

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

**Subject:** Absolute Return Commitment

**Action Requested:** Approval of Lake Whillans Fund I L.P.

**Background and Summary:** We recommend a commitment of up to \$50 million from the Long Term Portfolio to Lake Whillans Fund I L.P., a New York, NY, and Palo Alto, CA, based litigation funding strategy.

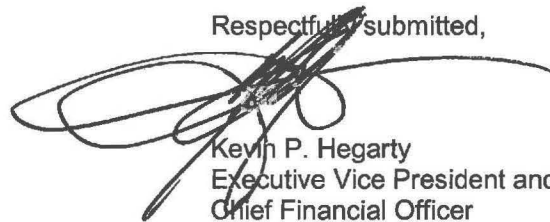
Lake Whillans specializes in providing funding for commercial litigation involving breach of contract or trade secret misappropriation. In exchange for its investment, the fund receives a portion of the proceeds from successful cases. In most instances, the investee company would otherwise be unable to exercise its legal rights without outside funding.

Lake Whillans Capital Partners was founded in 2013 by Lee Drucker and Boaz Weinstein. Prior to founding Lake Whillans, the two had extensive experience in both practicing and funding litigation. Since then, they have been raising capital for investments on a case by case basis while working to establish a reputation in the legal community as a pre-eminent source of capital in the nascent litigation funding market.

The risk of this strategy lies solely in Lake Whillans' ability to properly underwrite the merits of the cases in which they invest. The strategy will be diversifying for the portfolio in that the returns are almost entirely independent of movements in 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

February 2017