

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

Champlain Capital is a San Francisco, CA, based SBIC fund manager that purchases lower middle-market U.S. companies by buying their entire capital structures, generating a high cash yield on total invested capital. The firm seeks to buy companies for attractive valuations in a less competitive segment of the private equity market and to implement operational improvements to drive EBITDA growth. Champlain Capital is expected to earn attractive risk-adjusted returns through a combination of cash yield, equity participation, and SBA leverage.

In June 2023, the university committed up to \$50 million to a Champlain Capital sponsored fund.

O'Brien Staley Partners is a Minneapolis, MN, based private credit firm that purchases small balance commercial and industrial loans. The firm pursues a value strategy by buying loans at a discount to both par and intrinsic values from motivated sellers through privately negotiated transactions. This strategy provides for equity-like returns while limiting the risk of permanent impairment of capital through experienced underwriting.

In June 2023, the university committed up to \$75 million to an O'Brien Staley Partners sponsored fund.

Alternative Asset Commitments

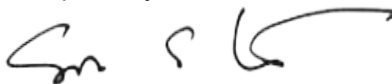
Plural is a seed and early-stage venture capital firm with a focus on investing in European startups. It seeks to differentiate itself from existing VC firms by being Europe-based and having strong connections through its founders to local startup communities.

In June 2023, the university committed up to \$50 million to a Plural-sponsored investment.

Rubicon Founders is a private equity firm with a focus on investing in healthcare companies that can add value from the transition from fee-for-service to value-based care. Rubicon Founders continues to place a high premium on pre-investment visibility on revenues, business development, team building, risk contracting, and underserved markets within healthcare.

In July 2023, the university committed up to \$100 million to a Rubicon-sponsored investment.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

October 2023