

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Commitment

Action Requested: Approval of Harbour Fund IV, L.P.

Background and Summary: We recommend a commitment of up to £25 million from the Long Term Portfolio to Harbour Fund IV, L.P., a London, U.K., based litigation funding strategy.


Harbour Litigation Funding was founded in 2007 by Martin Tonnby and Susan Dunn who both had prior experience in asset management and litigation. Harbour has raised three funds totaling £410 million and has funded in 13 jurisdictions and 4 sets of arbitral rules with a primary focus on areas with Common (English) law.

Harbour funds a range of case types, including breach of contract, class actions, breach of statute, and has concentration limits on the size of investment in any one case or exposure to one defendant. Harbour does not have a minimum claim value; rather, they look at the minimum claim value to funding requirement ratio. In exchange for funding, Harbour typically receives a portion of the litigation proceeds.

The primary risk of this strategy lies in Harbours' ability to continue to underwrite the merits of the claims in which they invest, which makes this strategy largely uncorrelated to the capital markets.

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

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