

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.

Battery Ventures XI, L.P. and Battery Ventures XI Side Fund, L.P., venture capital funds with offices in Waltham, MA, Menlo Park, CA, and Herzliya, Israel, will invest in technology companies at all stages of growth. The Side Fund will co-invest in later stage Battery Ventures XI transactions which are too large to be allocated exclusively to Fund XI. As in prior Battery partnerships, the funds will invest in sectors where the general partner has expertise and experience, including software, e-commerce, infrastructure, internet and digital media, and industrial technologies.

In February 2016 the University committed \$14 million to Battery Ventures XI, L.P. and \$7 million to Battery Ventures XI Side Fund, L.P.

Chengwei Ventures Evergreen Fund, L.P., a venture capital fund located in Shanghai, China, will invest in Chinese companies which have significant growth potential and provide goods and services to the Chinese economy. Chengwei's industry focus as well as size and stage of the investments are not pre-determined but depend on the available opportunities and the prevailing economic conditions. The general partner will invest across a variety of industries, including manufacturing, consumer goods, and the internet, and will fund both early stage entrepreneurial and established businesses in need of expansion capital. The fund's evergreen structure allows the general partner to build successful companies and create value over the long-term.

In December 2015 the University committed an additional \$22.02 million for the next four year investment cycle of Chengwei Ventures Evergreen Fund, L.P.

Subject: Absolute Return

Sankaty Credit Opportunities VI, L.P., is an absolute return fund located in Boston, MA. The fund continues the team's strategy to invest in higher yielding credit and special situations resulting from market dislocations and distressed corporate debt issuers. The fund focuses on investments in debt securities at a discount in global and distressed companies and provides liquidity in the form of rescue financings and rights offerings to middle market and larger companies. In addition, special situations such as structured products, dislocated private mezzanine, restructured and undervalued equities are considered. Sankaty uses fundamental credit analysis and a bottom-up approach to identify the best opportunities and seeks to minimize downside risk through hedges. The fund has a flexible approach to invest across corporate capital structures, geographies and in public and private markets.

In October 2015 the University committed \$50 million to Sankaty Credit Opportunities VI, L.P.

Respectfully submitted,



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Executive Vice President and
Chief Financial Officer

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