

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Public Equity Commitment

Action Requested: Approval of Durable Capital Fund, L.P.

Background and Summary: We recommend an initial commitment of up to \$200 million from the Long Term Portfolio to Durable Capital Fund, L.P. (the "Fund"), a Washington, DC, based public equity fund managed by Durable Capital Partners.

Henry Ellenbogen founded Durable Capital Partners in 2019 to make long-only equity investments in small- and mid-cap companies in both public and private markets. In the public markets, Durable looks for companies that have a demonstrated competitive advantage derived from an asset or business model that can drive their value to compound at a 20 percent rate over a decade. They will also invest in private, early stage growth companies that they deem to have the same potential. While Durable is industry agnostic, the characteristics that they look for have been more prevalent in the information technology, business services, healthcare and consumer discretionary sectors.

Prior to founding Durable Capital Partners, Mr. Ellenbogen served as the Vice President of T. Rowe Price Group and Chief Investment Officer for its U.S. Equity Growth division. Mr. Ellenbogen was also the lead portfolio manager of the New Horizons Fund from 2010 until 2019, winning various awards for its superior performance in the small-cap funds category.

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

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

October 2019