

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

**REQUEST FOR ACTION**

**Subject:** Public Equity Commitment

**Action Requested:** Approval of The Children's Investment Fund

**Background and Summary:** We recommend the approval of The Children's Investment Fund ("TCI") with an initial funding of up to \$170 million from the Long Term Portfolio. TCI is a public equity manager based in London.

Founded in 2004 by Chris Hohn, TCI is a global value manager with a long-term investment horizon focused on investing in companies with high barriers to entry, high and consistent returns on capital, with proven pricing power and long-term organic growth. TCI performs deep fundamental research by taking a private-equity approach to the public markets and frequently engages with management to drive outcomes.

TCI has deep expertise in specific sectors and devotes significant resources into studying the sustainability of business models. A key competitive advantage for TCI is the truly long-term investment horizon and understanding corporate governance and corporate transformations. The portfolio generally includes 15 to 20 positions at any one time with 8 to 12 core holdings typically comprising 70 to 80 percent of the portfolio.

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,



Geoffrey S. Chatas  
Executive Vice President and  
Chief Financial Officer

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