

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.

Public Equity Commitments

Otus Capital Management, is a London, UK, based public equity investment firm with \$390 million in assets under management. Otus invests in mispriced opportunities in the illiquid and poorly covered European micro-cap public equity market. The purpose of this separate account is to allow Otus to increase its stakes in companies where it is actively engaged and has a full position in the main fund.

In October 2019, the University committed €30 million to a separate account managed by Otus.

Neuberger Berman, is a New York, NY, based multi-asset class investment firm with \$330 billion in assets under management. In November 2019, Neuberger Berman acquired the portfolio team from Risk Premium Investment Management Company with whom the University invested in January 2016. There has been no change to the strategy.

In November 2019, the University transferred its entire position to Neuberger Berman.

Alternative Asset Commitments

Accel India VI, L.P., is a venture capital fund located in Bangalore, India, that will invest in seed and early-stage rounds of companies based in India. Investments will be in industry sectors where the investment team has a prior track record, including but not limited to mobile marketplace and consumer, software-as-a-service, online financial services, and healthcare. The investment team has considerable startup operational knowledge, significant venture capital investing experience, and a network of industry relationships for sourcing investments.

In November 2019, the University committed up to \$25 million to Accel India VI, L.P.

AH Bio Fund III, L.P., a venture capital fund sponsored by Andreessen Horowitz located in Menlo Park, CA, will invest in early-stage healthcare-focused information technology companies. Investments will be in technology companies that leverage the reduction in the costs of data storage, computational power, sensors to measure biological data, and genetic sequencing to transform the healthcare industry. AH Bio identified computational biomedicine, new scientific utilities, and network effects in healthcare as areas of specific investment interest.

In January 2020, the University committed \$10 million to AH Bio Fund III, L.P.

Eclipse SPV II, L.P., is a Palo Alto, CA, based venture capital firm that will make growth equity investments in early-stage U.S.-based technology startups. Targeted companies will be early-stage hardware and core technology companies domiciled or with substantial operations in the United States, but also in Canada and Israel. Areas of investment focus will typically be in sectors where the investment team has prior experience. The primary area of focus will be hardware solutions, which Eclipse Ventures believes remains an essential factor in developing important businesses.

In November 2019, the University committed up to \$25.5 million to Eclipse SPV II, L.P.

Odyssey Investment Partners Fund VI, L.P., a private equity fund with offices in New York, NY, and Los Angeles, CA, invests in middle-market companies focusing on industrial and business services. Within these sectors, the investment team has particular experience investing in aerospace, manufacturing, distribution, equipment rental, insurance, outsourcing, and supply chain management companies. Key to Odyssey's investment strategy are examinations of macro-themes such as regulatory changes and market dislocations, which help identify investment opportunities in companies expected to experience significant revenue growth. Investment opportunities flow from corporate spin-offs, family-controlled businesses seeking liquidity, and management or market constrained companies poised to benefit from more professional management.

In December 2019, the University committed \$75 million to Odyssey Investment Partners Fund VI, L.P.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', written over a white background.

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

July 2020