

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the
Regents
April 16, 2015

REQUEST FOR ACTION

Subject: Public Equity

Action Requested: Approval of The Mitchell Group

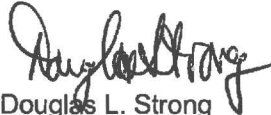
Background and Summary: We recommend the approval of The Mitchell Group, a Houston, TX, based public equity manager, with an initial funding of \$100 million from the Long Term Portfolio.

Established in 1989, The Mitchell Group is led by Douglas Hohertz and specializes in managing portfolios of public equities within the North American energy sector for institutional investors. The opportunity set includes businesses engaged in energy exploration, production, transportation, refining, and services. In particular, The Mitchell Group emphasizes exploration and production companies because the investment team believes their backgrounds and networks give them a competitive advantage in evaluating companies within this industry.

The Mitchell Group invests with a long time-horizon primarily in high quality, large and mid-cap equities. Their investment process is driven by bottom-up, fundamental analysis, with the goal of identifying companies priced at meaningful discounts to the value of their underlying assets. This process emphasizes downside protection via conservative underwriting and by investing in low-cost producers with top management teams. They have a track record of adding value through security selection.

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,



Douglas L. Strong
Interim Executive Vice President and
Chief Financial Officer

April 2015