
- d. African Americans made up 16.3% of the borrower pool, although 31% of them paid more than \$3,000 in subjective mark-ups.
- e. Notably, African Americans mark-ups have declined over the past four years due to increased consumer awareness (Rainbow/PUSH economic literacy) and Class Action Lawsuits:
- 2001 average markup - \$930
  - 2002 average markup -\$872
  - 2003 average markup -\$699

- 2004 average markup -\$498

f. We applaud GMAC and Ford Motor Credit Corp for imposing a 2.5% cap on dealer markups.

#### **D. Pension Defrauding**

*(sources: seniorjournal.com, Bureau of National Affairs, Baltimore.bizjournal.com)*

Recently, there have been several cases and allegations of Investment Managers defrauding individuals out of their pensions. In most cases the victims are unsophisticated, illiterate or merely too trusting. The predators in most cases are either unscrupulous or novice Investment Brokers.

- a. In one case, a Federal Grand Jury in Chicago returned an indictment against two union leaders for engaging in a pattern of criminal activity that included fraud, soliciting kickbacks, money laundering and illegal currency transactions.
- b. In another case, a CEO of an Investment firm was indicted for allegedly defrauding the system, raiding corporate funds for private use and manipulating the stock market.
- c. In a pending case, over 300 retirees were victimized by excessive, unauthorized and risky trading, which violated the state laws (in that jurisdiction) for the management of pension funds.

#### **I. Merger & Acquisitions**

- A. Worldwide, Mergers and Acquisition activity in 2004 rose 42% to \$1.9 trillion, up from \$1.34 trillion in announced activity recorded for 2003.
- B. December 2004 was the busiest month in history with 283.7 billion in mergers and acquisitions worldwide. (Source: New York Times, January 2, 2005)
- C. Domestically, 2004 saw a 50% increase in announced transactions from 2003 to \$875 billion. (Source: Bloomberg, January 5, 2005)
- D. The level of participation here among minority managers remains negligible (when compared to the total domestic volume of deals) despite the best efforts of one very bright spot on the Bloomberg's M&A League Table – #52 Loop Capital.
- E. In 2004, Loop executed the \$1.82 billion transaction to privatize the Chicago Skyway, considered the largest privatization ever in a US city.
- F. Out of over 300 advisers listed on Bloomberg's M&A League Tables, Loop Capital was the only African American firm. Its \$1.82 billion transaction represented significantly less than 1% of the total amount of announced transactions in 2004.

### III. The Benefits of Doing Business with Minority Investment Managers

In keeping with the notion that people tend to conduct business with people that they know, like, and trust, minority firms naturally do business with other minority firms. A good example here is when minority money managers are hired they, in turn, hire minority lawyers, minority accounting firms and conduct their trades through minority-owned brokerage firms that might not get the business of the larger, majority owned firms.

- A. Minority participation on Wall Street means business growth, professional development and increased philanthropy.
- B. Other examples of the benefits for doing business with minority managers include:
  - Opportunities for those companies to invest in minority-owned companies with IPO potential (*IPOs create significant wealth for invested parties and beyond*)
  - The opportunity for minority-owned private equity firms to invest in minority businesses (*making capital more accessible to those business owners who find it difficult to gain private equity investment from majority-owned firms*)
  - Increasing the probability that minority business owners can secure the capital they need grow their businesses, resulting in increased job creation and the initiation and maintenance of urban renewal.

*In short, if given equal access to the financial community our firms will help each other succeed.*

- C. By increasing the opportunity to share the growth of Wall Street, we are able to support our own communities through philanthropy. Medical-device mogul Alfred Mann gave \$200 million for medical research institutes in Israel and at Johns Hopkins, and intends to leave his entire \$1.4 billion estate to charity. Bill and Melinda Gates, the world's largest international donors, who made history in 2004 by giving their estimated \$3 billion Microsoft Corp. dividend to their foundation. It's one of the largest donations in history by a living donor. (Source: Businessweek, November 29, 2004)
  - Ariel Capital Management, LLC, the #1 Black-owned Asset Management firm, takes civic responsibility seriously. Their desire to be involved in their community led to the founding of the Ariel Education Initiative. This non-profit endeavor is committed to advancing educational opportunities in economically disadvantaged areas through innovative programs which integrate academic excellence, family involvement and community service.

