

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

Tybourne Strategic Opportunities Fund, 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 2019 the University committed \$50 million to Tybourne Strategic Opportunities Fund, L.P.

Alternative Asset Commitments

Anduin Opportunities SPV II, L.P., a San Francisco, CA, based venture capital fund sponsored by 8VC will make investments in early-stage venture opportunities where the team has prior experience and deep insight. The investment focus is primarily on differentiated, emerging areas of interest, such as the crossover between IT and life sciences and the "smart enterprise" sector. The investments are intended to build and strengthen nascent companies while allowing the Fund to obtain material ownership positions.

In July 2019 the University committed a total of \$10 million to two Anduin Opportunities SPV II, L.P.

Ecosystem Investment Partners IV, L.P. is a Baltimore, MD, based natural resources fund that will make investments to capitalize on the land-based environmental offset markets by creating mitigation banks by acquiring, entitling, restoring, and sustainably managing large rural properties that will generate revenues through the sale of wetland, stream, endangered species and other environmental credits. As various milestones during the restoration process are met, the fund is allocated credits, which it can sell to developers that are required to offset the environmental impact of their projects. Once the mitigation bank is complete and all the credits have been sold, the property is disposed of, often to conservation or resource agencies.

In October 2019 the University committed \$25 million to Ecosystem Investment Partners IV, L.P.

Orion Mine Finance Fund III LP & Orion Mine Finance Co-Fund III LP, New York, NY, based natural resource funds that make structured credit investments in the metal mining industry. Orion targets mid-to late-stage mine financing projects in politically stable regions and focuses on low-cost projects with clear visibility on first production flows. The investments are highly structured to meet the strategic goals of investee companies while protecting against loss of capital and providing for the opportunity for equity participation. Orion Mine Finance Co-Fund III, L.P. will participate in financings too large for the primary fund to finance.

In July 2019 the University committed \$25 million to Orion Mine Finance Fund III, L.P. and \$25 million to Orion Mine Finance Co-Fund III, L.P.

Related Real Estate Fund III, L.P. is a New York, NY, based fund sponsored by The Related Companies that will invest in assets where the firm will leverage its extensive capabilities and resources in development, construction and real estate management to add value to the investments. The acquisitions will include underperforming assets in need of operational or development expertise, assets or companies with structural ownership issues, foreclosed multi-family assets, and special situations. It is expected the fund will be diversified by property type and geographic location.

In July 2019 the University committed a \$50 million to Related Real Estate Fund III, L.P.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', with a stylized flourish at the end.

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

May 2020