

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**

**Five Point Energy** is a Houston, TX, based manager that develops and operates midstream assets in North America, with a focus on water and waste in the Permian Basin. The firm pursues investments in water management, land management, and sustainable infrastructure, striving to help customers achieve their sustainability goals and objectives.

In July 2023, the university committed up to \$150 million to two Five Point-sponsored investments.

**Kaszek Ventures**, a Buenos Aires, Argentina, based venture capital firm, makes investments in seed-stage and early stage companies across Latin America. The investment team has considerable startup operational knowledge, significant venture capital investing experience, and a network of industry relationships for providing follow-on capital. Typical investment focus areas will be in sectors where the investment team has prior experience, particularly in marketplaces, ecommerce, and fintech.

In March 2023, the university committed up to \$70 million to two Kaszek Ventures-sponsored investments.

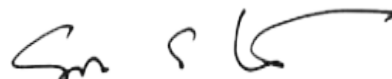
**Merit Hill Capital** is a New York, NY, based fund manager that acquires value-add self-storage facilities throughout the U.S. The firm seeks to create a diversified portfolio of self-storage facilities through one-off or small portfolio investments. The investment team uses a data-driven, programmatic underwriting process to quickly transact on attractive properties sourced from its well-established, broad network. The firm engages third-party property managers, including large publicly traded REITs, to manage daily operations, and works alongside them to add value at the asset level.

In November 2022, the university committed \$75 million to a Merit Hill-sponsored investment.

**Star Asia Group** is a Tokyo, Japan, based manager that invests in private real estate and real estate-related assets in Japan. The firm focuses on special situations throughout Japan where the team can acquire high quality assets at meaningful discounts due to complexity, distress, or unique situations. The investment team has considerable experience in real estate, credit, corporate finance, capital markets, and securitization, allowing it to capitalize on idiosyncratic opportunities with outstanding risk-adjusted returns.

In October 2022, the university committed ¥7 billion to a Star Asia-sponsored investment.

Respectfully submitted,



Geoffrey S. Chatas  
Executive Vice President and  
Chief Financial Officer