- D. Also, Wall Street plays an active role in the support of political candidates. For example, major securities firms hold seven of the slots on the Top 10 list of contributors to President Bush. In August of 2004, Morgan Stanley ranked #1 giving \$527,030 in campaign contribution and Merrill Lynch & Co. ranked second giving \$495,604 (source: LA Times, October 21, 2004) The money flowing from Merrill Lynch employees is part of a \$12.14 million tidal wave of cash to the Bush campaign from the finance and insurance sectors. (Source: Washington Post, May 24, 2004) *The more deal flow minority managers gain, the more money they can contribute to these activities.*)

#### **IV Board Representation**

In 1977, Congress enacted the Community Reinvestment Act (CRA), which is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low-and-moderate-income neighborhoods. With nearly \$7 trillion in assets, mutual fund assets exceed those of bank demand deposits – there is no legislation to encourage them to reinvest into the communities they serve.

- A. We have long heard the cry for diverse corporate boards but one area has been overlooked. We should be able to have a seat at the board table of America’s mutual fund companies—companies that are managing our own money.
- B. Nearly 91 million Americans own mutual funds-that is 1 out of every 3 Americans or nearly 50% of US households.
- C. Fidelity Investments of Boston is said the managed 10% of America’s retirement has nearly \$1 trillion in assets.
- D. Less than 1% of the mutual fund directors are from minority groups.
- E. Mutual funds are owned by their shareholders-not the companies that manage them. Likewise, they are controlled by their boards of directors.
- F. Minority mutual fund directors would be able to encourage corporate diversity in hiring practices which would increase representation.
- G. Minority mutual fund directors would be able to encourage outreach to minority investors which is largely an untapped market. Black Americans are underinvested in the stock market which has been proven to be the best performing investment since 1926. More specifically, according to the 2004 Ariel/Schwab Black Investor Survey, 68% of African Americans earning more than \$50,000 in household income own stock or stock mutual funds, (considerably up from 2003(61%), it is still less than 2002’s all-time high of (74%)) compared to 81% of our white counterparts at the same income level. Inevitably, this disparity leaves us with less total wealth, lower 401k plan balances and less financial security.
- H. **Fortune 1,000 Companies** (source:www.bsr.org)

Together, women and minorities **contribute more than \$1.5 trillion annually** to the U.S. economy, and studies estimate that women make up to 70 percent of the consumer decisions in the United States

- a. Roughly 12,000 board seats among Fortune 1,000 companies
- b. Average turnover is 15%
- c. Average turnover rate create a need for 1,800 new directors/year
- d. 60% of US Fortune 1,000 **industrial and service** corporations have at least 1 ethnic minority
- e. 39% have at least 1 African American
- f. 12% have at least 1 Hispanic
- g. 9% have at least 1 Asian

*Although women and minorities continue to account for only a small percentage of the total number of corporate directors (in the United States, approximately 11 and 7 percent of Fortune 500 companies, respectively), their representation on corporate boards has been increasing slowly over the last 15 years*

**I. Number of Board Seats for companies trading over the NYSE, NASDAQ and AMEX**

- a. 60,000 seats
- b. Average turnover rate is 15%
- c. Average turnover rate provides for 9,000 potential board seat vacancies per year

**J. Minorities (Women)**

- a. In 2004, women held 13.6% of all board seats in Fortune 500 companies
- b. Women of color hold 3% or 145 of the board seats of the 415 Fortune 500 companies
  - (1) 104 seats held by African American women
  - (2) 29 seats held by Hispanic women
  - (3) 12 seats held by Asian American women

K. The number of seats held by women of color increased from 2.5% in 1999 to 3% in 2003.

**L. Of the S&P 1,500 Companies:**

- a. 63% have at least one women on the Board of Directors
- b. 35% have at least one minority representative on the Board of Directors
- c. 29% of the S&P 1,500 companies have no race or gender diversity on their board.

