

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
June 20, 2013

REQUEST FOR ACTION

Subject: Absolute Return

Action Requested: Approval of Catalyst Fund Limited Partnership IV

Background and Summary: We recommend a commitment of \$20 million to the Catalyst Fund Limited Partnership IV from the Long Term Portfolio. This Toronto, Canada, based fund will invest in the debt of distressed Canadian companies.

The General Partner of the fund, Catalyst Capital Partners, was founded by Newton Glassman and Gabriel de Alba in 2002. The Catalyst team has significant and specific expertise with regard to the Canadian legislative, financial and restructuring regimes as well as substantial experience coordinating multi-jurisdictional bankruptcies, restructurings and legal processes.

The Catalyst Fund Limited Partnership IV will continue to pursue Catalyst's principal strategy of obtaining control of financially distressed Canadian companies through the purchase of their debt. Catalyst creates value by restructuring their target companies' balance sheets in the bankruptcy process and by developing and implementing a plan to improve the companies' operations.

Catalyst will also originate loans to companies within Canada against physical, fungible assets. Risk is mitigated through credit analysis and overcollateralization. These loans are cash-flow generative and complimentary to the longer-term distressed control strategy.

This investment will further the University's goal to maximize the long term risk-adjusted return of the Long Term Portfolio.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

June 2013