

MICHIGAN STATE
UNIVERSITY

December 5, 2012

MEMORANDUM

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

RECOMMENDATION

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

BACKGROUND

Halcyon Asset Management LLC (Halcyon) is a credit-oriented manager with approximately \$10.5 billion of assets under management. Halcyon Offshore Asset-Backed Value Fund Ltd. (Fund) is driven by a value-oriented philosophy focused on stressed and distressed mortgage securities.

The Fund invests in a full range of distressed mortgage opportunities including asset-backed securities, residential mortgage-backed securities, and commercial mortgage-backed securities. A bottom-up review identifies securities that are trading at a discount to the underlying value of collateral. Capital preservation and steady capital growth are the main drivers for investment decisions.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Halcyon Asset Management LLC represents an opportunity to invest with a skilled credit-oriented manager. The Administration plans to invest \$15 million in the Fund.

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



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