

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Commitment

Action Requested: Sandton Credit Solutions Fund IV, L.P.

Background and Summary: We recommend a commitment of \$50 million from the Long Term Portfolio to Sandton Credit Solutions IV, L.P., a New York, NY, based limited partnership organized by Sandton Capital Partners to invest in off-the-run credits, special situation debt originations, and distressed asset purchases in the United States and Western Europe.

Sandton Capital Partners was formed in 2009 by Rael Nurick and Tom Wood. Mr. Nurick has extensive prior experience in distressed bank loans, high yield bonds, leveraged finance, and private equity. Mr. Wood has extensive experience middle market distressed debt and equities.

Sandton looks for idiosyncratic situations in the credit of small operating businesses where downside risk is limited by collateral but a clear path to equity value creation exists. These opportunities often arise from the non-performing or sub-performing commercial and industrial loans of regional banks. They can also come from asset purchases from distressed sellers. Sandton has developed an extensive network to source deals that fit its stringent investment criteria.

A commitment to Sandton Credit Solutions Fund IV, L.P. offers the long term portfolio an investment alongside an experienced management team in a differentiated strategy.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

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