

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT MANAGEMENT
COMMITTEE MEETING
Monday, May 24, 2010
1:00 p.m. – 3:00 p.m.**

AGENDA

UNIVERSITY OF HOUSTON SYSTEM ENDOWMENT MANAGEMENT COMMITTEE MEETING

DATE: Monday, May 24, 2010

TIME: 1:00 p.m.

PLACE: University of Houston
Board Room 128
Ezekiel Cullen Building
4800 Calhoun
Houston, Texas 77204

Chair: Jarvis V. Hollingsworth

Vice Chair: Carroll Robertson Ray

Members: Jim P. Wise
Welcome W. Wilson, Sr., Ex Officio

Advisory

Members: Michael J. Cemo
J. Christopher Jones

ENDOWMENT MANAGEMENT COMMITTEE

A. Call to Order

B. Approval of Committee Minutes

- February 9, 2010, Endowment Management Committee Meeting
- February 16, 2010, Endowment Management Committee Meeting

Action: Approval

C. Report and Recommendations from Cambridge Associates Regarding Endowed and Non-Endowed Assets – UH System EM – 1

Action: Information and/or Approval

D. Approval is requested for delegation of authority to the Chancellor to negotiate and execute contracts for the hiring of investment managers for the University of Houston System Endowment Fund – UH System EM – 2

Action: Approval

E. Adjourn

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Report and Recommendations from Cambridge Associates Regarding
Endowed and Non-Endowed Assets

**DATE PREVIOUSLY
SUBMITTED:**

SUMMARY: The Committee will receive reports and recommendations from its investment consultant, Cambridge Associates, and discuss investment strategies for the System's Endowment Fund and Non-Endowed Funds.

FISCAL NOTE:

**SUPPORTING
DOCUMENTATION:**

ACTION REQUESTED: Information and/or Approval

COMPONENT: University of Houston System

PRESIDENT



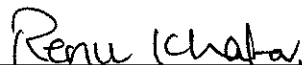
DATE

4/26/10

EXECUTIVE VICE CHANCELLOR

Carl Carlucci

DATE



CHANCELLOR

Renu Khator

DATE

4/29/10

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Approval is requested for delegation of authority to the Chancellor to negotiate and execute contracts for the hiring of investment managers for the University of Houston System Endowment Fund

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Approval is requested for delegation of authority to the Chancellor to negotiate and execute contracts for the hiring of investment managers for the University of Houston System Endowment Fund. The Committee will receive a report from the System's investment consultant, Cambridge Associates, regarding their recommendation to hire Mason Capital Management LLC, Och-Ziff Capital Management Group, Taconic Capital Advisors LP, Coatue Management LLC, and Scout Capital Management LLC as new investment managers for the endowment fund as part of a restructuring of the hedge fund asset class.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: Summary of investment managers

ACTION REQUESTED: Approval

COMPONENT: University of Houston System

PRESIDENT

DATE



EXECUTIVE VICE CHANCELLOR

Carl Carlucci

4/20/10

DATE



CHANCELLOR

Renu Khator

4/29/10

DATE

University of Houston System
Endowment Management Committee
Summary of Hedge Fund Managers

Coatue Master Fund

- Coatue is a global long-short equity fund focusing on the telecom, media, and technology (TMT) sectors. Based in New York, Coatue currently manages approximately \$2.4 billion and the investment team consists of two partners and eight analysts in addition to the firm's founder, Phillipe Laffont. The investment process is based on fundamental, bottom-up research with the objective of achieving high absolute returns over a full market cycle while maintaining low-to-moderate net exposures. Research efforts are often focused on smaller companies, especially those with complex technologies that are difficult to analyze and where specialized knowledge and rigorous fundamental research may prove beneficial.

Scout Capital Fund

- Scout Capital is a global, long-short equity fund that focuses on high quality businesses undergoing operational or financial transformations which may not be fully understood by the marketplace. High quality businesses are defined as those with high sustainable returns on capital, strong competitive positions, transparent business models, and strong management teams with integrity, clear incentive systems, and good records of execution. The fund currently manages approximately \$1.7 billion and employs 11 investment professionals including 2 portfolio managers, 7 research analysts, and 2 traders, all of whom are based in Scout's New York office.

Taconic Opportunity Fund

- The Taconic Opportunity Fund focuses on event-driven investing primarily in North America and Europe, concentrating on companies undergoing some form of transformation of their businesses or capital structure. The Taconic team employs a disciplined process of fundamental, legal, and regulatory analysis to identify mispricings that have the potential to lead to outsized returns on capital. Specific areas of focus include mergers and acquisitions, balance sheet restructurings, distressed/stressed investing, special situations, and capital structure arbitrage. Taconic Capital has 75 employees based in New York and London with \$7.7 billion in assets under management.

Mason Capital

- Mason is an event-driven hedge fund with assets divided among three distinct strategies; distressed investing, merger arbitrage, and special situations. Investment decisions are based on internally-generated research that evaluates downside-upside tradeoffs as well as, in the case of securities subject to extraordinary activity such as mergers or spinoffs, the probability of the completion of each transaction in order to calculate the expected return. Mason currently manages approximately \$4.5 billion in assets and has a team of twelve investment professionals including the two founders, four senior analysts, four junior analysts and two traders, all of whom are based in New York.

Och Ziff Master Fund

- Och Ziff Capital Management is a multi-strategy hedge fund that seeks to achieve consistent, positive absolute returns that are uncorrelated to equity markets. The fund invests in merger arbitrage, long-short equity special situations, convertible/capital-structure arbitrage, credit, and private investments. Och Ziff is headquartered in New York, and has offices in London, Hong Kong, Tokyo, Beijing and Bangalore. The firm employs 412 people, 150 of whom are investment professionals. As of December 31, 2009, assets under management stood at \$16.9 billion in the OZ Master Fund, and \$23.5 billion in total.