

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the  
Regents  
December 18, 2014

**Subject:** Alternative Asset Commitment

**Action Requested:** Approval of Stabilis Fund IV, LP

**Background and Summary:** We recommend a commitment of \$50 million from the Long Term Portfolio to Stabilis Fund IV, LP, a distressed debt fund based in New York, NY.

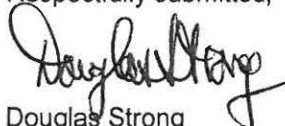
Stabilis was founded in 2010 by Salman Kahn, an industry professional with 18 years of experience investing in private distressed credit. He has assembled a team of 21 seasoned investment professionals with the financial and legal expertise necessary to execute the firm's investment strategy.

Stabilis' strategy is to acquire non-performing debt that is backed by hard assets. The hard-asset nature of the collateral underlying the fund's investments reduces the risk of permanent impairment of capital and minimizes the sensitivity of its returns to movements in the broader market. Stabilis is able to generate attractive returns against secure collateral by focusing on relatively small and complex transactions for which there is limited competition.

The fund's geographic focus will be the United States but it may opportunistically invest in Northern Europe.

This commitment will diversify the absolute return portfolio, and will further the University's goal to maximize the long term risk-adjusted returns of the Long Term Portfolio.

Respectfully submitted,



Douglas Strong  
Interim Executive Vice President and  
Chief Financial Officer

December 2014