

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the
Regents
March 20, 2014

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.


Odyssey Investment Partners Fund V, L.P., a private equity fund with offices in NY, NY, and Los Angeles, CA, invests in middle market companies in the industrial and business services sectors. Within these sectors, the investment team has particular experience investing in aerospace, basic manufacturing, distribution, equipment rental, insurance, outsourcing, and supply chain management companies. Key to Odyssey's investment strategy are examinations of macro-themes such as regulatory changes and market dislocations which help identify investment opportunities in companies expected to experience significant revenue growth. Investment opportunities flow from corporate spin-offs, family-controlled businesses seeking liquidity, and management or market constrained companies poised to benefit from more professional management. As appropriate, there are add-on acquisitions to expand a company's products, distribution network, or geographic reach.

The University committed \$40 million to Odyssey Investment Partners V, L.P. in December 2013.

MHR Institutional Partners IV, L.P., a \$2.75 billion distressed debt fund located in New York, NY, will invest in financially distressed middle-market companies in North America. The fund is an active investor that seeks to effectuate control or significant influence on its portfolio companies which the firm believes is essential to preserving and creating value. The fund employs a rigorous, due diligence-focused investment process, capitalizing on its deep industry knowledge and analytical capabilities, to generate attractive risk-adjusted returns across various investing environments in both the debt and equity markets.

The University committed \$75 million to MHR Institutional Partners IV in December 2013.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President and
Chief Financial Officer

March 2014