

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Public Equity (Currency Overlay Manager)

Action Requested: Appointment of P/E Global LLC

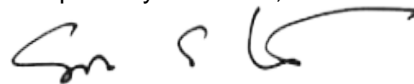
Background and Summary: We recommend the appointment of P/E Global LLC (“P/E”) as a currency overlay manager in the public equity portfolio. Based in Boston, MA, P/E has been focused on investing in currencies since the early 2000s. The strategy requires no initial funding.

Currency exposure in the public equity portfolio is generally a residual of the domicile of the companies the equity managers choose to buy rather than an expressed view on the relative attraction of currencies. By contrast, the currency overlay manager seeks to add value by taking active positions in currencies based upon their relative characteristics.

P/E was founded in 1995 by its CIO Warren Naphtal. Its strategy employs a quantitative statistical approach that takes advantage of inefficiencies in global foreign exchange markets by analyzing fundamental factors in a disciplined format to build a diversified portfolio of currencies that adjusts to market changes. P/E will trade developed countries’ currencies as well as those of the more liquid emerging market countries’.

The addition of P/E will further the University’s goal to maximize the long-term risk-adjusted return of the Long Term Portfolio.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

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