

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.

Absolute Return Commitments

Kayne Solutions Fund, L.P., a Los Angeles, CA, based fund will provide flexible capital solutions to middle market companies. The Fund will invest in complex opportunities that benefit from structured downside protection and attractive contractual debt returns, while also seeking equity participation in the majority of its transactions. The Fund will utilize Kayne Anderson's broad platform in corporate credit, real estate, and energy to source and invest in senior credit, second lien, mezzanine and real estate debt.

In March 2019 the University committed \$25 million to Kayne Solutions Fund, L.P.

Alternative Asset Commitments

Accel Partners is a Palo Alto, CA, based venture capital firm that will make growth equity investments in early-stage to late-stage U.S.-based technology startups. Areas of investment focus will typically be in sectors where the investment team has prior experience including but not limited to consumer internet, software and services, cloud-based computing, enterprise infrastructure, and mobile businesses. The investment team has considerable startup operational knowledge, significant venture capital investing experience, and a network of industry relationships for sourcing investments.

In March 2019 the University committed \$34 million to various Accel Partners funds.

Bain Capital Life Sciences Fund II, L.P., a Boston, MA, based private equity fund sponsored by Bain Capital, will invest in growth stage life science companies. The Fund, an extension of Bain Capital's private equity investment activities, will benefit from Bain's extensive resources and will be managed by an experienced team with notable investing, industry, and academic experience in the life science sector. The Fund will invest in companies at different stages of development. These will include less mature companies previously backed by venture capital but now at growth inflection points as well as more mature companies with revenue, but in need of expansion capital. Two other investment areas include companies with impaired assets in need of capital to realize fundamental asset value and participation in larger healthcare related private equity transactions alongside Bain Capital Private Equity. All of the investments will focus on areas in which the team has prior experience, including biopharmaceuticals, specialty pharmaceuticals, medical devices, healthcare services, and diagnostic tools.

In April 2019 the University committed \$50 million to Bain Capital Life Sciences Fund II, L.P.

Respectfully submitted,



Kevin F. Hegarty
Executive Vice President and
Chief Financial Officer