

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Public Equity Commitment

Action Requested: Approval of Artisan Partners Non-U.S. Value Fund

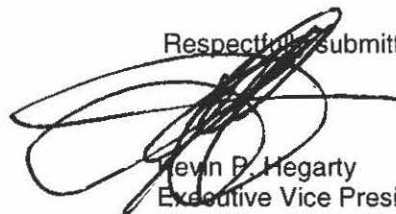
Background and Summary: We recommend the approval of Artisan Partners Non-U.S. Value Fund, with an initial funding of \$200 million from the Long Term Portfolio. The fund is part of the Artisan Partners family of funds and is managed from San Francisco, CA, and Chicago, IL. Artisan Partners is a publicly traded asset manager with \$114b of assets under management.

The Non-U.S. Value Fund invests in non-U.S. public equities and can invest in both developed and emerging markets. The investment team looks for four characteristics in stocks for the portfolio; undervaluation, quality, financial strength, and management alignment. In addition to buying stocks at a discount, the managers view two concepts as central to the risk management of the fund: the time value of money, and business value volatility. The fund typically holds 40-60 stocks, with an average holding period of four years.

The co-portfolio managers David Samra and Daniel O'Keefe have led the Non-U.S. Value Fund since 2002. Prior to joining Artisan Partners in 2002, Mr. Samra managed a similar strategy at Harris Associates. Mr. O'Keefe and Mr. Samra have been working together since 1997. They have a strong 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,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

May 2018