**V. Franchising** (sources: [www.findarticles.com](http://www.findarticles.com), [www.minorityfranchising.com](http://www.minorityfranchising.com))

Minorities make up more than one-fourth of the American population; minorities own only 6 – 9% of U.S. franchises. Together, women and minorities contribute more than

\$1.5 trillion annually to the U.S. economy, and studies estimate that women make up to 70 percent of the consumer decisions in the United States

#### **A. Growing Influence of Civil Rights and Advocacy Groups:**

Over the past 15 years, civil rights and business organizations have helped African-Americans gain entrée into franchising through a number of agreements, including the NAACP's Operation Fair Share and **Operation PUSH Coalition's "moral covenants,"** voluntary agreements with companies such as the Southland Corp, KFC, Miller Brewing Company, Coca-Cola and Coors.

#### **B. Participation**

During 1986-92, the proportion of minority-owned franchises has grown 165 percent, from 3.2 percent to 8.5 percent of all units. Although many minority franchisees operate such units as restaurants, automotive services, and food retailing, minority franchisees exist in every major business category. The most recent figures indicate that blacks account for 36 percent of minority-owned units. These figures are in sharp contrast to the general population of minority entrepreneurs, in which blacks are the least represented group.

#### **C. Company Commitments**

**The Athlete's Foot:** The company is growing in both inner-city markets and internationally. The Athlete's Foot says it will open franchises in new and under-served markets. Many of its current U.S. stores located in predominantly African-American neighborhoods are African-American-owned, and the company has facilitated partnerships between community development corporations and franchisees. Internationally, the Athlete's Foot is the world's largest athletic footwear franchisor, with franchise agreements in over 43 countries, including Argentina, Belgium, Canada, China, Costa Rica, Denmark, the Dominican Republic, France, Hong Kong, Japan, the Philippines, Poland, and Taiwan (*Large, Apparel/Shoes/Textiles, United States*).

**General Motors:** There are 400 minority-owned dealerships, more than 5 percent of GM's total in the U.S. "Long-term we're aiming for 15 percent," Romero notes (General Director of Minority Dealer Development at GM). Minority-owned dealerships sold over 237,000 new vehicles in 2003, totaling more than \$12.2 billion in revenue, and employ about 17,000 people. GM's minority dealership owners are about **42 percent Hispanic, 32 percent African American, 14 percent Asian and 12 percent Native American,** Romero says.

**Burger King:** From senior management -- "We want to make sure that **Burger King's customer base - 40 percent minority** - is reflected in terms of franchises and suppliers...We are growing the field with seed money, but our goal is to get African American franchise owners to expand in terms of multiple units and locations" (*Large, Food, United States*).

Franchise Units: 10,144

Company-Owned Units: 1079

Total Units: 11,223

**Units Owned by Minorities:**

African-American: 227

Hispanic: 308

Asian-American: 174

Native American: 36

Other: 361

## **VI. Success Stories Since We Last Met**

### **Success Story #1 – The Boeing Company:**

Progress Investment Management Company selected with Northern Trust as the two Manager-of-Managers of a new Boeing fund targeting the emerging investment manager community.

### **Name of Initiative:**

The Boeing Prime Opportunities Fund

### **Summary:**

It has been reported that planning for the “Boeing Prime Opportunities Fund” had been underway since 2003. However, Reverend Jackson’s work in championing the movement toward increased investment with minority asset managers had an impact, as it helped to create an environment in which such an opportunity could take shape.

### ***The Boeing Prime Opportunities Fund***

Boeing Chief Financial Officer James Bell set the mandate and expressed his intentions during the 2004 Wall Street Project Conference to increase investment with minority managers. In mid-June 2004, the Boeing Company announced its decision to allocate \$1 billion of its pension fund assets to emerging investment managers. The theme of the fund reflected Boeing’s desire to engage in earlier-stage, high-quality investments, increasing its exposure to smaller investment managers to include minority and women-owned firms.

The Prime Opportunities Fund is Manager-of-Managers in structure. It was thought that this method of fund management would allow Boeing to partner with investment managers who specialized in the emerging manager space. In this way, Boeing would increase its exposure to a diversity of investment managers.

