

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Public Equity Commitment

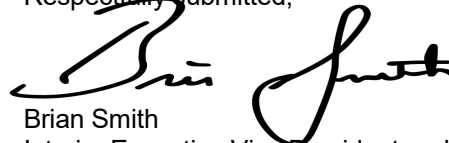
Action Requested: Approval of Internal Public Equity Account

Background and Summary: We recommend the approval of up to two percent of the Long Term Portfolio (LTP) to be invested in an internally managed direct equity portfolio.

The investment process will be a systematic, rules-based approach based on staff's unique investment insights and use quantitative tools for portfolio construction and optimization to build a diversified, risk controlled portfolio of core holdings that has a strong likelihood of outperforming the broader market. This process will create a well-diversified portfolio with a minimum of 30 public equity securities that balances styles and strategies to generate attractive long-term risk adjusted returns without significant style bias at a low cost.

This investment will increase the underlying liquidity as well as diversify the public equity portfolio and further the University's goal to maximize the long-term risk-adjusted return of the LTP.

Respectfully submitted,



Brian Smith
Interim Executive Vice President and
Chief Financial Officer

May 2021