

MICHIGAN STATE
U N I V E R S I T Y

April 4, 2012

MEMORANDUM

To: Trustee Finance Committee
From: Fred L. Poston 
Subject: New Investment Manager - Kylin Management, LLC

RECOMMENDATION

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

BACKGROUND

Kylin Management, LLC (Kylin) is an Asian long/short manager with approximately \$1.4 billion of assets under management. Kylin Offshore Fund Ltd. (the Fund) primarily makes equity investments in Japan, Korea, China, Taiwan, and Hong Kong focused on companies that generate a substantial portion of their revenues from domestic sales, including telecommunications, internet, media, financial, and retail sectors.

The Fund's investment process is driven by bottom-up value-oriented fundamental analysis. Investment ideas are sourced by senior investment professionals based on valuation and cash flow screening as well as an external network of consultants, investment bankers, and senior executives. The portfolio is concentrated with 25 to 40 long positions and 25 to 40 short positions.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Kylin Management LLC represents an opportunity to invest with an experienced Asian-focused long/short manager. The Administration plans to invest \$10 million in the Fund.

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



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