

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
May 16, 2013

REQUEST FOR ACTION

Subject: Equity, Bond and Cash Overlay Manager

Action Requested: Approval of the Clifton Group


Background and Summary: We recommend the approval of the Clifton Group to implement overlay and transition management strategies on the University's behalf.

Clifton was founded in 1972 and is based in Minneapolis, MN. They manage \$34 billion in customized solutions for clients who wish to add, remove or hedge global capital market exposure in a low-cost and transparent manner.

At the direction of the Investment Office, Clifton will increase or decrease capital markets exposure through the use of instruments such as futures, swaps, options or exchange trade funds. These exposures may be used to eliminate cash drag in the portfolio resulting from residual cash or from a transition between equity or bond managers, rebalance or hedge market exposures and accommodate the overlay of value-add strategies.

Adding the Clifton Group will increase the effectiveness of the University's investment programs by facilitating the execution of overlay strategies in a timely and cost-effective manner.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

May 2013