

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Investment

Action Requested: Approval of Tappan Street Partners

Background and Summary: We recommend the approval of Tappan Street Partners, a New York, NY, based hedge fund with an initial investment of \$20 million from the Long Term Portfolio.

Tappan Street Partners is a long/short hedge fund. The firm was founded in 2011 by Prasad Phatak to pursue a value-oriented, catalyst driven investment strategy. Mr. Phatak has extensive experience analyzing both public and private debt and equity securities in a variety of industries.

Tappan Street Partners employs a disciplined, extensive bottom-up research process to identify compelling, catalyst-driven opportunities to invest in securities trading significantly below their intrinsic value. The firm's goal is to generate superior absolute and risk-adjusted returns that are largely uncorrelated to the S&P 500 over a multi-year period. It accomplishes this by alleviating the risk of permanent loss of capital through careful investment selection and a preference for situations where identifiable events will drive returns.

This investment will diversify the absolute return portfolio and further the University's goal to maximize the long term risk-adjusted return of the Long Term Portfolio.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin B. Hegarty", is written over the typed name and title. The signature is stylized with loops and a long horizontal stroke.

Kevin B. Hegarty
Executive Vice President and
Chief Financial Officer

September 2017