

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the
Regents
November 21, 2013

Subject: Absolute Return

Action Requested: Approval of Apollo Financial Credit Investment II, L.P.

Background and Summary: We recommend a commitment of \$25 million from the University's investment pool for working capital to Financial Credit Investment II, L.P., a private credit fund sponsored by Apollo Global Management LLC, headquartered in New York, NY.


Founded in 1990, Apollo is an established global alternative investment manager with over twenty years of experience in the credit space. The fund seeks to invest in insurance-backed portfolios in both life settlements and insurance-linked securities with low correlation to the general markets.

The fund will capitalize on continued financial market dislocation and will focus on seasoned senior life settlements investments mainly in the tertiary market that are sold primarily by banks as part of a broader disposition of non-core assets. In addition, tradable high yielding insurance-linked bonds, often investment grade, collateralized by insurance reserves are also considered. The team employs an opportunistic, value-driven investment approach backed by long-term fundamental analysis and focused on downside protection.

The investment team has an average of thirteen years of experience in the sector, has extensive insurance expertise, and has an established track record in sourcing transactions, acquisition and in evaluating the investments.

This investment is consistent with the University's strategy to invest with experienced managers who have a niche strategy.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President and
Chief Financial Officer

November 2013