

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.

Alternative Asset Commitments

First Round Capital, is a generalist venture capital firm based in Philadelphia, PA, New York City, NY, and San Francisco, CA. It invests at the earliest stages of technology company development to capture generationally important companies as their first institutional capital partner garnering meaningful ownership to drive impactful returns. The firm invests mainly in seed-stage companies operating in the enterprise, consumer, hardware, fintech, healthcare, and other sectors across the United States.

In May 2022, the university committed up to \$23 million to a First Round Capital-sponsored fund.

Investindustrial, was founded in 1990 to invest in middle market companies based in Southern Europe. Investindustrial's core investment strategy is to realize significant long-term capital returns by taking control positions in medium-sized companies in Europe – principally Italy and Spain. Investindustrial helps management teams to build better companies by providing industrial expertise, operational focus, and global platforms to drive build-ups, international expansions, and/or active repositionings.

In May 2022, the university committed \$38 million to an Investindustrial sponsored fund.

Spear Street Capital, a San Francisco, CA, based real estate firm that exploits office investment opportunities in markets with significant technology and media tenants. Spear Street is an owner and operator of distinctive office properties in the United States, Canada, and Europe, and focuses on assets that include a balance of both current cash flow and capital appreciation potential. Targeted properties are typically those with significant leasing risk, concentrated near-term tenant rollover, tenants with credit issues, and existing debt that cannot be extended or replaced. Spear Street acquires buildings with competitive advantages that allow for quicker lease-up and better tenant retention that are sold once repositioned.

In May 2022, the university committed \$13 million to a Spear Street sponsored vehicle.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

July 2022