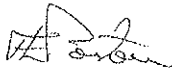


**MICHIGAN STATE**  
**UNIVERSITY**

October 12, 2011

**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** New Investment Manager - Standard Pacific Capital, LLC

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees select Standard Pacific Capital, LLC as an investment manager.

**BACKGROUND**

Standard Pacific Capital, LLC (Standard Pacific) is a global long/short manager with approximately \$2.4 billion of assets under management. The global mandate of the Standard Pacific Global Long/Short Equity Fund (Fund) and lower net long exposure complement the other long/short managers in MSU's Common Investment Fund. Typically, about 40% of Fund assets are invested in North America, 30% in Asia, and 30% in non-Asia developed and emerging markets. Doug Dillard and Raj Venkatesan have been the co-portfolio managers since 2005.

The Fund focuses on bottom-up stock selection without market bias. It seeks opportunities where it can take advantage of imperfect information in the market to yield positive risk-adjusted returns. Analysts cultivate deep and unique contacts across industry, regulatory, and geographic channels. The Fund typically has 80 to 100 positions across longs and shorts, with net exposure determined by the stock selection.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Standard Pacific Capital, LLC represents an opportunity to invest with an experienced global long/short manager. The Administration plans to invest \$15 million in the Fund.

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



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