

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
April 18, 2013

REQUEST FOR ACTION

Subject: Absolute Return

Action Requested: Approval of JAM Special Opportunities Fund III, L.P.

Background and Summary: We recommend a commitment of \$30 million to the JAM Special Opportunities Fund III, L.P. from the Long Term Portfolio. This New York, NY, based fund will invest in the equity and debt securities of small to mid-sized public and private companies in the financial services sector.

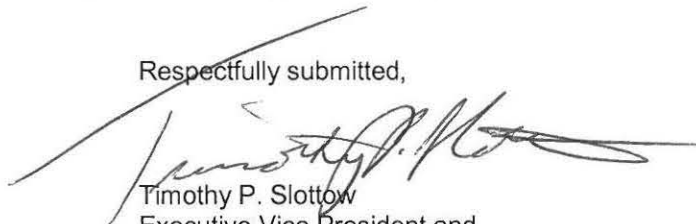
The JAM Special Opportunities Fund III, L.P. (JSOF III) will be managed by Jacobs Asset Management (JAM) which has specialized in the financial services industry for the past 18 years. Over this time, JAM has developed significant research capabilities, extensive relationships and broad industry knowledge that will facilitate the sourcing and analysis of potential investments in this sector.

In JSOF III, JAM will focus on three investment theses. They will provide growth capital to small private companies with proven products and experienced management teams, invest in thinly traded out-of-favor public companies, and identify situations where a complex security is fundamentally mispriced as a result of adverse market conditions or regulatory pressure.

JAM will seek to mitigate risk in the fund through a continued adherence to a value-driven philosophy rooted in contrarian thought. They will emphasize entry valuation, focus on niche growth markets and employ activism where appropriate.

This investment will further the University's goal to maximize the long term risk-adjusted return of the Long Term Portfolio.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

April 2013