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.

Absolute Return Commitments

Apera Private Debt Fund II, SCSP, a Pan-European debt fund with offices located in London, U.K., Paris, France, and Munich, Germany, invests in senior loans of lower mid-market companies. The focus of the fund is on performing companies sourced in the primary financing markets, cash generative with predictable earnings, and cash flows. The fund originates and underwrites a diversified and defensive portfolio of primarily senior secured investments that benefit from contractual and structural downside protections while offering attractive returns with a high cash yield component.

In January 2020, the University committed €25 million to Apera Private Debt Fund II, SCSP.

Firmament Capital Partners SBIC III, L.P., a New York, NY, based credit fund will invest in privately negotiated, structured credit instruments primarily of non-sponsored U.S. based companies with revenues between $10 to $40 million. The fund will invest in cash flowing companies with proven business models, will be senior in the capital structure and will frequently be the companies’ only institutional investor. Firmament (formerly known as McLarty) is expected to earn attractive risk-adjusted returns through a combination of cash yield, equity participation, and low-cost SBA provided leverage.

In February 2020, the University committed $30 million to Firmament Capital Partners SBIC III, L.P.

KAFRG Investors, L.P., a Los Angeles, CA, based co-investment fund will provide financing for a company to support its acquisition and refinance the company's existing debt. The company operates and acquires franchised and franchisable businesses with a focus on lower-income consumer demographic. This investment is attractive due to the company's high free cash flow conversion and its resilience through economic cycles. The fund is expected to earn attractive risk-adjusted returns through a combination of cash yield and equity participation.

In February 2020, the University committed $10 million to KAFRG Investors, L.P.

NP Strategic CLO Fund Credit LP., a New York, NY, based limited partnership managed by Napier Park Global Capital, a firm that specializes in alternative credit investments. This vehicle will provide capital to a fund that focuses on the lower rated tranches of U.S. CLOs in the form of a loan. The loan is expected to receive a high variable-rate coupon and will be well collateralized.

In March 2020, the University committed $20 million to NP Strategic CLO Fund Credit LP.

Public Equity Commitments

Coliseum Capital Co-invest III, L.P., a Rowayton, CT, based investment firm that will make equity and equity-like investments into publicly traded companies. Coliseum invests in the micro- and small-cap space primarily in the United States. The strategy is to pursue investments trading below intrinsic value due to difficulties with capital structure or poor operating performance. Coliseum will build a position, constructively engage with the management, and implement a plan with the management to improve the company's cash
flow to unlock value. The co-investment fund will invest opportunistically alongside Coliseum’s main fund in securities related to special situations whose full size exceeds the main fund’s concentration limit.

In March 2020, the University committed $40 million to Coliseum Capital Co-invest III, L.P.

**Alternative Asset Commitments**

**8VC III, L.P.**, is a San Francisco, CA, based venture capital firm that will make growth equity investments in early-stage U.S.-based technology startups. Areas of investment focus typically will be in sectors where the investment team has prior experience, such as the “smart enterprise” sector, where companies analyze data to solve problems in everything from banking to healthcare and in the growing and emerging crossover between information technology and life sciences.

In January 2020, the University committed $50 million to 8VC III, L.P.

Respectfully submitted,

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

September 2020