

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents  
March 19, 2009

**Subject:** Absolute Return Investment

**Action Requested:** Approval of Everest Alpha Commodity Fund

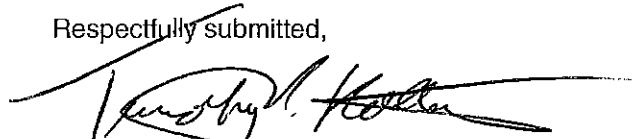
**Background and Summary:** We recommend the approval of the Everest Alpha Commodity Fund. The fund is managed by Los Angeles based TCW Asset Management and will require no initial funding.

The TCW Group was established in 1971 and has approximately \$130 billion in assets under management. The team from TCW that manages the Everest Alpha Commodity Fund has been widely recognized for their pioneering work in commodity futures.

Everest Alpha will invest in a diversified basket of commodity futures designed to take advantage of inefficiencies in the futures markets created by the diverse interests of producers, consumers and investors. The strategy uses a fundamental analysis of commodity price term-structures and historical returns to produce a low volatility portfolio of long and short positions with a positive expected return. The fund seeks to generate performance that is independent of market movements and uncorrelated with asset classes such as equities, commodities and hedge funds.

An investment in the Everest Alpha Commodity Fund will continue the University's strategy to invest with experienced managers who add value and provide diversification to the Long Term Portfolio.

Respectfully submitted,



Timothy P. Stoltow  
Executive Vice President and  
Chief Financial Officer

March 2009

## Everest Alpha Commodity Fund

### FUND INFORMATION

<b>Asset Class:</b>	Absolute Return
<b>Sector Focus:</b>	Long/short Managed Commodities
<b>Regional Focus:</b>	US
<b>Fund Size:</b>	\$325 million

### INVESTMENT STRATEGY

The Fund focuses on exploiting commodity term structure pricing inefficiencies.

### TERMS OF OFFERING

<b>Liquidity:</b>	Annual redemptions or with two days notice for a nominal fee
<b>Management Fee:</b>	2.0 percent and 15 percent of performance

### KEY INVESTMENT PROFESSIONALS

**Claude B. Erb, CFA**

**Managing Director**  
**Prior Experience:**  
Liberty Mutual Insurance  
First Chicago  
Franklin Bank Corp  
Trust Services of America  
Weiss, Peck and Greer

**Jeffrey J. Sherman, CFA**

**Senior Vice President**  
**Prior Experience:**  
University of the Pacific  
Florida State University

### Prior Performance

As a new fund, no performance is available