

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
February 21, 2013

REQUEST FOR ACTION

Subject: Public Equity

Action Requested: Approval of Highclere International Investors

Background and Summary: We recommend the approval of Highclere International Investors, a London, U.K. based public equity manager, with an initial funding of \$75 million from the Long Term Portfolio. Highclere invests in small- and mid-cap companies in international developed markets.

Highclere employs a research-driven fundamental investment process. The firm identifies potential investments by assessing the quality of companies' balance sheets and cash flows and evaluating each company's franchise, market opportunity, products, and management. Members of the investment team travel extensively to support this process. When selecting individual stocks, the firm targets companies with a low valuation relative to the market.

Established in 2006 by Ed Makin, Highclere International Investors specializes in managing portfolios of international, small-cap, public equities for institutional investors. They have a track record of adding value through security selection. Previously, Ed Makin led a similar strategy at Wellington Management Company.

This investment will diversify the public equity portfolio and further the University's goal to maximize the long term risk-adjusted return of the Long Term Portfolio.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2013