

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Investment

Action Requested: Approval of Regan Credit Opportunities Fund International, Ltd.

Background and Summary: We recommend an investment of \$60 million from the University's investment pool for working capital to Regan Credit Opportunities Fund International, Ltd. sponsored by Regan Capital, LLC, headquartered in Dallas, TX.

Regan Capital is an established group founded by Skyler Weinand in 2011 to pursue trading-oriented strategies focused primarily on fixed income structured products in the United States. Regan's principals have been active in the asset-backed and structured credit for more than fifteen years.

The fund has a capital preservation orientation and invests in short-dated structured credit instruments collateralized primarily by asset-backed securities such as residential mortgage-backed and agencies. Regan Capital focuses on small size investments that are often ignored due to their structural complexity and therefore trade at a discount to fair value. The fund targets high cash yielding seasoned floating rate and fixed rate securities with a strong prepayment profile and upside potential.

This investment offers an opportunity for the University to participate in a niche strategy with an experienced team having both in-depth credit knowledge and an established track record.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

February 2018