

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents  
March 15, 2012

REQUEST FOR ACTION

**Subject:** Alternative Asset Commitment

**Action Requested:** SG Growth Partners II, L.P.

**Background and Summary:** We recommend a commitment of \$15 million from the Long Term Portfolio to SG ("Stripes Group") Growth Partners II, L.P., a New York, NY based venture capital fund that will make buyout and minority growth equity investments in rapidly growing, lower to middle-market companies.

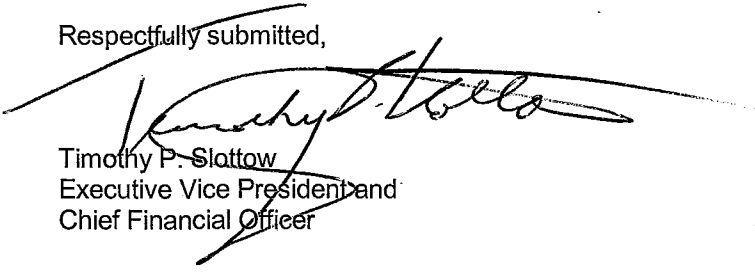
The investments will focus on technology-enabled and branded consumer product companies. Within the technology-enabled businesses, the Stripes Group will focus on business-to-business internet companies, business-to-consumer internet companies, and software-as-a-service companies. In the branded consumer sector, the Stripes Group looks for companies with strong consumer demand but which could achieve greater value with improved brand positioning, marketing, and distribution.

The firm's strategy is to invest in companies which have a minimum of \$15 million of revenue and a minimum of \$3 million of earnings before taxes and income, proven business models, low capital expenditure requirements, and twenty-four month financial forecasts that can be met without the introduction of new, unproven products or services.

The partnership will be managed by Kenneth Fox and Dan Marriott, who have prior experience as investors, company operators, and entrepreneurs. They are operationally-oriented investors who help portfolio companies recruit management, improve operational execution, develop growth strategies, and source add-on acquisitions.

This commitment offers the opportunity to invest with an emerging venture capital manager focused on less competitive, smaller growth equity and buyout transactions in companies which have received little to no institutional capital previously and could benefit from the Stripes Group's hands-on, value-added services.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

March 2012