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THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Subject: Annual Report of Investments

Background and Summary:

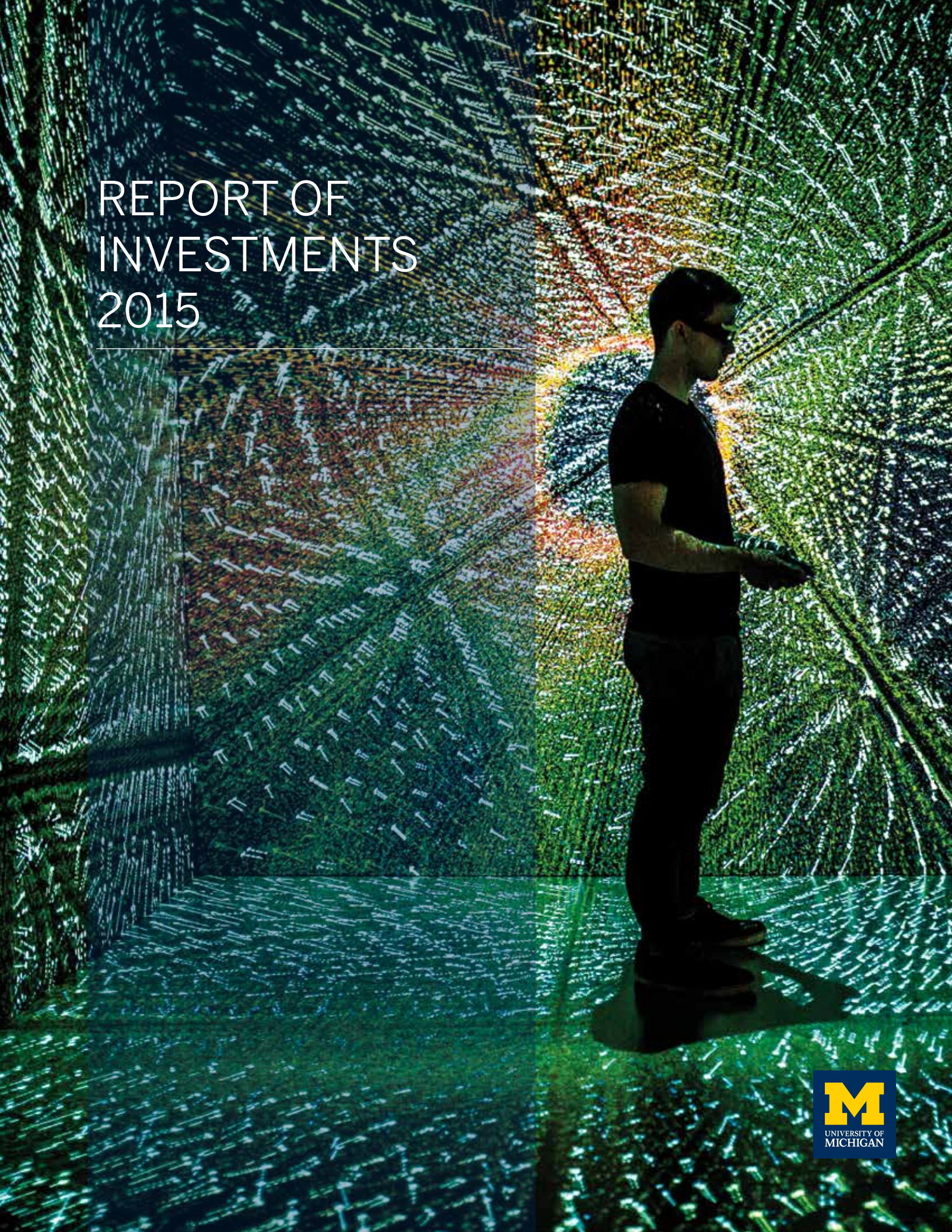
The Annual Report of Investments, enclosed under separate cover, describes the investments of the University's financial assets. It is designed to provide meaningful context to the Board of Regents as they are asked to consider investment opportunities presented in the course of the year.

Respectfully submitted,

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

October 2015

REPORT OF INVESTMENTS 2015



UNIVERSITY OF MICHIGAN

The pictures in the report depict innovation at the University of Michigan.

Cover: An MSE/BSE student runs a cylinder combustion simulation in the Michigan Immersive Digital Experience Nexus (MIDEN) at U-M's 3D Lab.

This page: The Medical Chemistry Lab in the College of Pharmacy uses specialized disciplinary approaches to focus on the ultimate goal of drug discovery.

INTRODUCTION

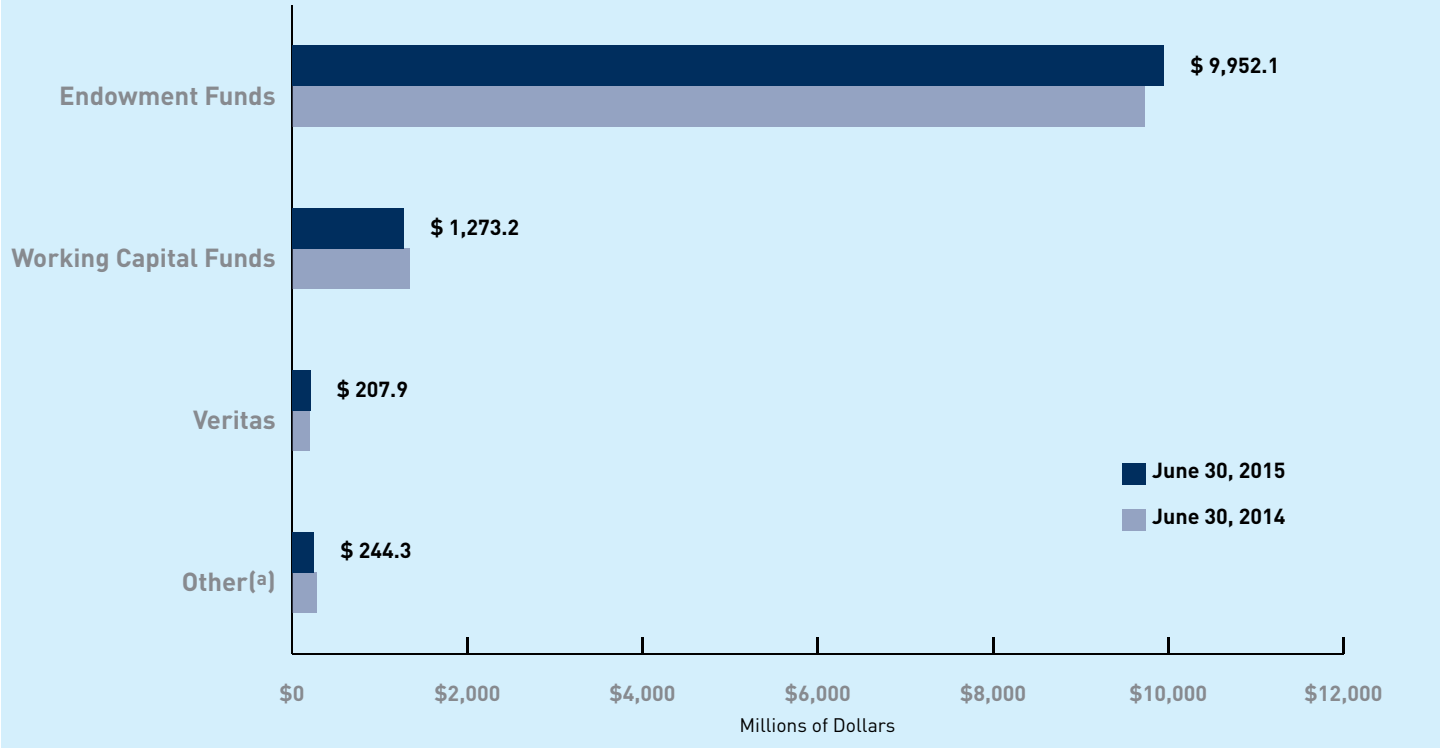
The University invests its financial assets in pools with distinct risk and liquidity characteristics based on specific needs, with the large majority of its financial assets invested in two such pools. The University's endowment is invested in a long term strategy that seeks to maximize total return over the long term, while the University's working capital primarily is invested in relatively short duration liquid assets. Other investment pools are invested according to their individual needs and requirements.

This report discusses the asset allocation and investment performance of the three largest categories of funds: endowment funds, working capital funds, and Veritas reserves. Each category is invested according to its individual risk profile. Below is a chart that illustrates the relative size of the three categories of funds. The page that follows contains a short description of each fund category discussed in this report.

The market value of the University's combined cash and investments totaled $11.7 billion at June 30, 2015, compared to $11.6 billion at June 30, 2014, primarily reflecting an increase in endowment funds.

This chart shows the market value of the University's financial assets. The previous year's values are shown in light blue.

UNIVERSITY CASH AND INVESTMENTS AS OF JUNE 30, 2015



[a] Other includes assets that cannot be commingled in the University's investment pools, long term disability benefit reserves, life income trusts, unexpended debt proceeds, and other reserves.

Endowment funds were valued at $10.0 billion at June 30, 2015, up from $9.7 billion on June 30, 2014. The change in market value from the prior year was primarily due to investment gains and new endowment gifts.

The majority of the University's endowment funds are pooled in the unitized University Endowment Fund (the endowment), which consists of approximately 9,100 separate endowment funds. The University's endowment ranks as the ninth largest endowment among institutions of higher learning in the country and the third largest endowment of a public university, after two university systems. It is invested for the long term, primarily through an investment vehicle called the Long Term Portfolio, which is a diversified, equity-oriented pool of investments.

The University's $1.3 billion of working capital funds, which principally are used for operating activities and capital projects, is invested mostly in relatively short duration fixed income instruments through the Daily and Monthly Portfolios.

The University's wholly-owned insurance company, Veritas, has $207.9 million of reserves that are primarily invested in the Daily and Monthly Portfolios and the Long Term Portfolio in an allocation reflective of Veritas' liability structure and regulatory requirements.

This report follows the format established over the past several years and examines the asset allocation and investment return of each of the University's investment pools. The asset allocation and performance for the University's primary endowment investment vehicle, the Long Term Portfolio, is discussed in detail over the next pages, followed by a review of the asset allocation and performance of the University's Daily and Monthly Portfolios, the Short Term Pool and Veritas reserves.

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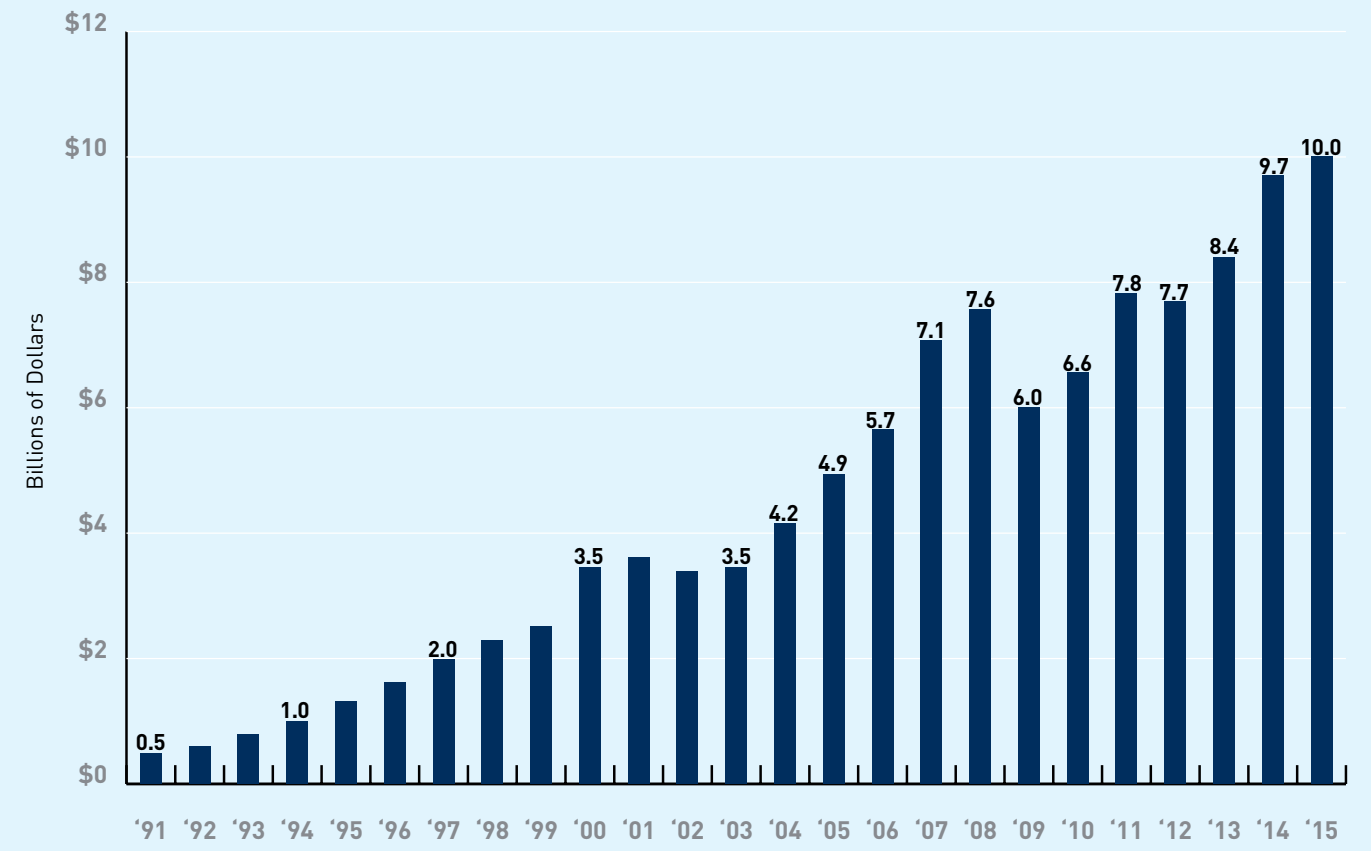
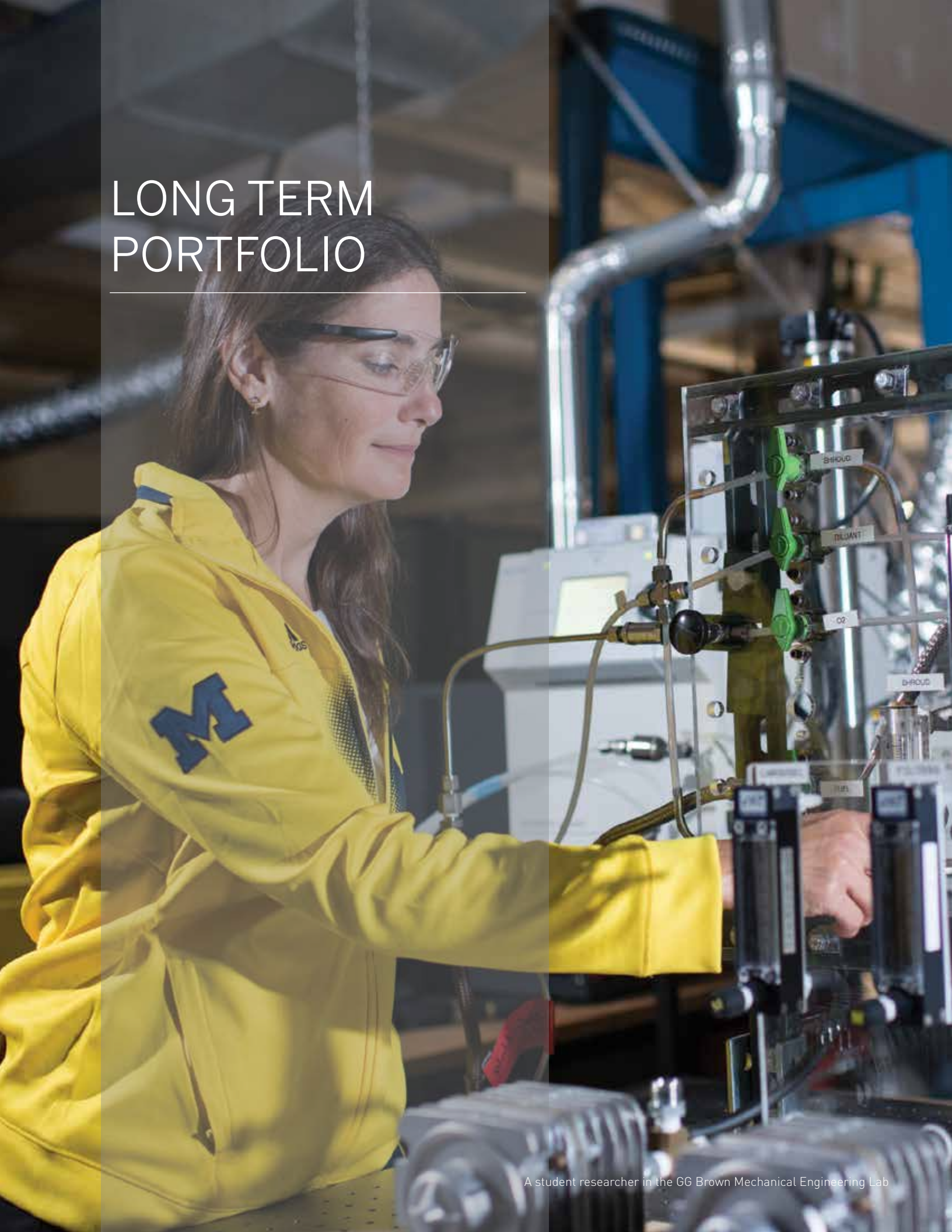
[1] Based on a June 30, 2014 comparison, as FY 2015 data are not yet available. At that time, the largest public university endowment was the University of Texas system followed by the Texas A&M system, which now pools affiliated institutions when representing its endowment. Source: NACUBO

The following chart shows the growth of the University of Michigan's endowment funds over the past 25 years.

