

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Commitment

Action Requested: Approval of Siguler Guff Brazil Special Situations Fund

Background and Summary: We recommend a commitment of up to \$100 million from the Long Term Portfolio to the Siguler Guff Brazil Special Situations Fund, a New York, NY, and Sao Paulo, Brazil, based investment strategy.

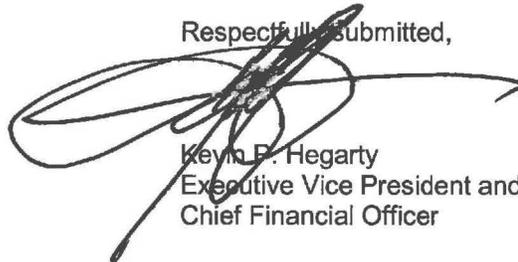
The Brazil Special Situations Fund will invest in legal claims against Brazilian government entities. Specifically, this strategy will invest in legal claims against the federal government only after an unappealable judicial decision has found them to have legal merit. While these claims primarily originate from decades old regulatory bad acts, plaintiffs have only had a clear legal path to restitution in the last ten years due to judicial and constitutional reforms. Currently, Brazil's multi-year recession presents a valuable window to acquire these legal claims from plaintiff corporations and individuals with attractive valuations and structures.

Founded in 1995 by George Siguler and Drew Guff, Siguler Guff & Co. has managed over \$15 billion of investor commitments on behalf of more than 500 institutional and 600 individual investors globally specializing in emerging market and distressed alternative asset investment strategies. The University has previously invested in three funds sponsored by Siguler Guff's affiliate, Russia Partners.

The primary risk of this strategy lies in Siguler Guff's & local partners' ability to properly underwrite and verify the duration and merits of the cases in which they invest. The strategy will be diversifying for the portfolio in that the returns are almost entirely independent of movements in the capital markets.

This investment will provide a diversified source of return that will further the University's goal to maximize the long term risk-adjusted return of the Long Term Portfolio.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

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