

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Commitment

Action Requested: Approval of SSG Secured Lending Opportunities II, L.P.

Background and Summary: We recommend a commitment of up to \$35 million from the Long Term Portfolio to SSG Secured Lending Opportunities II, L.P., a Hong Kong based direct lending strategy.

SSG Secured Lending Opportunities II, L.P. will invest in privately negotiated credit instruments that provide principal protection and attractive risk-adjusted returns with significant cash coupons. This opportunity exists because multinational banks have curtailed their activity following the Global Financial Crisis and local banks do not meet the needs of the small- and medium-sized enterprises in SSG's target market. SSG's target market is Southeast Asia with India being of primary focus. SSG may also purchase non-distressed secondary credit instruments on an opportunistic basis.

SSG Capital Management was founded in 2009 by Edwin Wong, Shyam Maheshwari, and Andreas Vourloumis after working at Lehman Brothers where they ran Lehman Brothers' Asia Special Situations Group. The partners' combined experience in the region provides the team with the requisite network and deal structuring knowledge to be successful.

This investment will provide a diversified source of return that will further the University's goal to maximize the long term risk-adjusted return of the Long Term Portfolio.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

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