

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION EXH

REQUEST FOR ACTION

MOTION	Brandon
SECOND	Taylor
ACTION	APPROVED BY THE REGENTS
NOTE: SEP 15 2005	

**Subject:** Alternative Asset Commitment

**Action Requested:** Approval of TDF Capital China II, L.P.

**Background and Summary:** We recommend a commitment of up to \$10.0 million from the Long Term Portfolio to TDF Capital China II, L.P., a \$100 million venture capital fund to make early and expansion stage investments in technology and consumer sector companies located in or having a significant portion of their businesses in China. TDF Capital China II is located in Shanghai.

TDF Capital China II is led by Tina Ju and David Su, investment professionals who are familiar with China's business environment and have an extensive network of contacts within the Chinese business and entrepreneurial communities.

Within the technology and consumer sectors, TDF Capital China II will focus on companies in the wireless, internet, software, consumer services, and semiconductor sectors. In every investment, the investment manager's goal will be to provide capital to companies expected to benefit from China's strength as a manufacturing hub or from its large and growing consumer market.

In their investment process, Ms. Ju and Mr. Su take active roles by identifying large and growing business sectors into which companies can sell products services and by helping entrepreneurs they back transform business models into sustainable, well-managed companies. The investment team has well established relationships with other domestic, regional, and U.S. venture capitalists which lend support to quality deal flow and facilitate access to follow-on capital for portfolio companies.

The fund plans to be the lead investor in early stage deals and a co-lead or co-investor for later-stage transactions. The typical investment size will range from \$3 million to \$8 million, with the expectation that TDF Capital China II's investment managers will be on the board of directors of at least two-thirds of its portfolio companies.

The investment holding period is expected to be three to five years and exits may be through a sale of the companies to strategic buyers or issuance of public securities.

A commitment to TDF Capital China II, L.P. offers the opportunity to make venture capital investments in the large and growing Chinese market alongside an experienced, local investment team.

Respectfully submitted,



Timothy P. Slotow  
Executive Vice President and  
Chief Financial Officer

September 2005