

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

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ITEM FOR INFORMATION

Subject: Alternative Asset Commitments

Background and Summary: Under a May 1994 Request for Action, the University may commit to follow-on investments in a new fund sponsored by a previously approved partnership provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the University's follow-on investments with the previously approved partnerships listed below.

Matrix Partners China III, L.P., a Beijing and Shanghai based venture capital partnership, will invest in private companies in China. The investments will focus on companies expected to benefit from China's large economy and significant middle class of consumers. The fund will invest in both early and expansion stage companies with a focus on digital, internet, mobile, consumer, and healthcare opportunities that in most cases have a differentiating technology component.

In March 2014 the University committed \$14.5 million to Matrix Partners China III, L.P.

Sequoia Capital, a venture capital firm headquartered in Menlo Park, CA, raised two growth funds, Sequoia Capital U.S. Growth Fund VI, L.P. and Sequoia China Growth Fund III, L.P., and one early stage fund, Sequoia India IV, L.P. The late stage investment strategy complements Sequoia's core business of investing in early stage technology companies.

The U.S. Growth Fund will invest in private technology companies in the healthcare, enterprise, mobile, and financial sectors. The China Growth Fund will make growth equity investments in companies that are either formed in China or have a significant presence in China and are positioned to benefit from China's large economy and substantial consumer base. The investments will target technology-based companies in the mobile, consumer, and healthcare sectors.

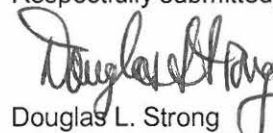
The India IV Fund will invest in seed, venture and early growth stage companies which take advantage of opportunities created by the large and growing markets in India. The investment team has a specific focus on companies in three fast growing sectors: technology, consumer, and healthcare.

In April 2014 the University committed a total of \$25 million to Sequoia Capital U.S. Growth Fund VI, L.P., Sequoia China Growth Fund III, L.P., and Sequoia India IV, L.P.

Moorfield Real Estate Fund III, L.P., a real estate fund based in London, will continue the team's strategy to make investments in United Kingdom real estate, targeting properties that require repositioning due to poor asset management, distressed assets being sold by lenders, and surplus properties resulting from reorganizations and consolidations of businesses and funds. Moorfield will invest opportunistically and will consider a wide range of assets including office, retail and mixed use projects, student housing, and hotels. Moorfield's focus on complex and innovative transactions reduces the amount of competition for deals. The portfolio will be diversified both geographically and by property type.

In April 2014 the University committed £10 million (~ \$17 million) to Moorfield Real Estate Fund III, L.P.

Respectfully submitted,



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Interim Executive Vice President and
Chief Financial Officer