

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

**Subject:** Absolute Return Commitment

**Action Requested:** Approval of Apera Capital Private Debt Fund I SCSP

**Background and Summary:** We recommend a commitment of €60 million, including co-investment opportunities, from the University's investment pool for working capital to Apera Capital Private Debt Fund I SCSP, a private Pan-European mid-market debt fund with primary offices located in London, U.K., and Paris, France.

Apera Capital founded in 2016, is dedicated to providing private debt solutions to small and medium-sized enterprises across established markets in Western Europe. The firm is led by Klaus Petersen, David Wilmot, and Joanna Hislop who have a long track record of local sourcing and investing in the corporate loan market.

The fund's focus is primarily on senior loans of lower mid-market companies, a segment in which Apera Capital has an established expertise and one which is underserved by the broader market. The emphasis is on performing companies sourced in the primary financing markets, cash generative with predictable earnings and cash flows. The fund plans to originate and underwrite a diversified and defensive portfolio of mainly senior secured investments that benefit from contractual and structural downside protections while offering attractive returns with a high cash yield component.

This investment is consistent with the University's strategy to invest with experienced managers who have a niche strategy and ability to add value.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over a circular stamp or seal. The signature is fluid and cursive.

Kevin P. Hegarty  
Executive Vice President and  
Chief Financial Officer

March 2018