ENDOWMENT FUNDS—END OF FISCAL YEAR FAIR VALUE



LONG TERM PORTFOLIO



A student researcher in the GG Brown Mechanical Engineering Lab

LONG TERM PORTFOLIO

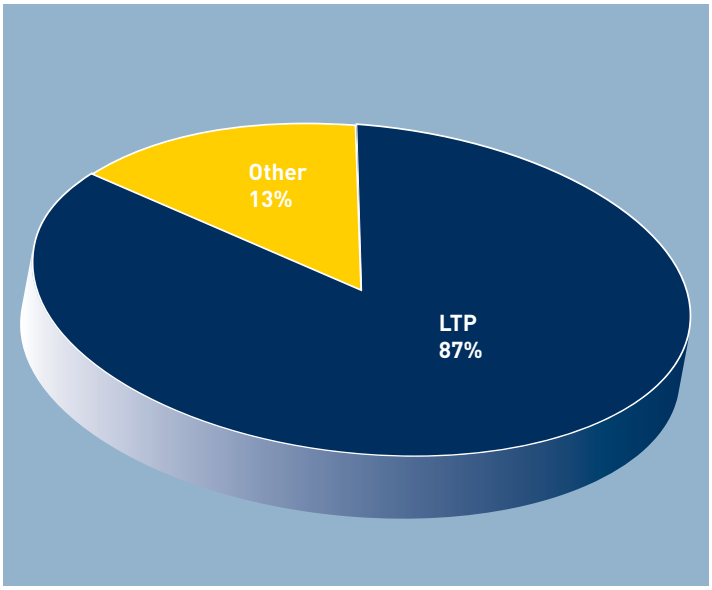
BACKGROUND

The University's endowment funds are invested for the long term, primarily through an investment vehicle called the Long Term Portfolio (LTP). The LTP is a unitized pool of financial assets in which the University invests its pooled endowment funds and an endowment established for a portion of the current deposits of university departments and affiliates, as well as a portion of the University's insurance reserves and gift annuity and charitable remainder trust programs, in an equity oriented strategy in order to benefit from expected higher returns.

The University's Long Term Portfolio closed the fiscal year with a market value of $10.2 billion and represented 87 percent of the University's total cash and investments. Endowment funds including quasi-endowment funds constitute the vast majority of the LTP.

This chart illustrates the magnitude of the Long Term Portfolio relative to all of the University's investments.

UNIVERSITY OF MICHIGAN CASH AND INVESTMENTS



The LTP seeks to maximize total return, at an appropriate level of risk, irrespective of whether the gains come in the form of capital gains or income. This mandate, authorized by the Board of Regents, reflects two important factors.

First, under federal and state laws, the University's investments are tax-exempt.[2] Therefore, the University is indifferent between capital gains and income.

Second, the University's Board of Regents established a distribution policy for its unitized endowment funds to insulate the operating budget from the volatility that historically has accompanied equity and equity-like investments. This policy provides for a stable and growing stream of distributions from the endowment funds in a manner that protects their value over time and preserves intergenerational equity.

Under the University's distribution policy, a distribution rate is applied to the one-quarter lagged average market value of unitized endowment fund shares. The Board of Regents has made some important adjustments to the distribution policy over the past decade to reduce the volatility of distributions to University departments for operations and to over time better preserve and grow in real terms the corpus of the University's endowment funds and the distributions they provide.

In June 2006, the Board of Regents decided to extend the moving average period to seven years by immediately extending the averaging period from three years to four years and then adding one quarter each subsequent quarter until the averaging period reached the targeted 28 quarters or seven years.

In July 2010, the Board lowered the distribution rate to 4.5 percent from 5.0 percent, while maintaining the seven year averaging period, to more effectively protect the purchasing power of the University's endowments and the distributions they provide. The lowering of the distribution rate was implemented gradually over a number of years in a flexible manner. Distributions were managed towards the

[2] In certain circumstances a university's investment may be taxable under the Internal Revenue Service's rules regarding Unrelated Business Taxable Income (UBTI). When an attractive opportunity arises that would generate taxable income or gain, that investment is evaluated on an after-tax basis.

4.5 percent rate by keeping quarter to quarter distributions per share unchanged when the amount of per share distributions would otherwise increase under the prior distribution rate policy. The distribution rate reached 4.5 percent during FY 2014.

Limiting the amount that can be spent to a level that approximates the real rate of return of an equity-oriented portfolio preserves the value of the unitized endowment funds. Basing the distribution rate on a trailing average market value instead of the current market value insulates the University's operations from temporary market swings and thereby facilitates prudent planning. It also results in distributions representing a lower percentage of current market value in a typical rising market. In a declining market, distributions are limited to 5.3 percent of current fair value to protect the endowment from over distribution.

The LTP is invested in a diversified portfolio of mostly equity and equity-like investments. Equities are investments in commonly available market traded stocks. Equity-like investments are investments in alternative assets, both liquid and illiquid. Alternative assets have risk characteristics that are similar to and often a bit greater than those of market-traded equities and have more attractive expected returns.

Liquid alternative assets in the LTP today include investments in absolute return strategies such as long/short equity investments, distressed debt investments, and various value and arbitrage strategies. Some are in funds that have liquidity provisions that generally enable the University to make full or partial withdrawals with notice subject to restrictions on the timing and amounts, while others are structured as private equity partnerships. The underlying investments often are in the form of market traded securities, both equities and debt instruments.

Illiquid alternative assets in the LTP include investments in venture capital, private equity, real estate and natural resources where the managers take direct ownership positions in businesses and properties with the intent of actively enhancing the value through higher growth and/or increased profitability. These strategies typically are structured as private equity partnerships.

The LTP's asset mix has grown more complex over time as markets have broadened out globally and become more specialized. Furthermore, the University's expanding pool of capital has permitted greater investment diversification and the implementation of more sophisticated investment strategies.

The following sections review the portfolio's current asset allocation and performance and discuss in greater detail each of the groups of assets that constitute the Long Term Portfolio.

The DNA Sequencing Core provides DNA analysis to U-M researchers.

ASSET ALLOCATION

The asset allocation data in the table below are as of fiscal year end 2015 and 2014. The largest change since the last Report of Investments is an increase in the allocations to fixed income and absolute return offset by a decrease in the allocations to real estate and natural resources. The section that follows describes the LTP's asset class exposures in further detail.

Asset classes in this report are categorized according to the underlying investment of each strategy or fund and will differ from those described in the University's annual financial report which also considers the fund's liquidity characteristics.

This chart shows the LTP's 2015 and 2014 fiscal year end asset allocations. Changes in asset allocation reflect a significant shift from illiquid alternative assets to marketable securities.

ASSET ALLOCATION FOR LONG TERM PORTFOLIO

MARKETABLE SECURITIES	6/30/2015	6/30/2014
Market Traded Equities	28.3%	27.5%
Fixed Income	9.9	7.0
Cash	4.4	4.8
Total Traditional Assets	42.6	39.3
Absolute Return	16.8	13.9
TOTAL MARKETABLE SECURITIES	**59.4%**	**53.2%**

ALTERNATIVE ASSETS (ILLIQUID)	6/30/2015	6/30/2014
Venture Capital	13.4%	12.1%
Private Equity	12.2	13.7
Real Estate	9.0	12.6
Natural Resources	6.0	8.4
TOTAL ALTERNATIVE ASSETS (ILLIQUID)	**40.6%**	**46.8%**
TOTAL LONG TERM PORTFOLIO	**100.0%**	**100.0%**

Marketable Securities include some investments in funds that have liquidity provisions which enable the University to make full or partial withdrawals with notice subject to restrictions on the timing and amounts and illiquid private equity structures in which the underlying investments are in the form of Market Traded Securities.

THE MODEL PORTFOLIO

The Model Portfolio the University uses to guide its long-term investments is shown below alongside the actual asset allocation at the end of the fiscal year. The model portfolio is the benchmark asset mix the University would target if no one asset class were meaningfully mispriced by historical standards. It thereby provides a framework by which we can evaluate the implicit and explicit investment decisions made over time. This model portfolio and the University's actual asset allocation are used to frame the discussions at the University's semi-annual Investment Advisory Committee meetings.

Recent changes to the Model Portfolio reflect an increase in the allocation to venture capital, which has been built up in recent years, and an allocation to cash to reflect an on-going level of frictional cash in the portfolio, offset primarily by a lower allocation to equities. A general longer term trend has been an increase in Alternative Assets (Illiquid) balanced by a lower allocation to equities, reflecting a growing global opportunity set in that area.

This Model Portfolio is shown in the table below together with the actual asset allocation at the end of the fiscal year. The actual allocations are largely in line with the Model Portfolio. The largest difference can be found in the allocation to venture capital, an asset class that holds great potential for creating value in an environment where many assets are highly valued, which tends to depress future returns.

This table shows how the actual allocation on June 30, 2015 compares with the model portfolio.

LTP ACTUAL ALLOCATION COMPARED TO LTP MODEL PORTFOLIO

MARKETABLE SECURITIES	Actual on 6/30/2015	Model Portfolio
Market Traded Equities	28.3%	30.0%
Fixed Income	9.9	12.0
Cash	4.4	3.0
Total Traditional Assets	42.6	45.0
Absolute Return	16.8	15.0
TOTAL MARKETABLE SECURITIES	**59.4%**	**60.0%**

ALTERNATIVE ASSETS (ILLIQUID)	Actual on 6/30/2015	Model Portfolio
Venture Capital	13.4%	8.0%
Private Equity	12.2	12.0
Real Estate	9.0	12.0
Natural Resources	6.0	8.0
TOTAL ALTERNATIVE ASSETS (ILLIQUID)	**40.6%**	**40.0%**
TOTAL LONG TERM PORTFOLIO	**100.0%**	**100.0%**

The following are observations about the Model Portfolio:

- The Model Portfolio includes all major asset classes.
- Marketable Securities represents the majority of assets with a model allocation of 60 percent.
- Market Traded Equities is the largest asset class at 30 percent as it has the longest history of proven high returns.
- Fixed Income is used as a deflation hedge with a meaningful allocation of 12 percent.
- The allocation to absolute return of 15 percent is sufficiently large to enhance returns during average to weak equity markets.
- The allocation to cash reflects the ongoing need to carry a certain level of frictional cash in the portfolio strategically to properly manage the large and mature alternatives investment program which creates strong and uneven cash distributions and demands for contributions.

The allocation to Illiquid Alternative Assets is sized to allow each of the asset classes in this category to enhance the performance of the aggregate portfolio without dominating returns in a normal market environment. Allocations to these asset classes in total have grown over time as more opportunities have become available globally.

For the end of fiscal year 2015, the actual-to-model portfolio allocation for Marketable Securities reflects an underweighting in both equities and fixed income in favor of both absolute return and cash, respectively, due to concerns over high valuations. Venture capital has the largest overweight within the Alternative Assets (Illiquid) classification which we believe reflects a significant potential for value creation. The underweights in real estate and natural resources result from a large secondary sale of a portion of the real estate portfolio during the year, and lower prices for oil and natural gas which negatively impacted the returns on natural resources last year.

The lower exposure to equities reflects the University's view that stock valuations are at a level where the average stock offers limited return potential unless already high earnings continue to grow or high multiples continue to expand. A stronger case can be made for investments in equity-related illiquid assets, such as venture capital and private equity, where there is typically greater opportunity to create additional value through active management.

The allocation to fixed income is less than that of the Model Portfolio because of today's low interest rate environment. Going forward, this will likely result in muted future returns from fixed income securities due to potential losses when interest rates increase. The underweight is somewhat moderated by a greater than model allocation in cash. Although it is less than the model portfolio, the allocation to fixed income retains its importance as a portfolio stabilizer and deflationary hedge. Additionally, the traditional fixed income securities in the portfolio are high quality with an average rating of AA, and substantially all those securities are rated investment grade. This allocation also includes a note receivable related to the sale of a portion of the real estate portfolio last year and a convertible arbitrage strategy.

Exposure to cash is higher than normal as the University carefully evaluates new investment opportunities in a fully valued market environment. The University in general seeks to hold a low level of cash in order to minimize the drag on aggregate performance from cash holdings, as cash is the lowest performing asset class over long investment periods.

The absolute return allocation is above that of the Model Portfolio allocation as this asset class has higher prospective returns given the elevated valuations of equities and fixed income securities. This category of investments includes managers with strategies designed to exhibit low correlation to overall market moves. This is accomplished by substituting managers' ability to identify and profit from security specific trades for exposure to the market in general. The strategies of this group of managers include long/short equity investments, distressed debt investments, merger and intra-capital structure arbitrage, and event driven value investing. Leverage tends to be modest among the University's managers.

Absolute return managers generally outperform in a weak equity market, are competitive with equities in a normal market environment, and typically lag stocks in a bull market. Some investments are in funds that have liquidity provisions which generally enable the University to make full or partial withdrawals with notice subject to restrictions on the timing and amounts, while others are structured as private equity partnerships. The underlying investments often are in the form of market traded securities, both equities and fixed income, or privately negotiated debt instruments.

The University has built an increasingly global portfolio of highly successful venture capital managers over the past two decades. Although this asset class has a potentially volatile impact on short term performance, it contributes meaningfully to long term results.

The higher than model weight is a result of the performance of this asset class which has outpaced that of the University's other investments, as well as a recent trend among investee companies to raise private capital at high valuations and delay going public via an IPO.

The allocation to private equity reflects a focused effort to build the University's exposure to this asset class on a global basis, consistent with our philosophy of seeking to invest with only the best performers in the industry. The University has made a number of commitments over the past decade and has created a global private equity program with long term returns well ahead of the public market counterparts. The allocation to this asset class has decreased in recent years as a result of assets sales that have outpaced new investments and is now in line with the Model Portfolio.

Real estate and natural resources continue to play important roles in the portfolio as diversifying assets with inflation protecting characteristics and performance drivers that historically have been different from those of equities.

The approach to investing in these asset classes is to emphasize opportunities to add value over pure asset class exposure. The University has actively sought out real estate investment opportunities globally and has built a portfolio that is broadly diversified geographically and by property type.

While the natural resources portfolio historically has been dominated by investments in proven oil and natural gas reserves, today it is more balanced between those types of investments and investments in companies that service the oil and gas industry. In addition, the University has begun to broaden its investments beyond oil and natural gas to include minerals and mining.

The lower-than-model portfolio weights in these two asset classes reflect the secondary sale of a portion of the real estate portfolio last year and the recent weak absolute performance of natural resources due to low oil prices.

