

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Commitment

Action Requested: Approval of MidOcean Tactical Credit Fund II, L.P.

Background and Summary: We recommend a commitment of \$50 million from the University's investment pool for working capital to MidOcean Tactical Credit Fund II, L.P., a private corporate debt fund sponsored by MidOcean Credit Partners and based in New York, NY.

MidOcean Credit Partners founded in 2009, is dedicated to investing in the alternative credit strategies across the risk spectrum. The group is led by Steve Shenfeld who together with his team have a long track record and extensive experience in the credit space. The team takes a deep fundamental credit research approach to identify, analyze, trade and manage the opportunities on behalf of the fund.

MidOcean targets a less-liquid segment of the tradable corporate debt markets that have the potential to generate attractive returns in normal market conditions and higher returns during periods of market dislocation. The fund will invest primarily in North American "off-the-run" syndicated senior loans and high yield bonds where significant discount to underlying credit risk exists. The fund focuses on smaller sized issues with little-to-no sell-side research coverage that are more susceptible to price dislocation due to poor loan market technicals and lack of natural secondary buy interest.

This investment is consistent with the University's strategy to invest with experienced managers who have a niche strategy and ability to add value.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

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