


MICHIGAN STATE
UNIVERSITY

April 7, 2010

MEMORANDUM

To: Trustee Finance Committee

From: Fred L. Poston 

Subject: New Investment Manager – Southern Cross Management

RECOMMENDATION

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees authorize the Administration to select Southern Cross Management as an investment manager.

BACKGROUND

Southern Cross Management (Southern Cross) is seeking approximately \$1.25 billion for its fourth fund, Southern Cross Latin America Private Equity Fund IV (the Fund). The Fund will make value-oriented, control investments in Latin American companies that have significant potential for improved performance and growth. Equity investments of \$125 to \$300 million will be made in five to ten companies within the upper middle to large market segment.



OFFICE OF THE
**VICE PRESIDENT
FOR FINANCE
AND OPERATIONS
AND TREASURER**

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The Southern Cross investment strategy is based on (i) extensive local operating and transactional experience; (ii) creating long-term, sustainable value through improved operating performance and strategic direction; (iii) identifying, recruiting, and working closely with talented local managers; and (iv) a conservative, disciplined approach to pricing and leverage. All five partners have extensive operating, financial and consulting experience in Latin America resulting in a unique network of contacts essential for deal flow and management recruitment.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Southern Cross Latin America Private Equity Fund IV represents an opportunity to geographically diversify MSU's non-marketable portfolio by investing with one of the most experienced Latin American private equity teams. The Administration plans to invest \$5 million in the Fund.

cc: D. Brower, N. Carter, G. Klein, K. Lindahl