The section that begins on the next page discusses the performance of the Long Term Portfolio, starting with overall information followed by further detail for each of the individual asset classes.

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INVESTMENT PERFORMANCE[4]

Last year's investment performance was characterized by sharply lower prices for oil, which strongly impacted returns from natural resources, an appreciating U.S. dollar which reduced the returns from the University's non-U.S. investments, and high valuations in equities and fixed income which dampened returns of those asset classes. The optimism seen in recent years was replaced by investors' concern that global economic growth was stalling out, which resulted in substantial volatility in many markets.

Contribution to performance, both in absolute and relative terms, was mixed. Alternative Assets (Illiquid) drove absolute investment returns last year. This category of asset classes contained both the highest and lowest performing asset class with the strong performance in venture capital more than offsetting the unusually weak returns in natural resources. Marketable Securities was flat, reflecting low returns in all asset classes included in this category.

The Long Term portfolio's 3.5 percent return modestly lagged the 3.9 percent benchmark return last year, while relative performance is in-line or ahead of benchmark over longer periods of time. The LTP outpaced the 0.1percent return last year of the Blended Passive Benchmark, which is composed of investable asset class benchmarks as a representation of an alternative, passive program.

A stronger U.S. dollar relative to many foreign currencies negatively impacted investment returns in equities, private equity and real estate in absolute terms as a rising currency erodes the returns from the University's often well performing non-U.S. investments which typically are denominated in a foreign currency, and in relative terms as the University's global exposure within those asset classes is greater than those of their respective benchmarks.

The LTP annualized ten year return of 8.4 percent outperformed the 7.5 percent return of the custom benchmark which is designed to measure the success of the implementation of the University's long term diversified investment strategy. The LTP also surpassed the 5.4 percent return of the Blended Passive Benchmark over the same period[(b)]. This index is a representation of an alternative, passive, investable portfolio strategy for a large investment pool such as the University's LTP. As a reference, the S&P 500 stock index gained 7.9 percent annualized over the same ten year period.

The LTP has generated an annualized return of 9.7 percent since the Investment Office was established 16 years ago, which compares to 6.9 percent annualized return of its benchmark and a 4.5 percent annualized return of the S&P 500 stock index.

The table below shows the endowment's favorable investment performance relative to its benchmarks over longer time periods.

PERFORMANCE SUMMARY | PERIODS ENDING JUNE 30, 2015

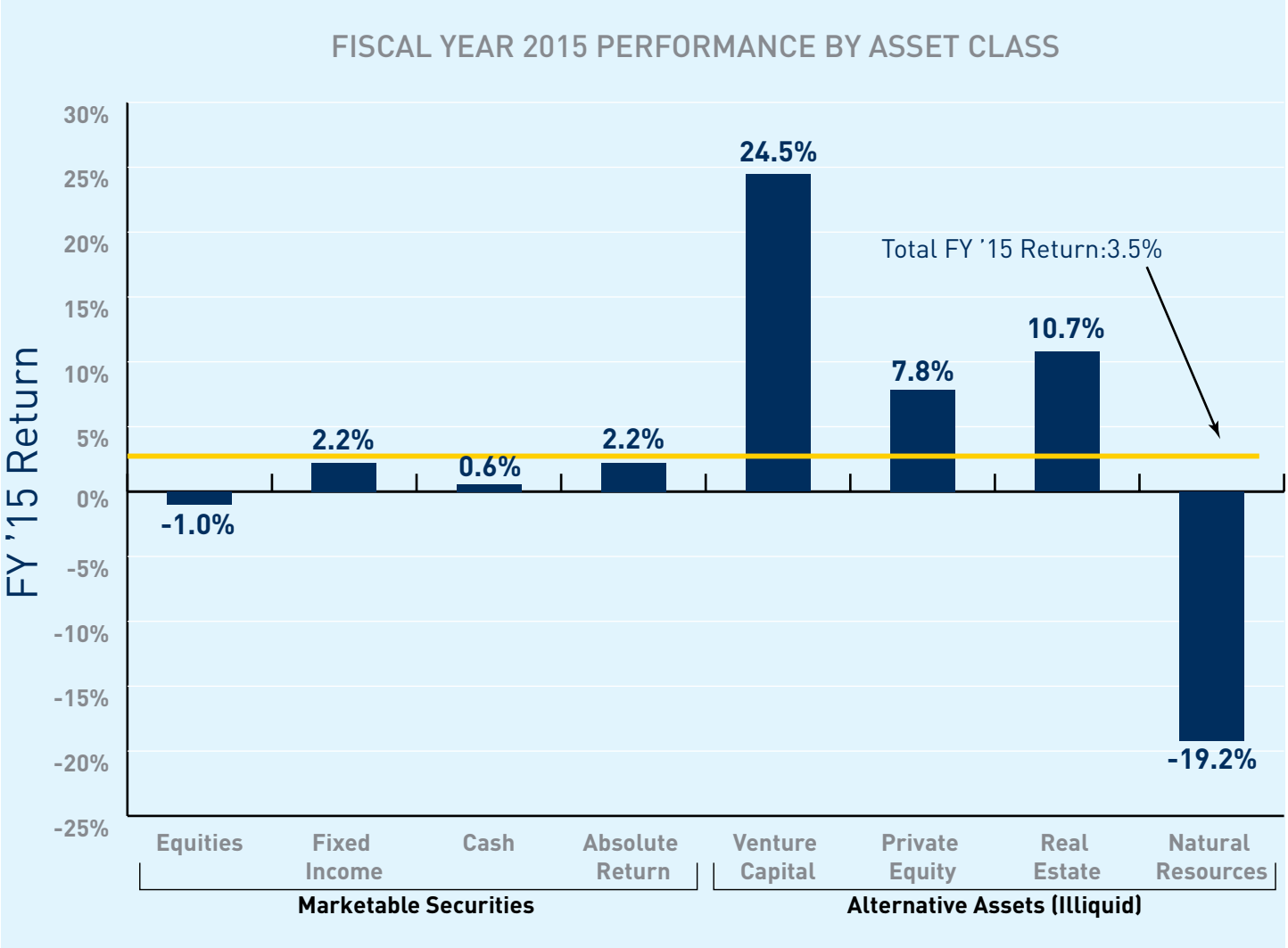
LONG TERM PORTFOLIO	Fair Value (in millions)	1 Year	3 Year[(a)]	5 Years[(a)]	10 Years[(a)]	15 Years[(a)]
TOTAL LONG TERM PORTFOLIO	**$ 10,236.8**	**3.46%**	**10.83%**	**10.97%**	**8.43%**	**7.78%**
Benchmark for Long Term Portfolio[(b)]		3.94	10.80	10.83	7.53	5.96
Blended Passive Benchmark [(b)]		0.12	9.60	10.21	5.36	3.46

(a) Annualized
(b) For periods longer than two years, the return of the Blended Passive Index is combined with the 80/20 Benchmark that the University previously used as a passive alternative. All benchmarks are described on pages 28-32.

[4] *Investment returns are shown net of manager fees, expenses, and carried interest throughout this report.*

The LTP saw a 3.5 percent gain last year. Marketable Securities produced muted returns as a result of high starting valuations, while strong returns in venture capital more than offset the weak returns of natural resources.

The chart below shows the generally positive performance in the portfolio last year. Strong investment returns in venture capital along with real estate and private equity offset unusually weak performance in natural resources and contributed most to the LTP's 3.5 percent investment return last year.



MARKETABLE SECURITIES

The following are highlights of the 2015 fiscal year investment performance for Marketable Securities. Each of the asset classes within this segment will be discussed in detail in the following pages.

- Returns were muted this fiscal year in contrast to the high returns of recent years. We expect modest returns for these asset classes to persist given the elevated valuations of marketable securities globally.
- The University's portfolio of Marketable Securities, representing about 60 percent of the value of the LTP, returned a positive 0.3 percent return for the year, compared to the positive 2.0 percent return for the marketable securities benchmark.
- Equities posted a loss of 1.0 percent this year, trailing its benchmark which returned a positive 0.9 percent. Returns in recent years have been high on an absolute basis but have trailed the benchmark primarily reflecting an underweight to U.S. equities where stocks generally are more expensive.
- The fixed income portfolio posted a positive 2.2 percent return last year, ahead of the 2.0 percent benchmark return, and added to a long-term record of above benchmark performance.
- Absolute return strategies generated a positive 2.2 percent return for the year, underperforming this benchmark for the first time since the 2009 fiscal year. Long term, the performance of the absolute return portfolio is above its benchmark and ahead of stock market returns.

The following table shows the performance of the University's Marketable Securities.

PERFORMANCE SUMMARY | PERIODS ENDING JUNE 30, 2015

MARKETABLE SECURITIES	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL MARKETABLE SECURITIES	**$ 6,085.5**	**0.32%**	**9.28%**	**8.52%**	**6.69%**	**6.77%**
Benchmark-Marketable Securities[b]		1.99	9.27	9.02	5.96	4.95
Market Traded Equities	**$ 2,901.4**	**-0.99%**	**12.74%**	**10.53%**	**6.42%**	**5.22%**
Benchmark-Equities[b]		0.92	13.93	12.82	7.06	4.59
Fixed Income	**$ 1,010.6**	**2.22%**	**4.16%**	**6.54%**	**6.31%**	**7.44%**
Benchmark-Fixed Income[b]		1.96	2.20	5.07	5.34	6.55
Cash	**$ 449.6**	**0.57%**	**0.63%**	**0.69%**	**2.62%**	**2.36%**
Benchmark-Cash[b]		0.02	0.06	0.08	1.42	1.82
Absolute Return	**$ 1,723.9**	**2.15%**	**9.53%**	**8.33%**	**7.89%**	**8.62%**
Benchmark-Absolute Return[b]		4.09	6.12	5.08	6.42	6.82

(a) Annualized
(b) All benchmarks are described on pages 28–32.

The Market Traded Equities portfolio has a long history of proven high returns, exceeding those of both cash and fixed income over extended periods of time. This trend of long-term outperformance is expected to persist and calls for a continued high aggregate exposure to equities.

The University invests in equities through both commingled funds, where the University's capital is pooled and managed alongside that of other investors, and separate accounts, where securities are selected by managers but held at the University's custodian. This portfolio has a global mandate and can hold stocks in most investable markets.

The negative 1.0 percent investment return generated by the University's portfolio of Market Traded Equities underperformed its benchmark. This deficit was the result of significant but isolated manager underperformance, a negative contribution from the portfolio's currency overlay program, an underweight to U.S. equities and an overweight within the U.S. equity exposure to small-cap value stocks. Last year, the University added one domestic-focused manager.

INVESTMENT PERFORMANCE | PERIODS ENDING JUNE 30, 2015

MARKET TRADED EQUITIES	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL MARKET TRADED EQUITIES	**$ 2,901.4**	**-0.99%**	**12.74%**	**10.53%**	**6.42%**	**5.22%**
Benchmark-Market Traded Equities[b]		0.92	13.93	12.82	7.06	4.59

(a) Annualized
(b) All benchmarks are described on pages 28–32.

Fixed Income is included in the LTP as a portfolio stabilizer and a deflation hedge. While the volatility of the return pattern of high quality fixed income investments tends to be low, the approximately 3.0 percent real return[5] generated by this asset class over the very long run[6] is the lowest of any of the major asset classes, except cash, and is expected to be short of being able to sustain the University's 4.5 percent distribution rate.

Fixed income's role as a deflation hedge, however, remains important as falling interest rates boost the performance of these investments. With that as an objective, it is important to maintain high credit quality in order to preserve the bonds' primary role of deflation protection and allow risk to be assumed for a higher return elsewhere in the portfolio.

For many years, the LTP's fixed income portfolio has maintained a longer duration than the commonly used fixed income benchmarks. Recent changes in the portfolio have reduced its duration in anticipation of higher interest rates in the future. On June 30, 2015, the traditional bond portfolio's effective duration was 10.5 years, while the duration of the commonly used Barclays U.S. Aggregate Bond Index was 5.6 years.[7] For comparison, the duration of the custom benchmark used for the University's fixed income portfolio was 10.1 years.

An emphasis on high-quality, long-duration bonds enhances the portfolio's ability to serve as a hedge against deflation. Longer duration bonds should provide higher returns than shorter duration bonds over time while they will experience greater volatility in returns over shorter periods of time. Longer duration bonds outperform shorter duration bonds during periods of flat or declining interest rates and lag when interest rates rise.

For the year, fixed income posted a positive return that was ahead of the benchmark return by about 0.3 percentage points. Long term performance is ahead of the benchmark and above the six percent[8] historical return of these types of investments.

Last year, the University added one new fixed income strategy and included a receivable in the fixed income allocation.

INVESTMENT PERFORMANCE | PERIODS ENDING JUNE 30, 2015

FIXED INCOME	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL FIXED INCOME	**$ 1,010.6**	**2.22%**	**4.16%**	**6.54%**	**6.31%**	**7.44%**
Benchmark-Fixed Income[b]		1.96	2.20	5.07	5.34	6.55

(a) Annualized
(b) All benchmarks are described on pages 28–32.

[5] *Real return equals investment return adjusted for inflation.*
[6] *Average inflation adjusted return of long term corporate bonds from 1926 to 2013.Source: Ibbotson Associates 2014 Classic Yearbook.*
[7] *Traditional bonds make up 72% of the Fixed Income portfolio at 6/30/2015. The balance-consists of a note receivable from the private sale of a portion of the real estate portfolio-and an enhanced cash mandate with zero duration.*
[8] *Average nominal return of long term corporate bonds from 1926 to 2013.Source: Ibbotson Associates 2014 Classic Yearbook.*

Absolute Return includes strategies that provide exposure to equities and equity-like risks with reduced exposure to the aggregate market. This category includes long/short stock programs, distressed debt investments, merger and intra-capital structure arbitrage, and event driven value investments. Often focusing on security specific transactions as opposed to market trends, these strategies have more active management risk and less market risk, which demands a high level of care in manager selection.

These strategies also may involve the use of derivative instruments and leverage. The University's absolute return investments typically are made through limited partnerships and other structures that limit liability to the dollars committed. Some are in funds that have liquidity provisions which enable the University to make full or partial withdrawals with notice subject to restrictions on the timing and amounts, while others are structured as private equity partnerships. The underlying investments often are in the form of market traded securities in both equities and fixed income instruments or private debt instruments.

Absolute return strategies are expected to be competitive with public market equities in a normal return environment and to outperform stocks in a weak market. They also generally lag in periods of unusually strong equity markets. This year, the positive 2.2 percent return of the University's portfolio of absolute return strategies lagged its benchmark return of 4.1 percent.

Longer term, the absolute return portfolio is above its benchmark and competitive with the stock market as measured by the S&P 500 Index.

During fiscal year 2015 the University funded five new and six follow-on strategies.

INVESTMENT PERFORMANCE | PERIODS ENDING JUNE 30, 2015

ABSOLUTE RETURN	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL ABSOLUTE RETURN	**$ 1,723.9**	**2.15%**	**9.53%**	**8.33%**	**7.89%**	**8.62%**
Benchmark-Absolute Return[b]		4.09	6.12	5.08	6.42	6.82
Domestic Stocks-S&P 500 Index		7.42	17.31	17.34	7.89	4.36

(a) Annualized
(b) All benchmarks are described on pages 28–32.

ALTERNATIVE ASSETS (Illiquid)

The University has built its portfolio of Illiquid Alternative Assets over the past two decades, starting with real estate, expanding to natural resources investments, and then finding opportunities in venture capital and private equity.

Investments in these alternative assets are typically in the form of limited partnerships and similar pooled vehicles, each managed by a general partner who primarily makes privately negotiated investments in non-public companies and properties, including real estate and natural resources. As there is far greater dispersion of returns among these managers than among equity and fixed income managers, it is critical that the University remains aligned with top tier management groups.

These are long term, illiquid investments. Typically, a partnership is structured so that the University makes an initial dollar commitment and funds the investment over time as the investment manager invests in individual companies or properties. The investments usually take years to mature, with proceeds distributed when companies or properties are refinanced or sold.

Below are highlights of last year's performance for illiquid alternative assets. Each of the asset classes within this segment is discussed in detail in the following sections.

