

MICHIGAN STATE
UNIVERSITY

December 5, 2012

MEMORANDUM

To: Trustee Finance Committee
From: Fred L. Poston 
Subject: New Investment Manager - RS Investments

RECOMMENDATION

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees select RS Investments as an investment manager.

BACKGROUND

RS Investments (RS) has approximately \$23.9 billion of assets under management in equity strategies. RS Global Natural Resources Fund (Fund) invests in a diversified portfolio of natural resources companies trading at attractive valuations.

The Fund invests in well-managed companies that own or develop natural resources and other basic commodities. Detailed analysis reviews the supply cost curves for each commodity and the related long-term price assumptions, assesses the sovereign risks and management teams, and identifies stocks trading at a discount to the expected value. The resulting portfolio comprises 30-40 positions diversified across commodities.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that RS Investments represents an opportunity to invest with a skilled global natural resource manager. The Administration plans to invest \$20.3 million in the Fund, which will be funded by a redemption from Chilton Global Natural Resources International II (BVI) Ltd.

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



**OFFICE OF THE
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