

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Public Equity Commitment

Action Requested: Approval of BLS Capital Global Equity

Background and Summary: We recommend the approval of BLS Capital Global Equity Strategy with an initial funding of \$100 million from the Long Term Portfolio. BLS Capital is a public equity manager based near Copenhagen, Denmark.

Peter Bundgaard and Anders Lund founded BLS Capital in 2008 with the goal of creating an investment boutique where stock picking and the ability to steadily deliver attractive long-term risk adjusted returns at the core of the business. BLS believes that high quality companies are characterized by robust and superior business models with stable, predictable and growing free cash flows, generating high returns on invested capital. A significant emphasis is placed on selecting management teams with a proven track record of shareholder friendly capital allocation decisions and the maximization of long term shareholder value.

BLS invests in a concentrated portfolio of high quality companies and maintains a long term time horizon. Valuation is an important component of the investment process, but the manager will always focus on quality as the primary driver for the underwriting process. The strategy invests globally and tends to be biased towards large cap companies.

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,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

February 2021