- The University's portfolio of Illiquid Alternative Assets rose 8.1 percent last year and outperformed its custom benchmark by 1.4 percent. Venture capital posted a return of 24.5 percent, followed by real estate's 10.7 percent and private equity's 7.8 percent returns. The negative 19.2 percent return of the natural resources portfolio was slightly ahead of its benchmark.
- The strong returns of the venture capital managers reflect the positive performance of technology, biotechnology, and China-focused investments.
- Positive returns in private equity and real estate were somewhat muted by currency-related losses stemming from the non-U.S. focused investments.
- The negative performance of the natural resources portfolio is attributed to the dramatic decline in energy prices during the year, as the portfolio is largely made up of managers focused in the oil and gas sector.

The following table shows the performance of the University's Illiquid Alternative Assets.

PERFORMANCE SUMMARY | PERIODS ENDING JUNE 30, 2015

ALTERNATIVE ASSETS (Illiquid)	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL ALTERNATIVE ASSETS (Illiquid)	**$ 4,151.2**	**8.14%**	**13.19%**	**13.98%**	**11.79%**	**10.02%**
Benchmark-Alternative Assets[b]		6.76	12.94	20.05	10.69	7.42
Venture Capital	**1,374.5**	**24.47**	**20.67**	**21.24**	**14.59**	**4.40**
Benchmark-Venture Capital[b]		23.63	20.11	20.05	10.69	7.42
Private Equity	**1,247.4**	**7.78**	**14.60**	**15.21**	**13.44**	**9.84**
Benchmark-Private Equity[b]		9.17	14.99	20.05	10.69	7.42
Real Estate	**916.4**	**10.71**	**10.46**	**10.54**	**4.71**	**7.92**
Benchmark-Real Estate[b]		12.80	13.21	13.67	8.61	9.16
Natural Resources	**613.0**	**-19.19**	**3.38**	**6.93**	**13.65**	**20.88**
Benchmark-Natural Resources[b]		-19.62	1.68	20.05	10.69	7.42

(a) Annualized
(b) All benchmarks are described on pages 28–32.

The Venture Capital portfolio had a positive 24.5 percent return for the 2015 fiscal year, besting its benchmark. Fiscal year 2015 saw a continuation of the prior year's significant distributions from a number of funds as several domestic and Asia-focused venture capital partnerships realized investments. Returns were generated from the sale or distribution of shares of existing public securities at significant gains and the purchase of a number of private companies in the Venture Capital portfolio by strategic and financial acquirers. Initial public offerings at prices above the carrying values contributed additional investment returns as did increased valuations of some private companies based on later rounds of financing.

The University's Venture Capital portfolio outperformed both its one-year benchmark and three-year benchmark. These benchmarks reflect the pooled aggregate performance of all funds in this asset class that are included in the benchmark universe. The portfolio outperformed its five-year and its 10-year benchmarks, but trailed its 15-year benchmark. These long-term benchmarks measure the performance of public equity markets plus an appropriate premium to account for the added risks associated with these long-lived, illiquid investments.

During the 2015 fiscal year, the University committed a total of $161 million to 10 follow-on funds and two new partnerships. Three venture capital partnerships were liquidated. It reduced the outstanding commitment to one existing fund by $0.9 million.

INVESTMENT PERFORMANCE | PERIODS ENDING JUNE 30, 2015

VENTURE CAPITAL	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL VENTURE CAPITAL	**$1,374.5**	**24.47%**	**20.67%**	**21.24%**	**14.59%**	**4.40%**
Benchmark-Venture Capital[b]		23.63	20.11	20.05	10.69	7.42

(a) Annualized
(b) All benchmarks are described on pages 28–32.

The Private Equity portfolio had a positive 7.8 percent return for the last fiscal year and underperformed its benchmark due to unfavorable currency impact. The year continued a trend of good liquidity for the private equity portfolio, with distributions meaningfully exceeding contributions. Like the previous year, strong public market performance allowed many managers to take portfolio companies public and sell shares of already public companies to generate additional liquidity. Favorable credit markets permitted managers to recapitalize select portfolio companies and distribute dividends to investors. In addition, several managers were able to sell companies at attractive valuations to strategic acquirers looking to buy growth businesses or to other private equity firms wanting to deploy capital.

The investment return for this global portfolio last year reflects changes in the value of publicly traded portfolio holdings, foreign exchange fluctuations, and adjustments in private company values benchmarked to trading multiples of comparable public companies. Helped by favorable domestic developments in these factors, the U.S. portion of the portfolio substantially outperformed the non-U.S. segment last year.

The University's Private Equity portfolio underperformed both its one-year benchmark and its three-year benchmark. These benchmarks reflect the pooled aggregate performance of all the funds in this asset class that are included in the benchmark universe. Longer term, the portfolio underperformed its five-year benchmark and exceeded both its 10- and 15-year benchmarks. These long-term benchmarks measure the performance of public equity markets plus an appropriate premium to account for the added risks associated with these long-lived, illiquid investments.

During the 2015 fiscal year, University commitments totaled $362 million for 11 follow-on funds, two new partnerships, and commitment reductions for three partnerships. Three private equity partnerships were liquidated.

INVESTMENT PERFORMANCE | PERIODS ENDING JUNE 30, 2015

PRIVATE EQUITY	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL PRIVATE EQUITY	**$ 1,247.4**	**7.78**	**14.60**	**15.21**	**13.44**	**9.84%**
Benchmark-Private Equity[b]		9.17	14.99	20.05	10.69	7.42

(a) Annualized
(b) All benchmarks are described on pages 28–32.

The Real Estate portfolio gained 10.7 percent in fiscal year 2015, underperforming the real estate benchmark. Consistent with fiscal year 2014, a rising U.S. dollar negatively impacted the returns of the international portfolio, partially offsetting the strong performance of the domestic real estate portfolio.

The University's domestic portfolio performed well as the new supply of properties remained limited while demand continued to improve across all sectors, enabling managers to take advantage of strong fundamentals to sell or refinance stabilized assets. As demand from foreign and domestic capital focused on core properties in major markets, our managers continued to find attractive opportunities to acquire neglected, mismanaged or capital-starved assets which fit their value-add or opportunistic strategies. Despite improving European fundamentals, the weakening of the Euro relative to the U.S. dollar negatively impacted returns. The emerging markets managers were also negatively impacted by weakened currencies.

During fiscal year 2015, the University committed $368 million to 11 follow-on funds, one new fund, and two co-investments. It reduced outstanding commitments to three existing funds by $14 million and increased its commitment to one fund by $4 million. 38 real estate partnerships were liquidated during the year, of which 35 were from a secondary sale, reducing the value of the portfolio by approximately one-third.

INVESTMENT PERFORMANCE | PERIODS ENDING JUNE 30, 2015

REAL ESTATE	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL REAL ESTATE	**$ 916.4**	**10.71**	**10.46**	**10.54**	**4.71**	**7.92%**
Benchmark-Real Estate[b]		12.80	13.21	13.67	8.61	9.16

(a) Annualized
(b) All benchmarks are described on pages 28–32.

The Natural Resources portfolio lost 19.2 percent for the year and modestly outperformed the benchmark. Long term, the natural resources portfolio has been a strong contributor to the overall performance of the Long Term Portfolio even when including the weak performance last year. Oil prices declined dramatically beginning in late 2014. Increased production from U. S. shale plays, OPEC's failure to decrease production, and reduced global demand drove down prices, creating uncertainty and volatility in the markets. The collapse in energy prices impacted both our energy private equity managers and those managers that acquire and operate oil and gas properties.

Despite depressed prices, the portfolio's distributions exceeded contributions by over two times as company and asset sales negotiated prior to the collapse in prices were completed. Over the year, the private equity managers focused on working with their portfolio companies to reduce costs and sell non-core assets in what could be a period of sustained low energy prices.

Last year, the University committed a total of $166 million to two follow-on funds, two new funds, and commitment increases for two existing funds. No natural resources partnerships were liquidated.

INVESTMENT PERFORMANCE | PERIODS ENDING JUNE 30, 2015

NATURAL RESOURCES	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL NATURAL RESOURCES	**$ 613.0**	**-19.19%**	**3.38%**	**6.93%**	**13.65%**	**20.88%**
Benchmark-Natural Resources[b]		-19.62	1.68	20.05	10.69	7.42

(a) Annualized
(b) All benchmarks are described on pages 28–32.

DAILY AND MONTHLY PORTFOLIOS

SHORT TERM POOL

VERITAS

The physicians and researchers at the Kellogg Eye Center use the latest medical, surgical, and research advances to benefit patients with eye disease impaired vision.

DAILY AND MONTHLY PORTFOLIO AND SHORT TERM POOL

The Daily and Monthly Portfolio are the investment vehicles for the University's Short Term Pool (STP) and other working capital funds which are principally used for operating activities and capital projects. Other participants in the Daily and Monthly Portfolios include the current portion of insurance and benefits reserves and gift annuities.

ASSET ALLOCATION

The Daily and Monthly Portfolio ended the year with assets of $1.4 billion. The portfolios are invested primarily in high quality fixed income instruments with an average interest rate duration of 1.1 years. The Monthly Portfolio also has an allocation to high-income, value-enhancing strategies.

INVESTMENT PERFORMANCE

The Daily and Monthly Portfolios produced a total return of one percent in the last fiscal year and exceeded the return of the benchmark in a low interest rate environment for fixed income. Performance has been positive and ahead of or in-line with the benchmark as shown in the table below.

PERFORMANCE SUMMARY | PERIODS ENDING JUNE 30, 2015

DAILY AND MONTHLY PORTFOLIO	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL DAILY AND MONTHLY PORTFOLIO	**$ 1,396.7**	**0.97%**	**2.37%**	**3.38%**	**3.44%**	**4.53%**
Custom Benchmark[b]		0.12	0.98	2.33	3.63	4.53

(a) Annualized
(b) All benchmarks are described on pages 32.

The University's **Short Term Pool**, which is comprised of working capital funds used for operating activities and capital projects, historically has primarily been invested in the Daily and Monthly Portfolios where it has represented around 91 percent of the assets. While the STP today is invested entirely in the Daily and Monthly Portfolios, this pool previously also participated in other investments outside of the Daily and Monthly portfolios which benefited performance. The historical performance of the Short Term Pool, shown in the table below, has been positive and ahead of or in-line with the benchmark. The primary difference in one year performance between the STP and the Daily and Monthly Portfolios reflects the impact of unequal cash flows.

PERFORMANCE SUMMARY | PERIODS ENDING JUNE 30, 2015

SHORT TERM POOL	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL SHORT TERM POOL	**$ 1,273.2**	**0.94%**	**2.31%**	**3.66%**	**3.61%**	**4.63%**
Custom Benchmark[b]		0.12	0.96	2.32	3.62	4.52

(a) Annualized
(b) All benchmarks are described on pages 32.

VERITAS

Veritas is the University's wholly-owned insurance company. Its investment structure is designed to meet Veritas' particular liquidity needs, liability structure, and regulatory requirements.

ASSET ALLOCATION

Veritas' reserves were $207.9 million at June 30, 2015. The reserves generally are invested in the Daily and Monthly Portfolios and in the Long Term Portfolio in a 50/50 allocation at the beginning of each fiscal year, and then the allocations are allowed to vary with performance and cash flows during the year.

ASSET ALLOCATION | AS OF JUNE 30, 2015

VERITAS	Fair Value (in millions)	Percent of Total
Vermont Statutory Reserve	$ 0.3	0.1%
Daily and Monthly Portfolio	95.0	46.3
Long Term Portfolio	112.6	53.6
Total Veritas	$ 207.9	100.0%

INVESTMENT PERFORMANCE

During the fiscal year ended June 30, 2015, the Veritas portfolio produced a total return of 2.6 percent. The one year performance was solid in both absolute and relative terms. Over the longer periods, Veritas return outperformed the benchmark by a substantial margin.

PERFORMANCE SUMMARY | PERIODS ENDING JUNE 30, 2015

VERITAS	Fair Value (in millions)	1 Year	3 Year[a]	5 Years[a]	10 Years[a]	15 Years[a]
TOTAL VERITAS	$ 207.9	2.62%	6.37%	7.23%	6.04%	6.20%
Custom Benchmark[b]		0.09	5.49	6.55	4.74	2.99

(a) Annualized
(b) Benchmark is described on page 32.

Engineering students work on a wind turbine they created for a research project.

CONCLUSION

Fiscal year 2015 investment performance was tempered by sharply lower energy prices which notably impacted the performance from our relatively large allocation to natural resources, an appreciating U.S dollar that eroded the returns of our often well performing non-U.S based investments, and high starting valuations which dampened returns from our equity and fixed income investments. The University's Long Term Portfolio generated a 3.5 percent investment return last year despite the headwinds, down from the strong 18.8 percent investment return in FY 2014, and in the high second quartile when compared to that of all college and university endowments. Longer term performance remains well into the top quartile among college and university endowments* and more than sufficient to sustain and grow the endowment in real terms after distributions.

Investment returns for fiscal year 2015 marked a meaningful change from the high performance of recent years and may signal the beginning of a period of relatively lower performance when compared to history. Ample liquidity provided by central bankers around the world for some years now in the hope of spurring increased economic activity, has boosted investment returns and elevated valuations in many areas, while the level of global economic activity now may be falling short of investors' expectations.

This environment with potentially low prospective returns due to high starting valuations places a greater significance on the ability to generate additional performance by exploiting inefficiencies or creating value. The University made many important such investments last year that do not mostly depend on the general direction of the markets to be additive to performance, and that we expect will help generate needed additional positive returns in coming years. We remain confident that our investment strategy, coupled with the endowment distribution rule, will continue to generate steady and growing distributions to support the mission of the University.

Respectfully submitted,

L. Erik Lundberg, CFA
Chief Investment Officer

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

Investment Directors and Managers:

Michele Everard, CFA, Director of Investments
Joan Thowsen, Director of Investments
Rafael Castilla, CFA, Director of Investment Risk Management
Felicia David-Visser, CFA, Manager of Investments
Michael Haessler, Manager of Investments

**Based on a universe compiled by Cambridge Associates*

BENCHMARK DEFINITIONS

Working alongside faculty, UM-Flint mechanical engineering students created custom components using 3D printers for a new wind turbine design.

BENCHMARK DEFINITIONS

This section describes the benchmarks the University used to evaluate the performance of its investment programs through fiscal year 2015.

LONG TERM PORTFOLIO (LTP)

The custom benchmark for the Long Term Portfolio is constructed by using individual benchmarks tailored to each of the asset classes and combining them in a manner consistent with their importance to the total portfolio. This benchmark captures the nuances of our strategies and helps us gain valuable insight into the drivers of portfolio performance.

The table below shows the custom benchmark for the Long Term Portfolio.

LONG TERM PORTFOLIO I CUSTOM BENCHMARK

ASSET CLASS	Fair Value (in millions)	Benchmark Index ≤ 3 yrs	Benchmark Index >3 yrs
Market Traded Equities	30%	45% Russell 3000 / 45% S&P BMI[1] Developed ex-U.S./ 10% S&P/ IFC[2] Investable	45% Russell 3000/ 45% S&P BMI[1] Developed ex-U.S./ 10% S&P/IFC[2] Investable
Fixed Income	12	50% Barclays U.S. Aggregate/ 50% Barclays U.S. Long Duration Gov't/Credit	50% Barclays U.S. Aggregate/ 50% Barclays U.S. Long Duration Gov't/Credit
Absolute Return	15	HFRI[3] Fund of Funds Index	T-Bills + 500 bps
Cash	3	T-Bills	T-Bills
Venture Capital	8	CA[4] Venture Capital Index	Russell 3000 Index + 250 bps
Private Equity	12	CA[4] Private Equity Index	Russell 3000 Index + 250 bps
Real Estate	12	CA[4] Real Estate Index	CA[4] Real Estate Index
Natural Resources	8	CA[4] Energy PE Index/CA[4] Energy Upstream and Royalties	Russell 3000 Index + 250 bps
TOTAL	The benchmark for the total LTP for all periods is the weighted average performance of the above asset class specific benchmarks shown for periods ≤ 3 yrs		

1 Standard & Poor's Broad Market Index
2 International Finance Corporation
3 Hedge Fund Research, Inc.
4 Cambridge Associates, LLC

The University also recently adopted a **Blended Passive Benchmark** composed of investable asset class benchmarks as a representation of an alternative, passive investment program for a large investment pool such as the University's Long Term Portfolio.

