

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

**Subject:** Absolute Return and 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.

**Absolute Return Commitments**

**Kayne CLO Partners Fund II, L.P. & Kayne CLO Partners GP, LLC (IMA)**, Los Angeles, CA, based absolute return funds will invest in the equity tranches of Kayne Anderson managed collateralized loan obligations (CLOs) and opportunistically in the equity tranches of third-party managed CLOs. Fund II will principally invest in the equity tranches of Kayne Anderson managed CLOs as well as third-party CLO debt and equity and warehouse financing facilities managed by Kayne Anderson or third-parties. The IMA Fund, which will be deployed contingent on a market dislocation, will seek to take advantage of the volatility by providing liquidity during such periods by purchasing secondary CLO equity of third-party managers at discounted prices.

In September 2019, the University committed \$50 million to Kayne CLO Partners Fund II, L.P. and in November 2019, \$20 million to Kayne CLO Partners GP, LLC (IMA).

**Alternative Asset Commitments**

**Advent Latin American Private Equity Fund VII-C SCSP**, a private equity fund with multiple offices in Mexico, Brazil, and Colombia sponsored by Advent International Corporation, a global private equity firm, will make private equity investments in later-stage growth companies in Latin America. Advent's investment focus is on expansion, development, and buyout transactions in high growth, cash-generative companies. The fund will target control-ownership positions and will take active management roles through board and executive committee participation. Investments will focus on sectors where Advent has prior experience, including industrial and infrastructure, business and financial services, retail, consumer, leisure, and healthcare.

In September 2019, the University committed \$35 million to Advent Latin American Private Equity Fund VII-C SCSP.

**Brookdale Investors Eight, L.P.**, a real estate fund based in Atlanta, GA, will make investments in existing, high-quality suburban and urban office properties in the traditionally high-growth submarkets of the Sunbelt region of the United States. Properties will generally be in excellent condition but may have high levels of vacancy, short-term tenant rollover or substantial capital expenditure needs where Brookdale can apply its real estate operating expertise to increase value. In certain markets with a lack of new supply, Brookdale may develop new buildings to meet increased demand.

In August 2019, the University committed \$50 million to Brookdale Investors Eight, L.P.

**CREA Partners III, L.P.**, a real estate fund sponsored by Cypress Real Estate Advisors, based in Austin, TX, will invest in residential and/or mixed use properties with a residential component. The fund will focus on markets in the southeast and southwest United States with strong underlying fundamentals including positive job growth, population migration, attractive demographics, an educated workforce and strong housing starts. Cypress targets assets it can acquire at a discount to market value due to the complexity of the transaction or where barriers to entry limit competition. Cypress then creates value through the development, redevelopment or entitlement process.

In September 2019, the University committed \$50 million to CREA Partners III, L.P.

**Green Courte Real Estate Partners V, LLC**, a Chicago, IL, based fund will invest primarily in North America in niche sectors including parking, manufactured housing/land lease communities, and senior housing. The fund focuses on niche sectors because they are often defensive in nature, have fragmented ownership, where specialized knowledge is required to acquire, finance, and operate the assets.

In September 2019, the University committed \$50 million to Green Courte Real Estate Partners V, LLC.

**GSR Ventures VII, L.P.**, a venture capital fund with offices in Beijing, China, and Palo Alto, CA, will make early-stage venture capital investments in companies with substantial operations in China. The focus will be on digital companies in e-commerce, financial technology, online advertising, big data, mobile gaming, and education.

In October 2019, the University committed \$30 million to GSR Ventures VII, L.P.

**LBA Logistics Value Fund VII, L.P.**, a real estate fund based in Newport Beach, CA, will continue the team's strategy to acquire a diversified portfolio of office and industrial properties located primarily in western United States markets. The fund will target varying risk profiles, including value-add opportunities, select build-to-suits, and notes secured by real estate. The fund will maintain a balanced approach to income and growth with approximately one-half of the returns coming from current income.

In October 2019, the University committed \$50 million to LBA Logistics Value Fund VII, L.P.

**Siguler Guff Valiant Fund, L.P.**, a New York, NY, and Sao Paulo, Brazil, based investment fund will primarily invest in Brazilian companies seeking growth capital to scale businesses in a capital-constrained market. The team will apply its in-depth local knowledge, long-standing presence in the market, and the professional networks of Siguler Guff to identify high-quality investment opportunities in the region. The firm plans to leverage those advantages into selecting what it expects to be the most attractive opportunities to create a diversified portfolio across various strategies, focusing on cash generative businesses to mitigate downside risk.

In October 2019, the University committed \$50 million to Siguler Guff Valiant Fund, L.P.

Respectfully submitted,



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Chief Financial Officer