

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents
March 17, 2011

Subject: Absolute Return

Action Requested: Protégé Tactical Fund, L.P.

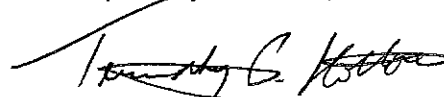
Background and Summary: We recommend a commitment of \$25 million from the Long Term Portfolio to Protégé Tactical Fund, L.P. a New York, NY, based fund that will make a limited number of investments in situations where perceived market imbalances provide an attractive ratio of risk and reward. Further, we recommend a commitment of \$25 million from the Long Term Portfolio to take advantage of co-investment rights resulting from the commitment to Protégé Tactical.

Protégé Partners' principal business is a hedge fund of funds that specializes in providing seed capital to startup hedge funds. This hedge fund of funds takes in capital from investors and deploys it in a diversified portfolio of hedge fund managers from a wide variety of investment disciplines. From this business, through the normal activities of monitoring their existing portfolio and seeking out new managers, Protégé sits at the center of a network of information regarding global economic and market conditions. Periodically, this information network will provide an indication of an imbalance or dislocation within the global markets that provides an attractive investment. In the past, Protégé has invested a small fraction of its fund of funds vehicles in these opportunities.

Protégé Tactical is a fund designed to invest solely in these periodic opportunities alongside the hedge fund of funds. The fund will be able to invest globally in any liquid investment instrument. Investments will be made directly by Protégé or via a third-party manager hired for the purpose. Investors in Protégé Tactical will be offered co-investment rights in those opportunities for which sufficient capacity is available.

An investment in Protégé Tactical Fund, L.P. will further the University's goal to maximize long term risk-adjusted returns to the Long Term Portfolio.

Respectfully submitted,



Timothy P. Sloffow
Executive Vice President and
Chief Financial Officer

March 2011