### ***Success Story: Progress Investment Management Company***

Many firms were interviewed for the opportunity to manage the new fund. Two were chosen: Northern Trust and Wall Street Project Trade Bureau Member, Progress Investment Management Company.

Progress and Northern Trust will split the \$1Billion investment pie equally. Each will work to identify and engage smaller managers that include minority and women-owned firms.

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### **Success Story #2 – The Boeing Company**

The Boeing Company becomes a customer of World Wide Technology

#### **Summary:**

World Wide Technology is a minority-owned firm based in St. Louis Missouri, and is considered to be the largest minority-owned enterprise in the United States. The company specializes in helping its government, Fortune 500 and automotive customers rapidly build and deploy information technology infrastructure.

David Steward, Chairman of the Board, World Wide Technology, reached out to Reverend Jackson to broker an introduction to key Boeing personnel. Boeing ultimately became a customer of WTT. It is expected that 2004 earnings will surpass the \$1.1 Billion earned in 2003.

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### **Success Story #3 – General Electric Company**

General Electric Meeting of Minority Managers (Spring 2004).

#### **Summary:**

GE leadership, inspired, in part, by Reverend Jackson's call for increased investment by majority firms with minority investment managers, organized a meeting at GE headquarters of minority managers with key GE investment decision makers in Spring, 2004.

This meeting was very significant. It allowed minority managers the opportunity to connect with GE investment professionals. Relationships struck there have resulted in new business for some of the Wall Street Project's constituency.

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### **Success Story #4 – General Electric Company:**

Williams Capital and Blaylock & Partners serve as book runners on large GE financing

#### **Summary:**

In November, 2004, Williams Capital and Blaylock & Partners were book runners on a \$750M financing. Williams Capital leadership attribute this new business to the meeting of Minority managers held on-site at GE in Spring 2004.

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**Success Story #5 – General Electric Company**

New business for Ariel Mutual Funds – GE becomes a Mid-Cap Client

**Summary:**

In 2004, Ariel was selected by GE to become part of their Defined Benefit plan. Ariel credits Reverend Jackson's efforts to increase minority manager access to key investment decision makers within GM with this new business.

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**Success Story #6 – General Motors**

GM Meeting with Minority Investment Managers

**Summary:**

General Motors hosted a meeting of minority managers (on-site) following the Wall Street Project's 2004 conference. Attendees included GM's Treasurer, Head of Asset Management, etc. – i.e., key investment personnel. Follow-up meetings with minority managers allowed GM to communicate what they do and how they do it. Members of the Wall Street Project Trade Bureau credit these meetings to creating an environment in which they were able to make key connections that in some instances led to new business.

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**Success Story #7 – General Motors**

GM invests in Williams Capital Private Equity Fund

**Summary:**

General Motors Investment Management Company manages pension assets for General Motors. The aforementioned individuals held meetings with other Minority private equity firms. They opted to invest \$20M in Williams Capital's private equity fund.

Williams Capital Leadership credits Reverend's efforts to increase investment with minority managers for "creating an environment where minority firms can compete at the highest levels." Williams leadership views Reverend's work with corporations on behalf of minority managers as very influential.

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**Success Story #8 – General Motors**

GM selects Ariel as the first Minority Mid-Cap Manager within its \$20B Defined Contribution Plan. Ariel products were also selected to be part of GM's 401K.

**Summary:**

In Spring 2004, Ariel leadership met GM representatives at a meeting of 40 minority investment managers (that Reverend Jackson's helped to make possible) who were instrumental in Ariel's ultimate selection and inclusion in GM's Defined Contribution and 401K plans.

***Addition to GM's Defined Contribution Plan***

As of November, 2004, The Ariel's Mid-Cap offerings were included in GM's Defined Contribution Plan.

***Addition to GM's 401K Plan***

Ariel is also, as of November 1, 2004, is one of 60 or 70 funds (total), with Ariel offering 2 products within GM's 401K plan.

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**Success Story #9 – General Motors**

GM selects Utendahl Capital Management, LP for cash management

**Summary:**

General Motors placed \$50M with Utendahl for cash management.

