

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the
Regents
July 16, 2015

Subject: Alternative Asset Commitment

Action Requested: Approval of Silversmith Capital Partners I, L.P.

Background and Summary: We recommend a commitment of up to \$25 million from the Long Term Portfolio to Silversmith Capital Partners I, L.P., a Boston, MA, based private equity fund, which will invest in private, lower middle market, rapidly growing and profitable technology and healthcare companies. The fund will focus on opportunities in the growth space positioned between late stage venture capital and large scale private equity.

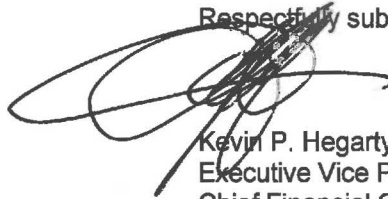
Silversmith is a first time fund formed by three partners who have prior growth equity investment experience at well regarded firms: Jeffrey Crisan, formerly a Managing Director at Bain Capital Ventures; Todd MacLean, previously a Managing Director at Bain Capital Ventures; and James Quagliaroli, formerly a Managing Director with Spectrum Equity.

Within technology, Silversmith will invest in both software-as-a-service (SaaS) and information services companies, including application software, financial technology and data services sold predominantly via subscription or transaction-based models to customers which are most often business users. The healthcare investments will include healthcare information technology companies that offer software solutions to improve the efficiency of information exchange, payment accuracy, and patient treatment outcomes, as well as healthcare services investments which will provide quality patient care in cost effective outpatient settings.

Silversmith will take a partner led, thesis driven approach to the growth equity market. Transactions are expected to include both minority and majority ownership investments, as well as platform build-up companies where profitable growth can be achieved through a merger and acquisition strategy led by an experienced operator. It is anticipated that the majority of the fund's investments will involve little or no leverage.

This commitment offers the Long Term Portfolio the opportunity to invest alongside an experienced investment team focused on smaller, cash flow positive companies which are poised for significant growth.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

July 2015