PASSIVE BENCHMARK COMPONENT		Weight
MSCI ACWI		64%
Barclays U.S. Aggregate Index		24
MSCI U.S. REIT Index		4
MSCI World REIT Index		4
MSCI World Energy Sector Index		4
TOTAL	Weighted average performance of the above, asset class specific benchmarks	

The Blended Passive Benchmark is derived from a portfolio modeled on the mean allocation for large endowments recast in a Role Based Portfolio framework. The mean portfolio weights are as follows:

PORTFOLIO ROLE	Asset Class	Weight
Return Enhancers	Equities	60%
Hedges (Inflation)	Real Estate	8
	Natural Resources	4
Hedges (Deflation)	Fixed Income	12
Diversifiers	Absolute Return	16

Return enhancers are represented by the MSCI ACWI, a broad passive global opportunity set for investing globally in listed **equities** that is the most commonly used benchmark for global equity strategies.

Inflation hedges include investments in both real estate and energy.

Real estate is represented by an index that combines the MSCI U.S. REIT Index and the MSCI World REITs Index in a 50/50 manner. The latter index includes U.S. and non-U.S. exposure, leaving the combined index with an aggregate geographic exposure of roughly two-thirds U.S. and one-third non-U.S. The global index is included to reflect the global approach to investing in real estate among large endowments today. There is no good representative index for only non-U.S. REITs.

Natural resources is represented by the MSCI World Energy Sector Index, as energy is by far the largest component of this asset class. The MSCI World Energy Sector Index recognizes the global nature of the energy markets. It represents companies in developed markets only, as emerging market energy companies have a country-risk premium embedded.

The Barclays U.S. Aggregate Index is a commonly used **fixed income** benchmark and remains a good representation of the opportunity set for **deflation hedges.**

With no proven investable analogs for the **diversifiers,** these investments are allocated to other asset classes. Potential but non-investable benchmarks for diversifiers, such as the HFRI Fund of Funds Index or the Dow Jones Credit Suisse Hedge Fund Index, have exhibited approximately the same risk as a portfolio comprised of 75 percent of the Barclays U.S. Aggregate Index and 25 percent of the MSCI ACWI over the past 10 years. Applying these proportions to the 16 percent allocated to diversifiers will add 4 percentage points to equity and 12 percentage points to fixed income to the final benchmark.

For periods longer than one year, the return of the Blended Passive Index is combined with the **80/20 Benchmark** that the University previously used. The 80/20 Benchmark was an undiversified benchmark constructed by combining equities and fixed income in an 80/20 ratio to capture the broad, undiversified equity/bond characteristics of the Long Term Portfolio to measure the long-term effectiveness of investing in a diversified strategy. The 80 percent allocation to equities was represented by 50 percent S&P 500 Index and 30 percent S&P BMI Developed ex-U.S. Index, and the 20 percent allocation to fixed income is represented by the Barclays U.S. Aggregate Bond Index.

The following pages discuss the construction of the composite benchmarks used for the marketable securities and the alternative assets, as well as the benchmarks for each of the individual asset classes.

The benchmark for the **Marketable Securities** composite is constructed very similarly to the custom benchmark for the total Long Term Portfolio, with the exception that it excludes Illiquid Alternative Assets. To compensate for the reduced weight, we gross up the weights of the remaining asset classes. The table below shows the resulting asset class weights.

MARKETABLE SECURITIES | CUSTOM BENCHMARK

ASSET CLASS	Model Weight	Benchmark Index ≤ 3 yrs	Benchmark Index >3 yrs
Market Traded Equities	30/60	45% Russell 3000/ 45% S&P BMI[1] Developed ex-U.S./ 10% S&P/IFC[2] Investable	45% Russell 3000/ 45% S&P BMI[1] Developed ex-U.S./ 10% S&P/IFC[2] Investable
Fixed Income	12/60	50% Barclays U.S. Aggregate/ 50% Barclays U.S. Long Duration Gov't/Credit	50% Barclays U.S. Aggregate/ 50% Barclays U.S. Long Duration Gov't/Credit
Absolute Return	15/60	HFRI[3] Fund of Funds Index	T-Bills + 500 bps
Cash	3/60	T-Bills	T-Bills
TOTAL	The benchmark for the total Marketable Securities for all periods is the weighted average performance of the above asset class specific benchmarks shown for periods ≤ 3 yrs		

1 Standard & Poor's Broad Market Index
2 International Finance Corporation
3 Hedge Fund Research, Inc.

The benchmark for **equities** is constructed by combining benchmarks for U.S. equities, non-U.S. equities, and emerging markets in a 45/45/10 manner. The Russell 3000 Index is used for the **45 percent weight of the U.S. equity component.** This index is an unbiased, passively constructed index of the 3000 or so largest companies in the U.S. weighted by market capitalization. The Russell 3000 Index includes about 98 percent of the available U.S. market capitalization. This index is commonly used by institutional investors to measure the investment opportunities available in domestic stocks.

The S&P BMI Developed (Broad Market Index) ex-U.S. is used for the **45 percent weight of the non-U.S. equity component.** This is the most comprehensive index for non-U.S. equities. It is constructed by following a methodology similar to that used for the Russell 3000 Index. The S&P BMI Developed ex-U.S. Index is a capitalization-weighted index that includes shares of approximately 4,700 companies in 25 major countries. The index captures about 98 percent of the market capitalization in the developed investable markets outside the U.S.

The S&P/IFC Investable Index is used for the **10 percent weight of the emerging markets component.** This is the investable subset of S&P Emerging BMI, which is the most comprehensive index for emerging market equities. The S&P/IFC Investable Index is a capitalization-weighted index that includes shares of approximately 1,900 companies in 20 developing economies. This index represents the broad set of the S&P Emerging BMI plus S. Korea while taking into account foreign investment restrictions. The index captures about 70 to 80 percent of total exchange market capitalization before the float adjustment.

The longer duration designed into Michigan's **Fixed Income** portfolio is captured by blending the commonly used five-year duration Barclays U.S. Aggregate Bond Index with the 14-year duration Barclays U.S. Long Duration Government/Credit Index in a 50/50 mix. The Barclays U.S. Aggregate Bond Index includes taxable, U.S. dollar denominated bonds in the government, U.S. corporate, foreign corporate, mortgage pass-through and asset-backed sectors. The Barclays U.S. Long Duration Government/Credit Index includes taxable, U.S. dollar denominated bonds in the government, U.S. corporate and foreign corporate sectors with a maturity in excess of 10 years.

The benchmark for **Absolute Return** strategies is the Hedge Fund Research Fund of Funds Index (HFRI FOF), a database of over 650 funds. A fund of funds index captures the aggregate result of knowledgeable investors faced with a similar objective and similar investment opportunities. The Hedge Fund Research Index (HFRI FOF) broadly reflects the experience of the University's portfolio of absolute return investments over shorter time periods, both in intent and performance.

The University also uses a long term performance hurdle of Treasury Bills plus 5.0 percent per annum for this portfolio. This hurdle represents the performance premium of U.S. equities over Treasury Bills for the past 40 years and captures the equity-like level of risk targeted by these strategies.

The benchmark for the **Alternative Assets (Illiquid)** composite is constructed very similarly to the composite benchmarks for the total Long Term Portfolio, with the exception that it excludes marketable securities. To

ALTERNATIVE ASSETS (ILLIQUID) | CUSTOM BENCHMARK

ASSET CLASS	Model Weight	Benchmark Index ≤ 3 yrs	Benchmark Index >3 yrs
Venture Capital	8/40	CA[1] Venture Capital Index	Russell 3000 Index + 250 bps
Private Equity	12/40	CA[1] Private Equity Index	Russell 3000 Index + 250 bps
Real Estate	12/40	CA[1] Real Estate Index	CA[1] Real Estate Index
Natural Resources	8/40	CA[1] Energy PE Index/CA[1] Energy Upstream and Royalties	Russell 3000 Index + 250 bps
TOTAL	The benchmark for the total Alternative Assets (illiquid) for all periods is the weighted average performance of the above asset class specific benchmarks shown for periods ≤ 3 yrs		

1 Cambridge Associate, LLC

compensate for the reduced weight, we gross up the weights of the remaining asset classes. The table below shows the resulting asset class weights.

Longer term, alternative assets in aggregate are expected to generate a premium over public market equities to compensate for the higher risk and illiquidity inherent in these strategies.

Both **Venture Capital** and **Private Equity** are expected to offer a premium over public markets equities to compensate for the higher risk and illiquidity inherent in these strategies.

A performance hurdle of 2.5 percent per year above U.S. public market equities, as measured by the Russell 3000 Index, appropriately captures this higher level of risk. This benchmark is useful over long periods. This is the longer term, five-, 10-, and 15-year benchmark numbers shown for venture capital and private equity.

A weakness of this approach is that it does not reflect the specific market cycles associated with these asset classes. This limits the usefulness of such a benchmark, as there will be times when the returns of private equity and venture capital bear little relationship to those of marketable equities.

The University's investment consultant, Cambridge Associates, tracks the performance of an extensive universe of venture capital and private equity partnerships and compiles an aggregate performance number for each category that assumes capital was allocated the same way as the overall market. The CA universe-based benchmarks are more reflective of the University's investment strategy and are used to gauge the effectiveness of these programs over shorter periods of time. This is the benchmark used as reference for one and three year performance.

The Cambridge Associates Real Estate Index tracks the performance of an extensive universe of real estate partnerships available for institutional investing. It is a commonly used benchmark for real estate investing. The index includes 815 global and domestic real estate funds from 1981 through Q1 2015. Property types include apartment, industrial, office, hotel, and retail.

Natural resources is treated in a manner similar to private equity because our investing approach emphasizes managers' ability to add value over exposure to the asset class. Because this asset class still consists mostly of energy-related investments, we use the Cambridge Associates' underlying universe for Energy Specialty PE funds and the CA Energy Upstream & Royalties for Exploration & Production funds. The return for each of these indices is weighted by the University's actual allocation to each of the two segments. The weights are adjusted quarterly.

Longer term, these investments are expected to generate a premium over public market equities to compensate for the higher risk and illiquidity inherent in these strategies. Similar to private equity and venture capital, a performance hurdle of 2.5 percent per year above U.S. public market equities, as measured by the Russell 3000 Index, is applied to capture this higher level of risk. This benchmark is useful over long periods. This is the longer term, five-, 10-, and 15-year benchmark numbers shown for natural resources.

THE DAILY AND MONTHLY PORTFOLIOS AND SHORT TERM POOL

The Daily Portfolio benchmark is the 90-Day Treasury Bill and the Monthly Portfolio benchmark is an equal weighted composite of one-third weighting to each of the following indices: the Barclays U.S. Treasury Inflation Protected Securities (TIPS) 1-5 Year Index; the Barclays U.S. Government 1-5 Year Index; and the Barclays U.S. Credit 1-5 Year Index. The benchmark for the Short Term Pool ("STP") is calculated as a value-weighted composite of the underlying Daily and Monthly Portfolio benchmarks.

VERITAS

The benchmark for the Veritas portfolio is a composite of the benchmarks for the Daily and Monthly Portfolios and the Long Term Portfolio weighted by the respective allocations.

APPENDIX: MANAGER INFORMATION

Faculty work at the Automotive Research Center on North Campus.

UNIVERSITY OF MICHIGAN INVESTMENT MANAGERS ON JUNE 30, 2015

U.S. EQUITY

BLUM CAPITAL, San Francisco, CA
MANDATE: Small Cap Value
INVESTMENT APPROACH: Blum Capital has an active long-term, value-oriented focus and seeks to establish influential positions in stocks of U.S. listed companies. The emphasis is on a relatively small number of small- and mid-capitalization companies, which have the opportunity and potential willingness to benefit from the value-enhancing strategies that Blum Capital employs. The University is invested in Blum Strategic Partners III, L.P. and Blum Strategic Partners IV, L.P.

COLISEUM CAPITAL PARTNERS LP, New York, NY
MANDATE: Micro to Small Cap Value
INVESTMENT APPROACH: Coliseum Capital is a value-focused manager. The strategy is to pursue investments trading below intrinsic value due to difficulties with capital structure or poor operating performance. Coliseum will build a position, engage with management in a constructive manner and then implement a plan with management to improve the company's cash flow and unlock value. The fund may hold cash if an insufficient number of suitable opportunities can be found at any given point and time. The University is invested in the following fund: Coliseum Capital Partners L.P.

GOODHAVEN CAPITAL MANAGEMENT, Miami, FL and Millburn, NJ
MANDATE: All Cap
INVESTMENT APPROACH: GoodHaven Capital Management is a long term, value manager that invests in opportunistically in companies with varying quality. They investigate companies by analyzing financials and speaking to company management, customers, suppliers, competitors and other industry participants. Their in depth research gives them the insight as to whether the public markets are appropriately pricing each company's prospects. They then assemble a portfolio of 8 to 25 stocks based on the perceived mispricing of each stock and the risk of permanent loss of capital.

THE MITCHELL GROUP, Houston, TX
MANDATE: Energy
INVESTMENT APPROACH: The Mitchell Group invests in high quality, North American stocks within the energy sector. They are value investors and use fundamental, bottom-up stock selection with a top-down allocation and weighting scheme. They invest across the entire oil and gas value chain but tend to emphasize the exploration and production segment of the market, as that is where they believe their backgrounds give them the most competitive advantage. They generally focus on large and mid-cap companies, and emphasize downside protection via conservative underwriting and by investing in low-cost producers with top management teams.

PARAMETRIC, Minneapolis, MN
MANDATE: Beta Management
INVESTMENT APPROACH: Parametric offers customized solutions for clients who wish to add, remove or hedge global capital market exposure in a low-cost and transparent manner. At the direction of the Investment Office, Parametric will increase or decrease capital markets exposure through the use of instruments such as futures, swaps, options or exchange trade funds. These exposures may be used to eliminate cash drag in the portfolio resulting from residual cash or from a transition between equity or bond managers, rebalance or hedge market exposures and accommodate the overlay of value-add strategies.

SPO PARTNERS & CO., Mill Valley, CA

INVESTMENT APPROACH: SPO Partners & Co. invests in both public securities and private equity transactions. The investment team focuses on value-oriented investments in high quality businesses that sell at meaningful discounts to their intrinsic value or at replacement cost of the firm's assets. The team combines this value-based philosophy with an orientation toward acquiring concentrated positions in businesses that have proprietary franchise characteristics, sustainable competitive advantages and owner-oriented managements. The majority of the firm's investment ideas are proprietary, and investments are made with the goal of SPO being a long term owner. The University is invested in the following fund: SPO Partners II, L.P.

SAGEVIEW CAPITAL, Greenwich, CT, and Palo Alto, CA

MANDATE: Small to Mid Cap

INVESTMENT APPROACH: Sageview makes investments in primarily North American and European small to mid-market companies using a private equity approach which allows Sageview to participate in creating shareholder value over a three to five year period. The University is invested in the following fund: Sageview Capital Partners, L.P.

VULCAN VALUE, Birmingham, AL

MANDATE: All Cap

INVESTMENT APPROACH: Vulcan Value Partners identifies potential investments by combing the US equity market in search of businesses with sustainable competitive advantages. The Vulcan Value investment team spends the bulk of their time assessing the quality of a business by focusing on factors such as product market opportunity, competition, balance sheet strength, cash flow reliability, and management. When selecting individual stocks, the firm places emphasis on the valuations of these quality businesses and concentrates in 20 to 50 of the cheapest stocks.

GLOBAL & NON-U.S. EQUITY

BLAKENEY MANAGEMENT, London, U.K.

MANDATE: Emerging Markets

INVESTMENT APPROACH: Within the frontier markets of Africa and the Middle East, Blakeney identifies companies selling well below what they consider to be their intrinsic value, relying exclusively on their own research and analysis. The firm also pays close attention to politically driven changes in their markets to identify both risks and opportunities. The portfolio typically contains 25 to 35 stocks. Typical holdings are cash-rich, unleveraged, growing companies, such as banks and many subsidiaries of large multi-national corporations.
The University is invested in the following fund: Blakeney L.P.