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**Success Story #10 – General Motors**

Harlem Auto Mall

**Summary:**

In June 2003, Reverend Jackson's work to bring the first auto dealership above 60<sup>th</sup> street in 40 years, took a giant leap toward reality as Reverend, Mayor Bloomberg, Richard Wagoner, and Alan and Robert Potampkin (investors in the project) held a press conference announcing details of a Harlem Auto Mart. The proposed structure was said to accommodate 6 dealerships.

The first four dealerships to sign-up for the effort – Chevrolet, Saturn, Cadillac and Hummer – were themselves expected to bring 250 jobs to the Harlem area. The auto mall would be the largest automotive sales and service center in New York City.

The project is said to open in 2005. Minority Dealer Otis Thorton, who owned a Buick dealership in Brunswick, NJ, was selected by GM as the owner and operator of the Chevrolet and Saturn dealerships.

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### **Success Story #11 – General Motors**

Harlem Auto Mall Bond work to MR Beal & Company

#### **Summary:**

MR Beal & Company was selected to work on a bond transaction related to the Harlem Auto Mall project

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### **Success Story #12 – MetLife Inc.**

MetLife Inc. hired Atlanta Life Investment Advisors.

#### **Summary:**

Met Life, Inc. hired Atlanta Life's Asset Management Unit – Atlanta Life Investment Advisors (ALIA) – to manage \$50M of MetLife's general account assets.

The deal nearly doubled ALIA's total assets at the time of the deal, from \$67M to \$117M. The two companies began working together in 2002 on the reinsurance side of the business. At the time of the deal-signing, the companies (jointly) cover more than 800,000 employees with a combined \$4B of life insurance in force.

Atlanta Life credits the work of the Wall Street Project, in its efforts to encourage partnerships between majority firms and minority investment managers, for creating an environment in which this deal could occur.

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### **Success Story #13 – Raytheon Company**

Raytheon Advisors Investment with MDL Capital Management, Inc.

#### **Summary:**

Raytheon hired MDL Capital Management to cover Fixed Income. MDL successfully competed in a 'horserace' – that keeps top earners and dismisses lower performers – for four years.

MDL is no longer on the assignment. The interesting thing here is that the relationship built and nurtured between the corporate client (i.e., The Trading Partner) and the investment manager (i.e., The Trade Bureau Member). It is such that when a certain level of performance is attained over a prescribed period of time, Norm Pao, according to Steve Sanders, President, MDL, would invite MDL back into the race.

Also interesting here is the fact that Steve Sanders credits the Wall Street Project and Reverend's work to creating an environment where the partnership could take place (a common theme in these stories).

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## APPENDIX

### Top Pension Funds

(Source: Pensions & Investments, Jan. 26, 2004)

#### **Technology**

IBM.....	\$60.1 billion
Lucent.....	\$36.7 billion
Hewlett-Packard.....	\$11.8 billion
Intel.....	\$5.1 billion

#### **Consumer Related Companies**

General Motors.....	\$89.7 billion
Procter & Gamble.....	\$9.7 billion

#### **Pharmaceuticals**

Pfizer.....	\$12.4 billion
Eli Lilly, Inc.....	\$6.0 billion
Merck.....	\$5.8 billion

#### **Defense Contractors**

Boeing.....	\$58.2 billion
Lockheed-Martin.....	\$32.9 billion
Northrop Grumman.....	\$25.7 billion
Raytheon.....	\$21.3 billion
General Dynamics.....	\$9.6 billion

#### **Non-Profit/Foundation Funds**

United Methodist Church.....	\$11.6 billion
Southern Baptist Convention.....	\$6.5 billion
Episcopal Church.....	\$6.4 billion
Presbyterian Church.....	\$5.1 billion

#### **Top 5 Public Pension Funds**

1. California Public Employees.....	\$148.8 billion
2. Federal Retirement Thrift.....	\$118.8 billion
3. New York State Common.....	\$106.8 billion
4. California State Teachers.....	\$103.3 billion
5. Florida State Board.....	\$92.3 billion

#### **Top 5 Corporate Pension Funds**

1. General Motors.....	\$89.7 billion
2. General Electric.....	\$61.6 billion
3. IBM.....	\$60.1 billion
4. Boeing.....	\$58.2 billion
5. Verizon.....	\$54.6 billion

