

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

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.

Alternative Asset Commitments

8VC is a San Francisco, CA, based venture capital firm that invests in early-stage U.S. based technology startups. Areas of investment focus typically will be sectors in which the investment team has prior experience, such as the "smart enterprise" sector, where companies analyze data to solve problems in a wide range of sectors, including banking, healthcare, and the growing and emerging crossover between information technology and life sciences.

In October 2020, the university committed \$10 million to an 8VC sponsored investment.

Accel is a Palo Alto, CA, based venture capital firm that invests across stages of company development, including growth equity investments in late-stage U.S. based technology startups. Areas of investment focus will typically be in sectors where the investment team has prior experience, including but not limited to consumer internet, software and services, cloud-based computing, enterprise infrastructure, and mobile businesses. The investment team has considerable startup operational knowledge, significant venture capital investing experience, and a network of industry relationships for sourcing investments.

In December 2020, the university committed \$15 million to Accel Leaders III, L.P.

Hydrazine Capital is a San Francisco, CA, based venture capital firm that invests in early-stage technology companies. Areas of investment focus will be sectors in which the investment team has deep sector expertise, networks, and resources. The firm will seek to invest in companies that can disrupt markets and industries poised for significant innovation such as biology, energy, information technology, artificial intelligence, and machine learning.

In September 2020, the university committed up to \$25 million to two Hydrazine Capital sponsored investments.

Matrix Partners is a venture capital firm with a primary focus on early stage investing in the U.S., China and India. The university has a long-standing relationship with Matrix Partners, having invested in the firm's funds since 1995. The team has established a strong brand and track record of success in its respective geographies and capitalizes on its local networks to source investment opportunities. The firm's strategy of high involvement early-stage investing serves as a comparative advantage. Matrix represents a robust and long-standing relationship for the university that continues to deliver strong performance through differentiated return sources.

In May 2020, the university committed \$29 million to two Matrix Partners sponsored investments.

SDC Allo Co-Invest, L.P., a New York, NY, based real estate fund sponsored by SDC Capital Partners will make investments to build fiber to the premises networks in Tier 2 and Tier 3 markets in midwestern and western states. The fund will utilize SDC's considerable experience and deep networks in the digital infrastructure space to help meet the demand for reliable, high-speed broadband.

In October 2020, the university committed up to \$15 million to SDC Allo Co-Invest, L.P.

Sequoia Capital, founded in Menlo Park, CA, invests in new and developing companies engaged in businesses where new technologies play a significant role in either processes or products. Sequoia Capital also invests in more mature and established companies where the potential exists for exceptional capital appreciation. The firm invests primarily in information technology companies located in the U.S., China, and India. The university has invested with Sequoia Capital since 1992.

In February 2021, the university committed up to \$20 million to two Sequoia Capital sponsored investments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', written over a circular scribble.

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

March 2021