

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.

Accel Partners, a Silicon Valley based venture capital firm, raised two funds, **Accel XII, L.P.** and **Accel Growth Fund III, L.P.**, to invest in companies which further the firm's strategy to fund innovation in technology. Accel Growth Fund III's investment focus will be similar to that of its companion fund, Accel XII, except its transactions will be somewhat larger and the portfolio companies will be at a slightly later growth stage. Accel's technology investments target the consumer internet, software and services, cloud-based computing, enterprise infrastructure, and mobile businesses.

The University committed a total of \$21.0 million to Accel XII, L.P. and Accel Growth Fund III, L.P. in March 2014.

Andreessen Horowitz, a Silicon Valley based venture capital firm, raised two funds, **Andreessen Horowitz Fund IV, L.P.** and its companion fund, **Andreessen Horowitz Parallel Fund IV, L.P.**, to invest in information technology companies across the spectrum of seed, venture, and growth stage opportunities. Andreessen Horowitz IV will invest in both early and later stage companies, while the vast majority of the Parallel Fund's capital will be invested in later stage companies. The investment focus of both funds will include consumer internet services, enterprise software, infrastructure hardware, and consumer electronics. The firm's investment model permits it to commit small amounts of capital to a number of early stage opportunities, while retaining the option of providing follow on financing on a selective basis.

The University committed a total of \$22.0 million to Andreessen Horowitz Fund IV, L.P. and Andreessen Horowitz Parallel Fund IV, L.P. in March 2014.

Lone Star Partners IX, L.P., a Dallas, TX, based fund that will invest globally in distressed assets. Lone Star invests in distressed residential mortgages, corporate debt and securitized loans. The fund will also target control investments in banks and other financially-oriented companies as well as asset rich operating companies.

The University committed \$30.0 million to Lone Star Partners IX, L.P. in March 2014.

Respectfully submitted,



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Chief Financial Officer