

**REQUEST FOR ACTION**

**Subject:** Absolute Return Investment

**Action Requested:** Approval of Golub Capital PEARLS Direct Lending Program, L.P.

**Background and Summary:** We recommend the approval of Golub Capital Premium Earnings Adjustable Rate Loans (PEARLS) Direct Lending Program, L.P. with initial funding of \$25 million from the University's investment pool for working capital.

Founded in 1994, Golub Capital specializes in absolute return credit strategies and manages over \$4 billion in capital through its offices in New York, Chicago and Atlanta. Golub Capital focuses primarily on debt investments and is a provider of financing solutions, including senior, second lien and subordinated debt, preferred stock and co-investment equity to U.S.-based middle market companies.

Golub Capital invests in the debt of businesses with established operating cash flow and sustainable proprietary positions in their markets. Golub Capital seeks to partner with strong management teams and actively manages its positions and most of the loans are provided to companies controlled by private equity sponsors and independent middle market companies that require capital for growth, recapitalizations, refinancings and traditional buyouts. The investments are primarily originated and underwritten directly by Golub Capital and are typically structured with an average duration of three years and to provide absolute returns with current income.

An investment to Golub Capital PEARLS Direct Lending Program, L.P. will further balance the University's investment pool for working capital risk exposures and enhance returns by decreasing exposure to movements in interest rates and increasing exposures to corporate credit and investment manager value added. This investment is consistent with the University's strategy to invest with experienced managers who have a niche strategy and a proven ability to add value.

Respectfully submitted,



Timothy P. Stottow  
Executive Vice President and  
Chief Financial Officer

February 2011