THE CAPITAL GROUP, Los Angeles, CA

MANDATE: Global Core

INVESTMENT APPROACH: Capital Guardian emphasizes fundamental research on individual companies in order to identify differences between the underlying value of a company and the current market price of its stock. Portfolios are constructed using a rather unique approach, where a number of portfolio managers each manage a slice of the portfolio. Each manager builds a concentrated portfolio of stocks by combining individual company analysis with macroeconomic judgments. Their portfolios then are aggregated, tested against various risk parameters and client guidelines, and refined accordingly. The portfolio typically holds about 160 stocks.

MANDATE: Emerging Markets

INVESTMENT APPROACH: Fundamental research is emphasized and in-depth quantitative and qualitative research is performed on thousands of companies worldwide. This research is the basis of the bottom-up approach to portfolio construction. Country and sector weightings are arrived at primarily through individual stock selection rather than through top-down judgments. However, macroeconomic factors are taken into consideration. Portfolios are segmented, with each individual manager responsible for a portion, managing it as if it were a stand-alone portfolio. This allows for strong individual ideas to be acted upon while ensuring a diversity of ideas and continuity of management. The University is invested in the following fund: Capital Guardian Emerging Market Growth Fund.

CONVEXITY CAPITAL MANAGEMENT, Boston, MA
MANDATE: Global Core
INVESTMENT APPROACH: Convexity invests in a base portfolio of global stocks and adds additional value from capturing mispricings in the financial markets through long/short and other relative value strategies principally in fixed income and related markets. Convexity's value-added strategies are opportunistic and favor investments that have long optionality and limited downside risk. These strategies will be executed with financial instruments expected to include mainly U.S., developed non-U.S., emerging market foreign sovereign debt, currencies, and derivatives. The University is invested in the following fund: Convexity Capital Offshore L.P.

EVERMORE GLOBAL ADVISORS, Summit, NJ
MANDATE: European Equities
INVESTMENT APPROACH: Evermore looks for special situations where public equities are trading at a significant discount to their intrinsic value and where there is a catalyst, such as new management, which will close the gap between intrinsic and market values. The firm identifies potential investments by investigating companies going through change in either their business or financing. They then take a private equity approach to valuing each potential investment by determining what a third party would pay for the entire company and invest in only those opportunities which offer the greatest prospects for risk-adjusted absolute returns.

HIGHCLERE INTERNATIONAL INVESTORS, London, U.K.
MANDATE: International Small and Mid Cap
INVESTMENT APPROACH: An initial quantitative screen identifies the cheapest quartile of companies trading at less than $10 billion in market capitalization in the international markets. Companies of low quality or high leverage are not considered for investment. Meetings with management play a key role in determining whether a company is investable and the team travels extensively to support this activity. Country and sector weights are driven by stock selection. The portfolio will have between 40-80 stocks with an expected holding period of 2-3 years. The University is invested in the following fund: The Highclere International Investors SMID Fund.

KILTEARN PARTNERS, Edinburgh, Scotland
MANDATE: Global Value
INVESTMENT APPROACH: The investment team spends the bulk of their time assessing the business quality of cheapest quartile of global stocks. The business quality assessment focuses on balance sheet strength, cash flows reliability, products, market opportunity and management. When selecting individual stocks, the firm targets companies with a low valuation relative to the quality of the business. The portfolio will have between 50-90 stocks with an expected holding period of 2-3 years. The University is invested in the following fund: The Kiltearn Global Equity Fund.

MARATHON ASSET MANAGEMENT LIMITED, London, U.K.
MANDATE: International Value
INVESTMENT APPROACH: Asset allocation decisions are made by a majority vote of the principals who have regional research and stock selection responsibilities, and reflect the principals' views of the relative attractiveness of world markets. Within regions, stock selection criteria are flexible within a contrarian framework; emphases are placed on monitoring sectoral investment cycles, the state of economic cycles and the quality of management. Portfolios tend to hold 350 stocks with no preset capitalization bias.

MITTLEMAN INVESTMENT MANAGEMENT LIMITED, New York, NY
MANDATE: Global Value
INVESTMENT APPROACH: The investment team pursues superior returns by investing in undervalued securities. They identify undervalued securities by focusing on smaller companies where public markets are less efficient and by investing globally to maximize the opportunity set. Risk is mitigated by investing in businesses that are proven franchises with durable economic advantages evidenced by substantial free cash flow generation over a business cycle. They then assemble a portfolio of 10 to 25 stocks based on the perceived mispricing of each stock and the risk of permanent loss of capital.

MORGAN STANLEY INVESTMENT MANAGEMENT, London, U.K.
MANDATE: International Value

INVESTMENT APPROACH: The strategy employs a bottom-up, value-driven approach that is stock specific and focused on high quality companies. The investment team conducts fundamental analysis to evaluate the quality of franchise, financials, and management. After visiting the company to finalize the analysis, the investment team makes an assessment of the fair value of the company and determines whether or not to purchase the stock. Portfolios hold 90 to 110 securities, with individual holdings limited to 3% of a portfolio at cost. The University is invested in the following fund: Morgan Stanley Offshore International Equity Fund.

POLUNIN Capital Partners, London, U.K.
MANDATE: Emerging Markets

INVESTMENT APPROACH: The team actively tracks the market price relative to the replacement cost of productive assets globally for all public companies. The companies are then aggregated by industry sector with the least expensive sectors in emerging markets relative to their history providing the focus for company research. The portfolio is comprised of a number of inexpensive, emerging and frontier market companies selected from the each of the focus sectors. Typical position size is 1-2%. The University is invested in the following fund: Polunin Developing Countries Fund, LLC.

PRINCE STREET CAPITAL MANAGEMENT, New York, NY
MANDATE: Emerging and Frontier Markets

INVESTMENT APPROACH: Prince Street combines bottom-up fundamental analysis with top-down macro economic and political analysis. Historical outperformance has been generated through stock selection and country selection as well as by holding cash when appropriate. Prince Street also invests in smaller and more illiquid companies with a greater exposure to frontier markets. Prince Street takes a long-term absolute return view, and does not attempt to manage monthly volatility. The University is invested in the following fund: PS Opportunities Offshore Ltd.

CURRENCY MANAGEMENT

FIRST QUADRANT, Pasadena, CA
MANDATE: Overlay currency exposures in international developed markets

INVESTMENT APPROACH: First Quadrant employs a systematic approach to active currency management, performs empirical research and constructs quantitative models based on fundamental factors to capture different market inefficiencies. The models serve as the means to evaluate the data and deliver signals of relative attractiveness for each currency. This mandate is implemented by hedging public equity currency exposures back to benchmark and then optimizing currency exposure to add value.

LEE OVERLAY PARTNERS, Dublin, Ireland
MANDATE: Overlay currency exposures in international developed and emerging markets

INVESTMENT APPROACH: Lee Overlay Partners' sole focus is currency management. The firm performs a disciplined, systematic evaluation of fundamental factors, comparing countries' inflation rates, current account balances, industrial production, money market rates and asset yields. The results are combined with measurements of exchange rate trends and the portfolio managers' judgment on such factors as economic expectations, Central Bank activities and political changes. This mandate is implemented by hedging public equity currency exposures back to benchmark and then optimizing currency exposure to add value.

FIXED INCOME

BNY MELLON CASH INVESTMENT SERVICES (CIS), Pittsburgh, PA
MANDATE: Intermediate Duration Fixed Income
INVESTMENT APPROACH: BNY Mellon CIS provides cash management and passive futures overlay against an intermediate duration treasury benchmark. The manager closely aligns the duration, and yield curve characteristics of the portfolios with their respective benchmark. Portfolio duration averages 2 to 5 years.

CAMDEN ASSET MANAGEMENT, Los Angeles, CA
MANDATE: Unlevered Convertible Arbitrage
INVESTMENT APPROACH: Camden manages unlevered convertible arbitrage portfolios, using a large and highly experienced investment team that invests conservatively and in a diversified manner. In environments with few opportunities they will hold cash rather than invest in less than optimal positions. Like other convertible arbitrage strategies they will purchase convertible bonds while selling short the issuer's stock, benefitting from volatility in the underlying stock while also receiving coupon payments.

FISCHER FRANCIS TREES & WATTS, New York, NY
MANDATE: U.S. Treasury Inflation Protected Securities
INVESTMENT APPROACH: FFTW objective is to actively manage a 1-5 Year U.S. TIPS mandate. FFTW's investment philosophy is based on the belief that inefficiencies in the U.S. TIPS market exist and can be exploited through active portfolio management. Their established systematic process focuses on fundamental drivers of asset prices, notably macroeconomic developments, market micro-structure considerations and relative value relationships. This allows the team to identify and to act on investment opportunities to build a diversified set of exposures that generates excess returns with limited overall volatility.

PAYDEN & RYGEL, Los Angeles, CA
MANDATE: Floating Rate Notes
INVESTMENT APPROACH: In this mandate, Payden & Rygel focuses on credit, sector, and structure analysis. Although there is little interest rate exposure, the credit duration is comparable to that of an intermediate fixed income index.

MANDATE: Intermediate Duration Fixed Income
INVESTMENT APPROACH: Payden & Rygel utilizes duration, sector, and yield curve decisions as well as individual security selection to add value to fixed income accounts. Duration decisions are based on trends in underlying economic conditions and market sentiment; they are implemented by strategically positioning assets across the yield curve as it steepens or flattens. Stress testing is performed at the individual security level as well as the portfolio level. Portfolio duration averages 2 to 5 years.

MANDATE: Risk Management
INVESTMENT APPROACH: In this mandate, Payden & Rygel focuses on financial instruments such as credit default swaps, put and call options and other spread products whose returns typically do not correlate with that of the Long Term Portfolio with an objective of managing the overall risk of the LTP.

MANDATE: Cash Management
INVESTMENT APPROACH: In this mandate, Payden & Rygel provides cash management; the primary objective is to preserve principal through the use of high quality instruments and maintain sufficient liquidity to ensure cash availability for withdrawals.

MANDATE: Short-Term High Yield
INVESTMENT APPROACH: The primary objective is to invest in short-term high yield corporate bonds, where the portfolio is managed over a defined investment horizon and is expected to age down over time. Portfolio duration at purchase was 2.5 years.

SCHRODER INVESTMENT MANAGEMENT (formerly STW), New York, NY
MANDATE: Long Duration Fixed Income
INVESTMENT APPROACH: The firm manages portfolios by analyzing current market conditions, avoiding any attempt to forecast future trends. In search for undervalued sectors and undervalued securities within those sectors, the firm's analysts focus on the following: maturity, coupon, type of issuer and type of security. In particular, yield curve analysis is used to identify mature sectors that appear undervalued. The firm's investment universe is limited to dollar denominated bonds. Portfolio duration averages 8 to 14 years.

WELLINGTON MANAGEMENT COMPANY, Boston, MA
MANDATE: Intermediate Fixed Income
INVESTMENT APPROACH: The intermediate fixed income group defines a broad strategy including duration posture and sector weightings based on economic and market analysis. Specialized analyst groups for corporate, asset-backed, and mortgage securities utilize fundamental research to identify "best ideas" for investment, which are deployed by the portfolio manager consistent with the intermediate fixed income strategy and specific client guidelines. Portfolio duration averages 2 to 5 years.

ABSOLUTE RETURN

ADM CAPITAL, Central, Hong Kong
INVESTMENT APPROACH: ADM invests primarily in special situations in emerging markets. The fund's investment objective is to achieve both capital preservation and long-term capital appreciation by carefully selecting and structuring private investments in distressed, undervalued or event-driven opportunities in Asia and Europe. The University is invested in the following fund: ADM Maculus V.

ANGELO, GORDON & COMPANY, New York, NY
INVESTMENT APPROACH: The investment objective of the fund is to achieve superior risk-adjusted returns with relatively low correlation to equity and bond markets. The partnership invests in a combination of investment disciplines: bankruptcy, opportunistic real estate, non-performing mortgages, merger arbitrage, convertible hedging, and special situations. The University is invested in the following fund: AG Long-Term Superfund, L.P.

APPOLLO GLOBAL MANAGEMENT, New York, NY
MANDATE: Structured Credit (formerly STONE TOWER CAPITAL)
INVESTMENT APPROACH: The partnerships invest primarily in a diversified portfolio of various tranches of residential mortgage-backed securities, commercial mortgage-backed securities, collateralized loan obligations, collateralized debt obligations and other asset-backed securities where market conditions have led to distressed pricing. The portfolio of investments will be selected by assessing cash flow generation, the timing and probability of principal recovery and the prospect for credit improvement of each individual asset. Risks will be managed through continuous monitoring and evaluation of the security construction as well as through diversification and hedging of market risk. The University is invested in the following funds: Stone Tower Structured Credit Recovery Fund, Ltd., Apollo Offshore Structured Credit Recovery Fund II Ltd., Apollo Offshore Structured Credit Recovery Fund III Ltd.

MANDATE: Senior Secured Credit (formerly STONE TOWER CAPITAL)
INVESTMENT APPROACH: The fund invests primarily in senior secured bank loans and to a lesser extent in structured debt securities with short durations. The fund is long-biased and focuses on bottom-up fundamental analysis of senior secured corporate credit with in-depth evaluation of industry, management, and financial performance of each company. The team focuses on companies with sufficient pricing power, commitment to de-leveraging and sufficient equity support from sponsors and management. The University is invested in the following fund: Apollo Credit Fund L.P.

MANDATE: Financial Credit

INVESTMENT APPROACH: The partnership invests in insurance-backed portfolios in both life settlements and insurance-linked securities with low correlation to the general markets. The fund focuses on seasoned senior life settlements investments mainly in the tertiary market that are sold primarily by banks as part of a broader disposition of non-core assets. In addition, tradable high yielding insurance-linked bonds, often investment grade, collateralized by insurance reserves are considered. The team employs an opportunistic, value-driven investment approach backed by long-term fundamental analysis and focused on downside protection. The University is invested in the following fund: Apollo Financial Credit Investment II, L.P.

ASHMORE INVESTMENT MANAGEMENT, London, U.K.

INVESTMENT APPROACH: The fund invests opportunistically in special situations in emerging market countries. Special situations are mainly privately sourced and structured longer term debt and equity investments with event-driven value, generally linked to reorganization and restructuring opportunities. Investments tend to be in capital intensive industries and where local entrepreneurial capital is exhausted. The investment process combines top down view of economic and political factors with active country risk management and bottom up analysis. The firm's research is augmented by its extensive network of global contacts with local private entrepreneurs and business communities. The University is invested in the following funds: Ashmore Global Special Situations Fund 3, L.P., Ashmore Global Special Situations Fund 4, L.P., Ashmore Global Special Situations Fund 5, L.P.

ATHYRIUM CAPITAL, New York, NY

INVESTMENT APPROACH: The manager specializes in structured direct lending to life sciences companies with the goal of generating equity –like returns while minimizing risk of loss. Athyrium looks for complex situations where a requirement for specialized knowledge limits competition and provides an opportunity for equity-like returns. They selectively participate in a subset of those situations that can be underwritten with a high degree of certainty, thereby limiting risk. Based upon the target companies' needs, the investment can take the form of straight debt or a structured solution that includes debt and some form of equity participation. The University is invested in the following fund: Athyrium Opportunities Fund L.P., Athyrium Opportunities Fund II, L.P.

AVENUE CAPITAL PARTNERS, New York, NY

MANDATE: U.S. Distressed

INVESTMENT APPROACH: Avenue invests primarily in the debt securities of companies that are in financial distress, in bankruptcy reorganization, or in liquidation. Avenue uses a top-down analytical approach to identify industries that reflect the firm's macro view of the economy. Industries in focus often are undergoing a cyclical recession or a period of rapid change. Avenue expects these industries to provide significant investment opportunities as they target undervalued companies that the principals believe will outperform when the industry recovers or stabilizes. Avenue emphasizes senior debt, which often has significant current returns and is less volatile than securities more junior in the capital structure. The firm also invests in other securities which they believe offer the best risk/reward characteristics such as deep-discount convertible bonds; investment grade bonds that have been downgraded to below investment grade; distressed high yield bonds; and trade claims. The University is invested in the following funds: Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P., Avenue Special Situations Fund VI, L.P.

