

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
February 21, 2013

REQUEST FOR ACTION

Subject: Public Equity

Action Requested: Approval of Polunin Capital Partners Ltd.

Background and Summary: We recommend the approval of Polunin Capital Partners Ltd., a London, U.K. and Singapore based public equity manager, with an initial funding of \$50 million from the Long Term Portfolio. Polunin invests in companies in emerging and frontier markets.

Established in 2001 by Douglas Polunin, Julian Garel-Jones and Aditya Mehta, Polunin Capital Partners uses a value approach to assess emerging and frontier markets equities. Douglas and Julian previously managed a similar strategy together at Pictet Asset Management.

In its research process, Polunin focuses on companies that are inexpensive relative to the replacement cost of their productive assets and evaluates the quality of these companies' balance sheets, cash flows, competitive positions and managements. Polunin then builds a diverse portfolio of stocks concentrated on those that are least expensive relative to replacement cost in the least expensive sectors of the emerging markets. The investment team spends a significant amount of time traveling to develop replacement cost estimates and gather other essential information.

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