

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the
Regents
February 20, 2014

Subject: Public Equity

Action Requested: Approval of GoodHaven Capital Management

Background and Summary: We recommend the approval of GoodHaven Capital Management, a Miami, FL, based public equity manager, with an initial funding of \$100 million from the Long Term Portfolio.

Established in 2011 by Larry Pitkowsky and Keith Trauner, GoodHaven specializes in managing portfolios of primarily US public equities for institutional investors and their associated mutual fund. They have a track record of adding value through security selection. Previously, both spent 11 years focused on public equity investing at Fairholme Capital Management.

GoodHaven Capital Management searches for stocks experiencing negative publicity which might create a buying opportunity. They investigate companies by analyzing financials and speaking to company management, customers, suppliers, competitors and other industry participants. Their in-depth research gives them the insight as to whether the public markets are appropriately pricing each company's prospects. They then assemble a portfolio of 8 to 25 stocks based on the perceived mispricing of each stock and the risk of permanent loss of capital.

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 2014