

The THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

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 partnerships listed below.

**Absolute Return Commitments**

**Napier Park ELM Series IV, LLC.**, a London, U.K., based private credit fund established to provide risk retention capital to European CLO managers. CLO managers create vehicles that invest in bank loans and issues securities of gradated seniority against the resulting loan portfolio. European regulators require that five percent of a CLO structure be retained by the CLO's manager. Many European CLO managers do not have sufficient capital to meet this retention requirement. Napier Park is uniquely positioned to partner with these CLO managers and provide this capital due to its experience in structuring risk retention compliant vehicles and deep understanding of the European CLO market.

In July 2021, the university committed \$50 million to Napier Park ELM Series IV, LLC.

**Tybourne Strategic Opportunities Fund II, L.P.**, a Hong Kong, China, based fund sponsored by Tybourne Capital Management, will invest in less liquid or private opportunities in the Asia-Pacific region with an investment horizon of three to five years. In over eight years of public market investing in this region, the firm has come across less liquid and private opportunities that provide attractive risk-adjusted returns. The fund is an extension of the firm's current investment process and follows the same investment philosophy of a bottom-up, research-intensive, fundamentally-driven method of security selection. Tybourne invests in high quality, profitable companies that have sustainable competitive advantages and excellent management teams.

In July 2021, the university committed \$50 million to Tybourne Strategic Opportunities Fund II, L.P.

**Alternative Asset Commitments**

**Hydrazine Capital** is a San Francisco, CA, based venture capital firm that invests in early-stage technology companies. Areas of investment focus will be sectors where the investment team has deep sector expertise, networks, and resources. In addition, the firm will seek to invest in companies that can disrupt markets and industries poised for significant innovation, such as biology, energy, information technology, artificial intelligence, and machine learning.

In July 2021, the university committed up to \$25 million to two Hydrazine Capital sponsored investments.

**Bain Life Sciences**, a Boston, MA, based private equity fund sponsored by Bain Capital, will invest in growth-stage life science companies. Bain Life Sciences will be managed by an experienced team with notable investing, industry, and academic backgrounds in the life science sector. 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 July 2021, the university committed up to \$40 million to a Bain Life Sciences sponsored investment.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'G. Chatas', with a long horizontal stroke extending to the right.

Geoffrey S. Chatas  
Executive Vice President and  
Chief Financial Officer

December 2021