

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the
Regents
February 19, 2015

ITEM FOR INFORMATION

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 partnerships listed below.

MAP 2015, L.P., an income oriented U.S. focused energy fund based in Palo Alto, CA, acquires royalty interests associated with large, long-life natural gas fields and renewable energy projects. In the renewable space, MAP's activities have been focused on wind power projects primarily.

Royalty interests are structured to generate long-lived cash flow streams and represent a percentage of the gross revenues from the different types of energy production that are paid to the mineral or wind easement owners who in many cases are not the same as the owners of the land. MAP buys the interests from owners and the percentage shares of the revenues are distributed to the Partnership and paid out to the investors.

The University committed \$30 million to MAP 2015, L.P. in October 2014.

Francisco Partners IV, L.P., a private equity fund with offices in San Francisco, CA, and London, England, will invest in middle market technology and technology-related companies. The investments generally will be control ownership positions in the semiconductor, software and technology-enabled services, and systems sectors. The transactions may include buyouts, corporate spin-outs, recapitalizations, restructurings, or growth equity investments, and will usually be in businesses with less than \$1 billion in enterprise value and with revenue between \$25 million and \$200 million. In all investments, Francisco Partners is focused on improving operations and pursuing growth objectives which maximize enterprise value.

The University committed \$35 million to Francisco Partners IV, L.P. in October 2014.

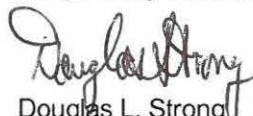
Advent Latin American Private Equity Fund VI, L.P., a private equity fund with offices in Mexico, Brazil, and Colombia and sponsored by Advent International Corporation, a global private equity firm, will make private equity investments in later stage growth companies in Latin America. Advent's investment focus is on expansion, development, and buyout transactions in high growth, cash-generative companies. The fund will target control-ownership positions and will take active management roles through board and executive committee participation. Investments will focus on sectors where Advent has prior experience, including industrial and infrastructure, business and financial services, retail, consumer, leisure, and healthcare.

The University committed \$25 million to Advent Latin American Private Equity Fund VI, L.P. in October 2014.

Dyal Columbus Co-Investment Partners L.P. is a private equity fund based in New York, NY. This fund is a single-asset vehicle created by Dyal Capital Partners to hold co-investment interests in one of their portfolio companies. The Dyal funds are sponsored by Neuberger Berman, a 75 year old independent investment firm with \$250 billion under management. The University committed to Dyal Capital Partners in 2011 and subsequently committed to Dyal Capital Partners II in 2014. Both funds seek to purchase minority equity interests in independent asset managers with the expectation of benefitting from the global growth in demand for alternative investment strategies. The economic terms of the Columbus Co-Investment vehicle are more favorable than those of Dyal Capital Partners.

The University committed \$5 million to Dyal Columbus Co-Investment Partners L.P. in July 2014.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Douglas L. Strong". The signature is written in a cursive, flowing style.

Douglas L. Strong
Interim Executive Vice President and
Chief Financial Officer

February 2015