MANDATE: Asian Distressed

INVESTMENT APPROACH: Avenue Asia is an extension of the Avenue Capital Partner's US Distressed Strategy. Avenue Asia maintains a local native presence in the countries throughout Asia ex-Japan that it operates in which gives it an advantage in sourcing and realizing investments. Broad structural and political as opposed to strictly economic objectives of the participants in its target markets provide Avenue Asia the opportunity to purchase distressed assets at less than their intrinsic value. The University is invested in the following fund: Avenue Asia Special Situations Fund IV, L.P.

MANDATE: European Distressed

INVESTMENT APPROACH: Avenue Europe is an extension of the Avenue Capital Partner's US Distressed Strategy. Avenue Europe has an experienced team and a demonstrated ability to source investments in the European markets. The University is invested in the following fund: Avenue Europe Special Situations Fund II, L.P.

BRENNER WEST CAPITAL PARTNERS, New York, NY

INVESTMENT APPROACH: Brenner West takes a value approach to investing. They look for situations where superficial complexity masks the intrinsic value of a target investment from the market. Some examples of how this superficial complexity may arise are a complicated shareholding or corporate structure; an under-appreciated acquisition; or a divestiture of a misunderstood subsidiary. Once a potential investment is identified, it is analyzed for undesirable market exposures which are then hedged out. This hedging can be accomplished, for example, by shorting a publicly traded subsidiary of the same company or eliminating commodity exposure through the futures market. The fund can invest globally though most of their investee companies have been located in North America and Europe. The portfolio is long-biased, has little to no leverage, and will typically have between 15 and 20 positions. The University is invested in the following fund: Brenner West Offshore Fund, Ltd.

BRIDGEWATER ASSOCIATES, Westport, CT

MANDATE: Global Macro (Alpha)

INVESTMENT APPROACH: Bridgewater's Pure Alpha® primary objective is to add value with offsetting long and short exposures. Pure Alpha® is a highly diversified and flexible strategy which incorporates all of the proprietary fixed income, currency, equity and commodity trading strategies Bridgewater has developed over the past three decades. The University is invested in the following funds: Bridgewater Pure Alpha, Bridgewater Pure Alpha Major Markets.

MANDATE: Global Macro (Optimal Alpha/Beta Portfolio)

INVESTMENT APPROACH: The Bridgewater Optimal portfolio is a combination of alpha and beta exposure, namely an optimal blend of their All Weather® (beta) approach and their Pure Alpha® (alpha) product. It is not merely a combination of the two, however, as it selects the alpha that best complements the beta to achieve the best risk-adjusted returns for the level of volatility they are targeting. Like those two products it invests globally across a wide range of strategies.

BROOKSIDE CAPITAL PARTNERS, Boston, MA

INVESTMENT APPROACH: The partnership's investment objective is to provide its investors with a greater long-term return than that of the overall U.S. public equity market while reducing the systematic risk of the portfolio through selective short positions. The fund's portfolio consists of value and growth investments, companies in dynamic industries and distressed securities. The portfolio is allocated between long and short positions in securities perceived to be undervalued and overvalued in the marketplace respectively. Holdings of distressed securities include sound companies with poor balance sheets whose debt and/or equity have been inefficiently priced. The University is invested in the following fund: Brookside Capital Partners Fund, L.P.

CAPITAL TRUST, INC., New York, NY

INVESTMENT APPROACH: Capital Trust makes mezzanine debt and other high yield investments in commercial real estate assets and operating companies located primarily in the United States. Investments include property mezzanine loans, transitional mortgages, and corporate mezzanine loans. The University is invested in the following funds: CT Large Loan, 2006 Inc., CT Opportunity Partners I, L.P.

CATALYST CAPITAL PARTNERS, Toronto, ON

INVESTMENT APPROACH: Catalyst seeks to obtain control of financially distressed Canadian companies through the purchase of their debt. Catalyst creates value by restructuring their target companies' balance sheets in the bankruptcy process and by developing and implementing a plan to improve the companies' operations. Catalyst also originates loans to companies within Canada against physical, fungible assets. Risk is mitigated through credit analysis and overcollateralization. These loans are cash-flow generative and complimentary to the longer-term distressed control strategy. The University is invested in the following fund: Catalyst Fund Limited Partnership IV, Catalyst Fund IV Parallel Limited Partnership.

CRESCENT CAPITAL GROUP LP, Los Angeles, CA

INVESTMENT APPROACH: The fund seeks to invest in a diversified portfolio of private, secured debt securities issued by middle-market European companies. Crescent has the flexibility to invest across the debt capital structure, with a bias towards senior and secured securities, to take advantage of the best risk/reward opportunities. The University is invested in the following fund: Crescent European Specialty Lending Fund L.P., Crescent/Michigan Co-Investment Fund L.P.

DRAWBRIDGE LONG DATED VALUE ADVISORS, New York, NY

INVESTMENT APPROACH: The manager is an affiliate of the Fortress Investment Group. The manager's objective is to generate superior risk adjusted returns by opportunistically acquiring a portfolio of real estate, capital assets, asset backed securities, corporate securities, life sciences assets and other niche situations in North America, Europe and Asia/Pacific that have the potential to achieve significant long term value. They focus on opportunities that are generally misunderstood due to long investment horizons and limited short term cash flow and on transactions which are complicated and unique where others may have difficulty forming conviction about what an asset will be worth several years into the future. The University is invested in the following fund: Drawbridge Long Dated Value Fund III, L.P.

FARALLON CAPITAL MANAGEMENT, San Francisco, CA

INVESTMENT APPROACH: The partnership attempts to produce attractive returns with a low correlation to the overall fixed income and equity markets. The fund invests in a number of strategies including merger arbitrage, distressed securities, convertible arbitrage, liquidations, real estate and direct investments. Capital is opportunistically allocated among each of the fund's strategies based on market conditions. The fund does not use leverage. The University is invested in the following fund: Farallon Capital Institutional Partners, L.P.

GOLUB CAPITAL, New York, NY

INVESTMENT APPROACH: The fund invests in the debt of businesses with established operating cash flow and sustainable proprietary positions in their markets. Golub Capital seeks to partner with strong management teams and actively manages its positions and most of the loans are provided to companies controlled by private equity sponsors and independent middle market companies that require capital for growth, recapitalizations, refinancings and traditional buyouts. The investments are primarily originated and underwritten directly by Golub Capital and are typically structured with an average duration of three years and to provide absolute returns with current income. The University is invested in the following fund: Golub Capital Premium Earnings Adjustable Rate Loans (PEARLS) Direct Lending Program, L.P.

GRANTHAM, MAYO, VAN OTTERLOO & COMPANY, Boston, MA

INVESTMENT APPROACH: The firm manages a long/short portfolio of emerging market debt. They seek to take advantage of the high real yields available and the improving credit trends evident in many rapidly emerging economies by using country allocation in combination with sophisticated security selection valuation, arbitrage and risk management analytics. While the firm will sacrifice current income and some measure of liquidity for expected total return, the portfolio tends toward more complex, sovereign securities. A key focus of the firm's effort is risk management on a total portfolio basis. Typically, the portfolio has a gross long exposure of about 160% to 200% and a duration-weighted net long exposure of 25% to 80%. However, it often has a net short exposure on a projected default basis. The University is invested in the following fund: GMO Emerging Country Debt Portfolio (Offshore), Ltd.

GSO CAPITAL PARTNERS, New York, NY

INVESTMENT APPROACH: GSO Capital Partners invests in credit opportunities in the United States and Western Europe. In order to capitalize on event-driven and value opportunities, the team develops value-added creative solutions that address a corporation's capital structure requirements. GSO Capital Partners seeks to minimize downside risk and protect principal by performing intense credit research and maintaining a diversified portfolio. The funds may invest in both public and private non-investment grade and non-rated securities, including leveraged loans, high-yield bonds, distressed securities, second lien loans, mezzanine securities, equity securities and credit derivatives. The University is invested in the following funds: GSO Special Situations Overseas Fund Ltd. and Blackstone/GSO Capital Solutions Fund, L.P., GSO Capital Opportunities Fund II L.P., GSO Capital Solutions Fund II, L.P., GSO European Senior Debt Feeder Fund L.P.

H PARTNERS, New York, NY

INVESTMENT APPROACH: H Partners is a hedge fund that invests in the debt and equity of financially troubled companies in the U.S. The fund's objective is to generate superior risk adjusted returns by buying the debt and equity of companies that are facing temporary financial distress. Potential targets will be fundamentally sound companies where management missteps or over-leverage provide an opportunity to invest at a significant discount to long-term intrinsic value. H Partners invests in a concentrated portfolio of such situations where a catalyst exists to alleviate the financial distress and unlock value. Periodically,

if the opportunity warrants, the fund will take control of a company to drive value creation through long-term capital appreciation. Portfolio risk is managed by assessing the worst case loss scenario for each investment and sizing the position accordingly. While the fund will have a significant long bias, the portfolio also contains a diversified group of opportunistic short positions to both generate returns and reduce overall risk. The University is invested in the following fund: H Partners, L.P.

HARVEST FUND ADVISORS, Wayne, PA

INVESTMENT APPROACH: The firm manages a long-only portfolio of companies structured as Master Limited Partnerships and their related C Corporations. In existence since the 1980s, Master Limited Partnership units (MLPs) represent a tax advantaged form of ownership in oil and gas pipelines and other energy infrastructure assets. Energy MLPs provide an interesting return profile combing both a high current yield as well as continued prospective growth in response to newly developed supplies of oil and natural gas in the United States. Further, they are often able to capture inflation in their price adjustments via long term contracts with their customers in non-regulated markets or via Federal regulation in regulated markets. Harvest tracks the entire universe of these companies and purchases a portfolio of 20-30 of the most attractively priced. The University is invested in the following fund: Harvest MLP Income Fund III LLC.

HIGHFIELDS CAPITAL, Boston, MA

INVESTMENT APPROACH: The firm's investments fall into two broad categories: event driven and relative value. Event driven investments are special situation equities—predominately long positions—that have an identifiable catalyst including recapitalizations, restructurings, mergers, spinoffs, proxy contests and consolidating industry plays. Relative value investments encompass a variety of arbitrage and convergence trades including convertible bond arbitrage, risk arbitrage, capital structure trades, intra-industry pairs trading and holding company vs. subsidiary or share class discrepancy trades. Investments are made on a global basis, including emerging markets, with the degree of international exposure varying over time in response to opportunities. Leverage and net long market exposure ranges from 20% to 60% and 50% to 70%, respectively. The University is invested in the following fund: Highfields Capital Ltd.

III OFFSHORE ADVISORS, Boca Raton, FL

INVESTMENT APPROACH: The fund pursues a long-only credit strategy in various sectors of the credit markets with emphases on short-term, structured credit instruments collateralized by corporate bonds; commercial mortgage-backed securities; and residential mortgage-backed securities. Ill focuses on investments that are often ignored due to structural complexity and therefore trade at a discount to fair value. Ill targets floating rate, high cash yielding bonds with potential upside catalysts such as ratings upgrades or structural improvements. Ill's approach is fundamental, bottom-up, security level analysis paired with a focus on capital preservation. The University is invested in the following fund: Ill Credit Opportunities Fund Ltd.

JACOBS ASSET MANAGEMENT, New York, NY

INVESTMENT APPROACH: The firm's investments focus on three investment theses in the financial services industry. They provide growth capital to small private companies with proven products and experienced management teams, invest in thinly traded out-of-favor public companies, and identify situations where a complex security is fundamentally mispriced as a result of adverse market conditions or regulatory pressure. JAM seeks to mitigate risk in the fund through a continued adherence to a value-driven philosophy rooted in contrarian thought. They will emphasize entry valuation, focus on niche growth markets and employ activism where appropriate. The University is invested in the following fund: JAM Special Opportunities Fund III, L.P.

LONE STAR PARTNERS, Dallas, TX

INVESTMENT APPROACH: The fund will invest in global investments in distressed loans and securities including single family, corporate, and consumer debt products. The fund also will target global control investments in banks, financially-oriented and asset rich operating companies. The fund will engage in transactions where Lone Star is the lead investor with control over the execution of the business plan. The Partnership will invest through the acquisition of portfolios of assets and entity-level debt and/or equity and entering into joint ventures, using transaction structures and deal sizes similar to those previously consummated by Lone Star. The anticipated holding period is 2 to 5 years for each investment. The University is invested in the following fund: Lone Star Partners VII, L.P. , Lone Star Partners VIII, L.P. and Lone Star Partners IX, L.P.

METRIC CAPITAL PARTNERS, London, U.K.

INVESTMENT APPROACH: Metric Capital loans money directly to middle-market European companies. Their investment focus is on asset rich, cash flow generative corporations in defensive industry sectors, primarily in Northern Europe. Metric began investing as a result of European banks pulling back on lending, particularly to new or small clients. It structures the loans such that they provide protections for principal and often offer significant equity participation, with the goal of generating equity like returns while minimizing risk of loss. The University is invested in the following fund: Metric Capital Partners Private Capital Fund II, L.P.

MHR MANAGEMENT COMPANY LLC, New York, NY

INVESTMENT APPROACH: MHR focuses its investments on distressed public and private securities, including bank debt, trade claims and post-reorganization securities. MHR identifies investments by conducting detailed credit analysis for financially and legally complex situations; reviewing economic, market and industry data; and utilizing an extensive network of existing relationships with industry specialists and investment professionals. The University is invested in the following funds: MHR Institutional Partners, L.P., MHR Institutional Partners II, L.P., MHR Institutional Partners III, L.P., MHR Institutional Partners IV, L.P.

NEUBERGER BERMAN LLC, New York, NY

MANDATE: Minority Stakes in the General Partnerships of Asset Managers

INVESTMENT APPROACH: Dyal Capital will be managed by a subsidiary of Neuberger Berman LLC. Dyal will purchase minority equity interests in independent alternative asset managers with the expectation of benefitting from the global growth in demand for alternative investment strategies. The fund will leverage the Neuberger Berman platform to source investments, perform due-diligence and to help raise additional capital for their investee companies. Dyal will target the management companies of medium sized funds which have proven an ability to grow and that possess institutional quality operations. The fund will buy a portfolio of equity stakes in such managers that is diversified by geography and investment strategy. The University is invested in the following fund: Dyal Capital Partners L.P.

MANDATE: Brand Royalties

INVESTMENT APPROACH: Marquee Partners focuses on the acquisition, management and licensing of consumer brands. The fund purchases brands that are underutilized and for which they are able to identify, prior to purchase, strategies for growing the brand's cash flow through some combination of product extension and geographic expansion. The University is invested in the following fund: Marquee Brands Partners L.P.

OAKTREE CAPITAL MANAGEMENT, LLC, Los Angeles, CA

INVESTMENT APPROACH: Oaktree invests in bank loans, other senior debt instruments and second lien debt in Western Europe. The debt purchased by the fund is typically in the form of senior secured obligations which pay interest at a rate that floats or is periodically reset at a margin above a generally recognized base lending rate such as the prime rate, certificate of deposit rates or other base lending rates used by commercial lenders. The University is invested in the following funds: OCM European Credit Opportunities Fund (Cayman), Ltd.

O'BRIEN-STALEY PARTNERS, Edina, MN

MANDATE: Bank Loans

INVESTMENT APPROACH: O'Bbrien–Staley Partners purchases stressed and distressed small-balance commercial and industrial loans in privately negotiated transactions. This is an inefficient market and they are able to purchase these loans at a discount to par and intrinsic value by providing a credible counterparty that is able to quickly underwrite transactions. The University is invested in the following fund: OSP Value Fund, L.P.

OCH-ZIFF ADVISORS, New York, NY

INVESTMENT APPROACH: The firm employs an event-driven strategy of merger arbitrage, convertible arbitrage, and special situation investing, including spin-offs, restructurings, distressed situations, divestitures and litigation. The partnership focuses on corporate, legal or regulatory events that lead a company to restructure capital. A significant percentage of the positions are in international markets. The firm may hedge equity market, interest rate and currency exposure. Leverage is not used for the merger arbitrage and special situation investments but is typically used for the convertible arbitrage positions. The total long position to equity capital ratio is generally 1 to 1.5. The University is invested in the following fund: OZ Overseas Fund, Ltd.

