

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents  
January 20, 2011

**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 venture capital and absolute return partnerships listed below.

**Andreessen Horowitz Fund II, L.P.**, a Menlo Park, CA based venture capital fund, will invest in information technology companies across the spectrum of seed, venture, and growth stage companies. The investment focus will be on software companies serving areas such as consumer and mobile internet, data storage, gaming, cloud computing, and networking.

The firm's investment model permits it to commit small amounts of capital to a large number of seed stage opportunities, while retaining the option of providing follow on venture stage capital to these and other companies on a selective basis. In addition, the firm may participate in growth stage financing rounds of high growth, high potential opportunities.

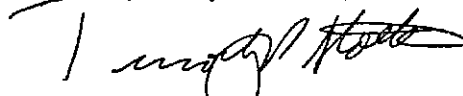
This is the University's second commitment to an Andreessen Horowitz sponsored fund. The University committed \$15 million to Andreessen Horowitz Fund II, L.P. in November 2010. The University committed \$7.5 million to a prior Andreessen Horowitz sponsored fund.

**Selene Residential Mortgage Opportunity Fund II, L.P.**, a New York, NY based fund will continue Fund I's strategy of creating value by acquiring geographically diverse residential mortgages.

The Fund will acquire, modify, and service residential mortgage loans primarily in the U.S., through the purchase of whole loans and secondary pools of residential mortgage loans that are sub-performing and non-performing. In addition, Fund II may invest opportunistically in real estate owned properties and to a lesser extent in acquisition, development, and construction loans. The Fund intends to increase the value of the loan portfolios through active management, special servicing and loan modifications and receive income from the performing loans.

This is the University's second commitment to Selene sponsored funds. The University committed \$30 million to Selene Residential Mortgage Opportunity Fund II, L.P., in October 2010. The University committed \$65 million to a prior Selene sponsored fund.

Respectfully submitted,



Timothy P. Slotow  
Executive Vice President and  
Chief Financial Officer

January 2011