

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

**Subject:** Alternative and Absolute Return 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.

**Bain Capital Life Science Fund, L.P.**, a Boston, MA, based private equity fund sponsored by Bain Capital, will invest in growth stage life science companies. The fund, an extension of Bain Capital's private equity investment activities, will benefit from Bain's extensive resources and will be managed by an experienced team with notable investing, industry, and academic experience in the life science sector. Bain Capital Life Science Fund will invest in companies at different stages of development. These will include less mature companies previously backed by venture capital but now at growth inflection points as well as more mature companies having revenue but in need of expansion capital. Two other investment areas include companies with impaired assets in need of capital to realize fundamental asset value as well as participation in larger, healthcare related private equity transactions alongside Bain Capital Private Equity. All of the investments will focus on areas in which the team has prior experience, including biopharmaceuticals, specialty pharmaceuticals, medical devices, healthcare services, and diagnostic tools.

In March 2017 the University committed \$25 million to Bain Capital Life Science Fund, L.P.

**Denham Oil & Gas Fund, L.P.**, is a Houston, TX, based natural resources fund sponsored by Denham Capital Management. Consistent with previous funds, Denham will focus on upstream exploration and production and to a lesser extent, midstream opportunities. Earlier funds also had allocations to mining and power which are now included in separately focused funds. The team will target high quality assets that are low on the funding and operating cost curve, have long-life reserves, and will be led by a select group of expert management teams. The team has been successful in identifying attractive investment opportunities using a top-down approach, analyzing various macro factors and sector trends.

In March 2017 the University committed \$30 million to Denham Oil & Gas Fund, L.P.

**Four Rivers Resources Co-Invest, L.P.**, is a co-investment opportunity offered by PetroCap Fund II, L.P., a Dallas, TX, based natural resources fund. Four Rivers Resources is a joint venture between Catamount Energy Partners and PetroCap-Catamount, with this co-investment fund representing a 30 percent ownership of Four Rivers. Four Rivers Resources will use the proceeds from this co-investment to acquire upstream and midstream assets from a San Juan Basin (Colorado) operator. These assets provide significant development potential for an area with limited drilling locations remaining.

In April 2017 the University committed \$5 million to Four Rivers Resources Co-Invest, L.P.

Respectfully submitted,



Kevin P. Hegarty  
Executive Vice President and  
Chief Financial Officer