## **Top Endowments**

### **Top 5 Union Endowments**

1. Western Conference Teamsters.....	\$25.0 billion
2. Teamsters Central States.....	\$16.5 billion
3. National Electric.....	\$10.3 billion
4. Operating Engineers International.....	\$7.0 billion
5. Boilermaker-Blacksmith.....	\$6.6 billion

## **Top University Endowments (Public and Private)**

### **Top 5 Private University Endowments**

*Source: Pensions and Investments, December 27, 2003*

*Measured by 2003 assets, in billions*

1. Harvard University.....	\$18.8
2. Yale University.....	\$11.0
3. Princeton University.....	\$8.7
4. Stanford University.....	\$8.6
5. Mass. Institute of Technology (MIT).....	\$5.1

### **Top 5 Public University Endowments**

*Source: Pensions and Investments, December 27, 2003*

*Measured by 2003 assets, in billions*

1. University of Texas System.....	\$8.7
2. University of California.....	\$4.4
3. The Texas A&M University System and Foundations.....	\$3.8
4. University of Michigan.....	\$3.5
5. University of Virginia.....	\$1.8

## **Mutual Funds Data**

*Source: Investment Company Institute (ICI), 2004 Mutual Fund Fact Book*

*As of December, 2003*

Total Industry Assets.....	\$7.9 trillion
Number of Individual Investors in mutual funds.....	91 million
Number of US Households owning mutual funds.....	53.3 million
Percent of US Households who own Mutual Funds.....	47.9 percent
Total Number of mutual funds.....	8,089

### **Top Ten Managers of Mutual Fund Assets**

*(Source: Pensions and Investments, 2004 Money Managers Directory)*

*As of May 31, 2004*

1. Fidelity Investments.....	\$830.0 billion
2. Vanguard Group.....	\$690.0 billion
3. Capital Research.....	\$532.4 billion

4. Morgan Stanley Inv. Mgmt.....	\$304.0 billion
5. Wellington Management.....	\$207.6 billion
6. Mellon Financial.....	\$196.9 billion
7. Franklin Templeton.....	\$194.2 billion
8. Federated Investors.....	\$182.1 billion
9. PIMCO.....	\$171.4 billion
10. Putnam Investments.....	\$162.4 billion
<b><u>TOTAL</u></b> .....	<b><u>\$3,470.9 billion</u></b>

### **Black Managers of Mutual Fund Assets**

*As of Nov. 30, 2004 - Source: Black Wealth Network (an Affiliate of Black Enterprise)*

1. Ariel Fund.....	\$3.5 billion
2. Ariel Appreciation Fund.....	\$2.9 billion
3. Dreyfus Government Cash Management Fund.....	\$1.4 billion
4. Brown Capital Small Cap Fund.....	\$623.6 million
5. Calvert Capital Accumulation Fund – A.....	\$111.9 million
6. AIM International Core Equity Fund.....	\$44.2 million
7. MDL Broad Market Fixed Income Fund.....	\$41.0 million
8. Lou Holland Growth Fund.....	\$37.6 million
9. Ariel Premier Bond Fund.....	\$26.0 million
10. Edgar Lomax Value Fund.....	\$12.8 million
11. Profit Value Fund.....	\$6.9 million
12. Brown Capital Mid Cap Fund.....	<i>results not available</i>
<b><u>TOTAL</u></b> .....	<b><u>\$8.7 billion</u></b>

### **Defined Contribution Plans**

*(Source: ICI as of December, 2003)*

Total retirement assets invested in mutual funds.....	\$2.7 trillion
Mutual fund assets held in 401(k) plans.....	\$922 billion
Percent of 401(k) plan assets held in mutual funds.....	49 percent
Mutual fund assets held in 403(b) plans.....	\$263 billion
Mutual fund assets held in 457 plans.....	\$38 billion
Mutual fund assets held in other defined contribution plans.....	\$133 billion

### **College Savings Plans**

*Source: ICI, as of year end 2003*

Assets in Section 529 Savings plans .....	\$35.1 billion
Total number of 529 accounts.....	> 4 million