

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Investment

Action Requested: Approval of HighVista Strategies

Background and Summary: We recommend the approval of HighVista Strategies, a Boston, MA, based asset management firm with an initial investment of \$80 million from the Long Term Portfolio into a customized portfolio of hedge funds.

HighVista Strategies is a global asset allocator that manages \$3.2 billion in diversified portfolios on behalf of institutions and private individuals. The firm was founded in 2004 by Andre Perold and his partners to provide sophisticated portfolio management services to clients by leveraging a network and understanding developed over 30 years as a professor at Harvard Business School. Dr. Perold is an experienced investor and independent thinker who has extensive personal relationships with preeminent hedge fund and private equity managers.

HighVista has begun to offer its portfolio in asset class sleeves. Their hedge fund portfolio is comprised of blue-chip names, several of which are closed to new capital. In addition, HighVista's deep understanding and industry ties provide it an advantage in identifying and accessing emergent talent within the hedge fund universe. Finally, the firm's personnel and market position make it an excellent candidate to develop and implement interesting new investment ideas.

This investment will diversify the absolute return 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

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