

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the Regents
October 13, 2011

ITEM FOR INFORMATION

Subject: 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 absolute return, real estate, and two venture capital partnerships listed below.

The Värde Fund X, L.P., an absolute return fund with offices in Minneapolis, MN, London, England, and Singapore will continue Värde's strategy of investing in a wide variety of U.S. and non-U.S. financial assets, debt obligations and securities that are inefficiently priced as a result of business, financial, market or legal uncertainties. The fund will invest in both public and private securities.

This is the University's fourth investment with Värde Partners. The University committed \$10 million to The Värde Fund X, L.P. in June 2011. The University previously committed \$130 million to prior Värde Partners Funds.

Thackeray Partners Realty Fund III, L.P., a real estate fund based in Dallas, TX, invests in office, industrial, retail and multi-family properties located throughout the United States. Thackeray focuses on small to medium size deals where the team believes there is less competition and efficiency, creating the opportunity for attractive returns. The Fund will be diversified both geographically and by product type and will be weighted towards properties that have a current income component, thus reducing investor risk. The team will pursue deals ranging from lower-risk, core-plus opportunities to higher-risk, opportunistic transactions. The principals of Thackeray have established an extensive national network of contacts which they expect will give them a competitive advantage in locating off-market transactions.

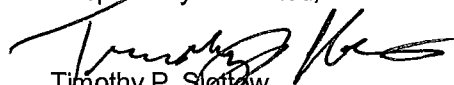
This is the University's third investment with Thackeray Partners. The University committed \$15 million to Thackeray Partners Realty Fund III, L.P. in July 2011. The University committed \$40 million to prior Thackeray Partners Funds.

Accel Partners, a Silicon Valley based venture capital firm, raised two funds, **Accel XI, L.P.** and **Accel Growth Fund II, L.P.**, to invest in companies which further the firm's strategy to fund innovation in technology. Accel Growth Fund II's investment focus will be similar to that of its companion fund, Accel XI, except its transactions will be somewhat larger and the portfolio companies will be at a slightly later growth stage.

Accel employs a disciplined approach to identifying new investment themes and benefits from its established network of prior investment companies, corporate partners, and previously-backed entrepreneurs for deal flow and for strategic guidance and development of its investment companies. Accel's technology investments target the consumer internet, online advertising, cloud-based computing, gaming provided as an online service, and social media businesses.

The University committed \$6.0 million to Accel XI, L.P. and \$10.0 million to Accel Growth Fund II, L.P. in June 2011. The University has previously committed a total of \$17.9 million to prior domestic Accel funds.

Respectfully submitted,


Timothy P. Sletlow
Executive Vice President and
Chief Financial Officer

October 2011