

MICHIGAN STATE
UNIVERSITY

January 18, 2012

MEMORANDUM

To: Board of Trustees

From: Fred L. Poston 

Subject: New Investment Manager - Prince Street Capital Management LLC

RECOMMENDATION

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees select Prince Street Capital Management LLC as an investment manager.

BACKGROUND

Prince Street Capital Management LLC (Prince Street) manages approximately \$700 million in emerging markets investments. Prince Street seeks to add value by uncovering compelling investment opportunities and by capitalizing on the cyclical nature of investing in markets in developing and less advanced emerging countries.

Prince Street Opportunities Ltd. (the Fund) invests in unique, special situation investments in countries that are not of substantial weight in total global emerging markets. Top-down analysis focuses on global themes, local business cycles and economic and political factors surrounding the investment. Bottom-up analysis is based on in-country due diligence, face-to-face meetings with management, and independent research. The Fund typically holds 60-80 equity positions and has the ability to hedge. Risk is primarily managed through the use of country diversification and cash.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Prince Street Opportunities Ltd. represents an opportunity to diversify MSU's emerging markets equity by investing with an experienced manager whose strategy is complementary to existing managers. The Administration plans to invest \$5 million in the Fund.

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



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