

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

**Subject:** Absolute Return, Alternative Asset and Public Equity 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.

**Absolute Return Commitments**

**BioPharma Credit Investments V GP LLC**, a private credit fund based in New York, NY, seeks to build a diversified portfolio of high-yielding, senior debt and debt-like securities with short average lives and strong underlying credit characteristics collateralized by cash flows from leading life sciences products of mainly publicly traded companies. A substantial portion of the income derived from the investments is in the form of current interest payments and principal amortization.

In June 2019 the University committed \$30 million to BioPharma Credit Investments V GP LLC.

**Kartesia Credit Opportunities V Feeder SCS**, a private pan-European debt fund with primary offices located in London, U.K., and Brussels, Belgium, invests mainly in senior loans of lower mid-market companies. The team is generating returns through a combination of interest income and capital gains by seeking to purchase loans at discount to their intrinsic value. The emphasis is on performing companies sourced via the secondary and primary financing markets, cash generative with predictable earnings and cash-flows.

In July 2019 the University committed \$25 million to Kartesia Credit Opportunities V Feeder SCS.

**Alternative Asset Commitments**

**HealthCap VIII LP**, a Stockholm, Sweden, based venture capital fund will invest in life science and healthcare companies. Investments will involve the commercialization of medical science and innovation with a focus on building companies that develop therapeutic drugs or medical devices with therapeutic applications. By investing in therapeutic products already in clinical development, where a proof of concept has been achieved or where development risks are fully understood, HealthCap is able to be an early investor in opportunities which have mid-to-late stage risk profiles. HealthCap expects to make the majority of its investments in Western Europe but will invest selectively in companies located in North America.

In June 2019 the University committed €30 million to HealthCap VIII LP.

**General Catalyst Group IX, L.P.**, a fund sponsored by a Cambridge, MA, based venture capital firm offered a co-investment alongside the fund in a company that has a software-as-a-service business model that addresses travel and expense management needs of small and medium sized business located primarily in the U.S.

In May 2019 the University invested \$2.5 million in the co-investment.

**Patron Capital ("PC") Feeder VI L.P.**, a real estate fund based in London, U.K., and with offices in Luxembourg City, Luxembourg; Barcelona, Spain; and Milan, Italy, will make opportunistic and value-oriented investments in distressed and undervalued property assets, loans and corporate entities with substantial underlying property value. Patron will use its established network of local operating partners across Western Europe to source deals. Once acquired, Patron will build value through the repositioning,

redevelopment and intensive management of the real estate assets and operational improvement of corporate entities.

In June 2019 the University committed €45 million to PC Feeder VI L.P.

**Roark Diversified Restaurant Fund II LP**, an Atlanta, GA, based private equity fund, will invest in middle-market restaurants headquartered in North America with a mission to become the industry's best and most differentiated multi-branded restaurant company. Roark's specific industry focus is a competitive advantage that allows its investment team to understand opportunities and risks, to access proprietary or less competitive deal flow, and to create operating improvements readily.

In May 2019 the University committed \$50 million to Roark Diversified Restaurant Fund II LP.

### **Public Equity Investments**

**Salient Partners, L.P.**, is a Houston, TX, based multi-asset class investment firm with \$7.2 billion in assets under management. In May 2019, Salient Partners acquired the portfolio team from The Mitchell Group with whom the University invested in May 2015. There has been no change to the strategy.

In May 2019 the University transferred its entire \$37 million position to the Salient Partners Long-Only Energy strategy.

Respectfully submitted,



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Executive Vice President and  
Chief Financial Officer

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