PHARMAKON ADVISORS, New York, NY

INVESTMENT APPROACH: BioPharma Secured Investments III, S.àr.l. is a private debt fund sponsored by Pharmakon Advisors, LP. The fund purchases debt securities collateralized by royalty streams of life sciences products of larger companies. The fund seeks to acquire a diversified portfolio of high-yielding, debt and debt-like securities collateralized with cash flows from leading life sciences products with short average lives and strong underlying credit characteristics. The need for capital in the life sciences industry allows the fund to invest in short-term debt securities and capped royalties that are collateralized by sales or royalty streams from leading life sciences products with good sales visibility during the expected life of the investments, generally 5 years. A substantial portion of the income derived from the investments is in the form of current interest payments and principal amortization. The fund minimizes risk through thorough analysis of the royalty assets securing the debt and substantial collateralization. The University is invested in the following fund: BioPharma Secured Investments Ill, S.àr.l.

PROTÉGÉ PARTNERS, New York, NY

INVESTMENT APPROACH: Protégé Partners is a fund of funds. It invests in hedge funds, with a portion of its assets devoted to seeding new funds. Protégé specializes in small and specialized hedge fund managers rather than brand name funds. It prefers focused niche strategies and seeks managers with a competitive edge in their area of expertise. The fund invests across a diverse array of strategies, including equity long/short, arbitrage, distressed debt, and fixed income. The University is invested in the following funds: Protégé Partners Fund, L.P., Protégé Tactical Fund, L.P., Fort Sheridan Japan Fund, Ltd. (formerly Sabretooth Yang Fund, Ltd.)

SANKATY ADVISORS, Boston, MA

INVESTMENT APPROACH: Sankaty, an affiliate of Bain Capital, takes advantage of attractive investment opportunities that result from the slowdown in the economy and pullback in lending by financial institutions. Sankaty invests opportunistically in distressed/stressed debt and bank loans, mezzanine investments in middle market companies, structured products, and special situations in proprietary debt and hedge trades. Reflective of the parent firm's consulting heritage, Sankaty applies fundamental industry, business, and competitive analysis techniques and performs exhaustive due diligence before committing to an investment. Additionally, they draw on Bain Capital's extensive consulting, financial, legal, accounting, and operating skills in evaluating investment opportunities. The University is invested in the following funds: Sankaty Credit Opportunities, L.P., Sankaty Credit Opportunities II, L.P., Sankaty Credit Opportunities III, L.P., Sankaty Credit Opportunities IV, L.P., Prospect Harbor Credit Partners (Offshore), L.P., Sankaty Credit Opportunities V-A, L.P.

SELENE RESIDENTIAL MORTGAGE OPPORTUNITY FUND L.P., New York, NY

INVESTMENT APPROACH: Selene focuses on dislocations and opportunities in the residential mortgage market. The fund will acquire at attractive prices, modify, and service residential mortgage loans in US, primarily through the purchase of whole loans and secondary pools of residential mortgage loans that are sub-performing and non-performing. The fund intends to increase the value of their loan portfolio through active management, special servicing and loan modifications and receive income from the performing loans. The loans will be acquired from bank, thrifts, non-bank mortgage lenders, government sponsored agencies, mortgage issuers and servicers at an appropriate discount to the current balances. The University is invested in the following funds: Selene Residential Mortgage Opportunity Fund L.P., Selene Residential Mortgage Opportunity Fund II, L.P.

SHORELINE CAPITAL PARTNERS LIMITED, Guangzhou, China

INVESTMENT APPROACH: Shoreline operates in mainland China where it invests for long-term capital appreciation in non-performing loans, single credit restructurings, structured special situations financings and distressed assets. Since its formation in 2004, the principals have developed a local team with expertise in sourcing attractive opportunities where legal enforcement risk is minimized. For non-performing loans and distressed assets, Shoreline seeks to understand the political sensitivity of the underlying asset that determines the likelihood of enforceability. For single credit restructurings and structured special situations, Shoreline will structure the collateral for its loans in such a way that collection will not be reliant on legal action. The University is invested in the following fund: Shoreline China Value Fund II, L.P., Shoreline China Value Fund III, L.P.

SILVER POINT CAPITAL, Greenwich, CT

INVESTMENT APPROACH: Silver Point targets investments in debt, equity, or other securities or obligations of highly leveraged or financially distressed companies. The firm identifies troubled and complex situations that conceal the true investment value. Silver Point employs a value investing methodology to ensure that investments are executed at attractive valuations based upon cash flow, asset value, replacement cost, and franchise value. The portfolio is concentrated among 15 to 20 core positions. Silver Point mitigates its risk by diversifying the investments across different industry groups, understanding asset correlations and hedging when appropriate, and when possible, staggering the expected timing of investment resolutions. The University is invested in the following fund: Silver Point Capital Offshore Fund, Ltd.

VÄRDE PARTNERS, Minneapolis, MN

INVESTMENT APPROACH: Värde employs a disciplined investment philosophy in which they identify undervalued or inefficient markets or market niches. Within these markets, they seek to invest in debt obligations, securities and other assets at a discount to their intrinsic value. Prior to investing, Värde determines whether a catalyst will exist for value recognition in approximately two years. Investments include non-performing and under-performing commercial real estate loans, residential mortgages and consumer loans, as well as debt of bankrupt or financially troubled companies, non-investment grade debt obligations, and similar foreign securities and debt obligations. The University is invested in the following funds: Värde Partners Fund VII, L.P., Värde Partners Fund VIII, L.P., Värde Partners Fund IX, L.P., PrivatVärde Fund, L. P., Varde Fund X, L.P.

VENTURE CAPITAL

ACCEL PARTNERS, Palo Alto, CA

INVESTMENT APPROACH: The general partner makes equity and equity-like investments primarily in telecommunications, computer software and internet-related companies. Approximately 80% of the portfolio companies are start-up and early stage enterprises. The remaining 20% is invested opportunistically in transition companies and selected buyout opportunities. The University is invested in the following funds: Accel VIII, L.P., Accel IX, L.P., Accel X, L.P., Accel Growth Fund II, L.P., Accel XI, L.P., Accel London IV, L.P., Accel Growth Fund III, L.P., Accel XII, L.P.

ANDREESSEN HOROWITZ, Menlo Park, CA

INVESTMENT APPROACH: Andreessen Horowitz will invest in early stage technology companies sponsored by gifted entrepreneurs in areas such as consumer and mobile internet, data storage, and networking. The firm's investment model permits it to commit small amounts of capital to a large number of early stage opportunities, while retaining the option of providing follow on financing on a selective basis. An important component of Andreessen Horowitz's strategy will be its focus on helping entrepreneurs refine and target investment ideas while providing relevant coaching and mentoring. In addition, Andreessen Horowitz has an established network with leading venture capital firms that value the opportunity to review and potentially invest in later stages of Andreessen Horowitz's portfolio companies. The University is invested in the following fund: Andreessen Horowitz Fund 1, L.P., Andreessen Horowitz Fund II, L.P., Andreessen Horowitz III, L.P., Andreessen Horowitz Parallel Fund III, L.P., Andreessen Horowitz IV, L.P., Andreessen Horowitz Parallel Fund IV, L.P.

ATA VENTURES, Los Altos, CA

INVESTMENT APPROACH: ATA ("A Team Approach") makes seed and early-stage investments in information technology companies. Within the information technology sector, ATA will focus on the communications industry as it relates to the delivery of voice, video and data to both businesses and consumers at lower cost and increased performance. Portfolio investments are expected to be in companies providing core technologies such as semiconductors, optical components, and software. Investments are expected to be between $5 million and $10 million per company, resulting in approximately twenty investments over the life of the fund. On a selective basis, ATA's network within leading Japanese corporations may result in corporate spin-outs to be developed by ATA as Silicon Valley-based companies. The University is invested in the following funds: ATA Ventures, L.P., ATA Ventures II, L.P., ATA Ventures III, L.P.

BATTERY VENTURES, Waltham, MA, Menlo Park, CA, and Herzliya, Israel

INVESTMENT APPROACH: Battery Ventures specializes in information technology investments with emphasis in the communications, software and internet/e-commerce markets. Employing a proactive "cold calling program" to identify companies in its pre-identified sectors, Battery aims to be the first institutional

investor, taking a board seat and becoming actively involved in its portfolio companies. Depending on market conditions, Battery will adjust its company-stage focus, shifting among early-stage to later-stage growth companies as appropriate. The University is invested in the following funds: Battery Ventures V, L.P., Battery Ventures VI, L.P., Battery Ventures VII, L.P., Battery Ventures VIII, L.P., Battery Venture IX, LP., Battery Ventures X, L.P., Battery Ventures X Side Fund, L.P.

BLUE RUN VENTURES, Menlo Park, CA

INVESTMENT APPROACH: Blue Run Ventures, a Menlo Park based venture capital fund, invests in early stage technology companies in the mobile sector. The investment team has identified particular themes within the mobile sector which it anticipates will provide attractive investment opportunities, including real-time data computing to take advantage of the convergence of mobile and social data, mobile applications related to healthcare and educational services, and consumer and retail software services facilitating payment solutions for mobile devices as well as software supporting location-based advertising. The University is invested in the following fund: Blue Run Ventures V, L.P.

CEYUAN VENTURES, Beijing and Hong Kong

INVESTMENT APPROACH: Ceyuan makes early stage investments in China and China-related information technology companies in areas such as software applications, communications systems and services, and semiconductors. The fund will capitalize on the size, growth, and increasing scope of the rapidly developing information technology market in China. The fund proactively targets investments in emerging companies in China that offer products and services uniquely suited to China, develop business models with strong cost advantages, and are founded by experienced entrepreneurs. The fund expects to invest in the first professional or institutional round of a company. The University is invested in the following funds: Ceyuan Ventures I, L.P., Ceyuan Ventures II, L.P.

CHENGWEI VENTURES, Shanghai, China

INVESTMENT APPROACH: Chengwei Ventures invests in early-stage, high-growth potential technology companies, with a focus on internet-related businesses in China. The investments are diversified by industry focus and include companies providing familiar services such as outsourcing of web sites, web marketing, internet hosting, content, e-commerce, and telecom infrastructure. The University is invested in the following funds: Chengwei Venture Partners I, L.P., Chengwei Ventures Evergreen Fund, L.P.

CLAREMONT CREEK, Oakland, CA

INVESTMENT APPROACH: Claremont Creek Ventures invests in early stage information technology companies, with a focus on high growth opportunities involving the application of information technology to the health care, mobile and wireless communications, and security sectors. An important component of Claremont Creek's investment approach involves a disciplined screening process that entails monitoring prospective companies for several months prior to investing any capital. This permits the investment team to measure company progress and is expected to enhance investment decision making. The University is invested in the following fund: Claremont Creek Ventures, L.P., Claremont Creek Ventures II, L.P.

COMVENTURES, Menlo Park, CA

INVESTMENT APPROACH: ComVentures invests in early-stage communications and internet-related companies. The general partner focuses on technology-based products that support communications and network infrastructure and on applications software and services for corporate enterprises and network service companies. The investments, targeted at $20 million to $30 million and 15% to 20% ownership per company, are in the seed and early-stage rounds of financing. The portfolio companies are primarily domestic entities, with international investments included on an opportunistic basis. The University is invested in the following funds: ComVentures V - B CEO Fund, LP, ComVentures V, L.P., ComVentures VI, L.P.

COMMONFUND CAPITAL, Wilton, CT

INVESTMENT APPROACH: These funds of funds typically invest $5 to $30 million in 15 to 25 domestic venture capital partnerships over three years. Diversified by manager, stage of development, geographic location, and vintage year, Commonfund Capital invests with top-tier venture capital firms. Each underlying fund makes investments in 20 to 40 portfolio companies. The University is invested in the following funds: Endowment Venture Partners IV, L.P.

DCM-DOLL CAPITAL MANAGEMENT, Menlo Park, CA and Beijiing, China

INVESTMENT APPROACH: DCM invests in early-stage software, communications, and semiconductor companies, but may make later-stage venture capital investments in these sectors on an opportunistic basis. DCM typically is the lead investor in its transactions and takes an active role as a board member for its portfolio companies. An important differentiating aspect of this fund is the firm's established business development relationships with leading Asian companies. This network gives DCM's portfolio companies access to the region's large customer base and to lower cost of outsourced services and manufacturing. In addition, DCM has strong ties to the Asian investment community and has been successful investing in private growth companies in the region. The University is invested in the following funds: DCM IV, L.P., DCM V, L.P.

EMERGENCE CAPITAL PARTNERS, San Mateo, CA

INVESTMENT APPROACH: Emergence Capital provides growth capital to early and development stage technology-enabled service companies. The investment focus is on the technology-enabled service sector which takes advantage of highly developed information technology platforms and network infrastructure and permits cost-effective delivery of services over the Internet, wireless and broadband networks. Investment companies include those that can deliver enterprise software applications as web-based services or provide outsourced solutions to critical but non-core business processes. The University is invested in the following funds: Emergence Capital Partners, L.P., Emergence Capital Partners II, L.P., Emergence Capital Partners III, L.P.

FORESITE CAPITAL, San Francisco, CA

INVESTMENT APPROACH: Foresite Capital will invest in late-stage healthcare companies with products, technologies or services which have been proven to work, have competitive advantages, and are poised for substantial growth. The investment team's goal is to identify undervalued, maturing companies which previously received venture capital funding but are in need of additional financing to reach liquidity. In recent years, capital available for late stage healthcare investments has decreased significantly. This situation creates opportunities for Foresite Capital to invest in largely de-risked assets which are close to regulatory approval and commercial launch. Investments may be in either public or private companies and are expected to generate liquidity in relatively short periods of time. The University is invested in the following fund: Foresite Capital Fund II, L.P.,Foresite Capital Fund III, L.P.

FORMATIVE VENTURES, Menlo Park, CA

INVESTMENT APPROACH: Formative Ventures provides seed and early-stage capital to start-up and development stage technology companies, with a particular focus on advanced semiconductors, wireless components, electronic design automation software, and communications hardware and software companies. The University is invested in the following fund: Formative Ventures Emerging Technologies Fund, L.P.

GARNETT & HELFRICH CAPITAL, San Mateo, CA

INVESTMENT APPROACH: Garnett & Helfrich invests in technology spin-outs from public technology companies. The fund acquires established businesses no longer considered core-assets by a parent company at low valuations and grows the businesses without the use of financial leverage. The focus is on software and communications businesses having established products, customers, and revenues of $20 million to $100 million. Key to the success of these investments is the ability to execute effective sales, marketing, manufacturing, and distribution initiatives. The University is invested in the following fund: Garnett & Helfrich Capital, L.P.

GLOBAL CATALYST PARTNERS, Redwood Shores, CA

INVESTMENT APPROACH: The fund makes seed and early-stage investments in information technology companies in the communications products and internet technology sectors. Specific areas of focus are software, nanotechnology, communications systems and semiconductors companies. The investment team's international network and experience help companies reach global markets for investment, operational, customer, and corporate relationships. The fund invests primarily in U.S. based entities, but may, on a very selective basis, invest in opportunities in China, Japan, or India. The University is invested in the following fund: Global Catalyst Partners III, L.P.

GSR VENTURES, Beijing, China and Palo Alto, CA

INVESTMENT APPROACH: GSR Ventures invests in early stage semiconductor, wireless, internet and new media service companies in China. GSR has a strategic relationship with Mayfield, a Silicon Valley venture capital firm. Mayfield may invest in companies alongside GSR Ventures and helps GSR Ventures access deal flow originating from U.S. based entrepreneurs looking to return to China. GSR Ventures invests in companies with completed prototypes and customer interest but little or no revenue. GSR Ventures seeks to be the first institutional investor in a company and works closely with company management. The University is invested in the following funds: GSR Ventures, L.P., GSR Ventures II, L.P., GSR Ventures III, L.P., GSR Ventures IV, L.P.

H. BARTON VENTURES, Menlo Park, CA

INVESTMENT APPROACH: H. Barton Ventures, a fund of funds, invests in early stage venture capital limited partnerships. The fund targets firms which have demonstrated an ability to identify high potential investment opportunities, are sought out by entrepreneurs seeking sponsorship by leading, value-added venture firms, and have achieved among the highest investment returns within this asset class. The University is invested in the following fund: H. Barton Venture Select, LLC, H.Barton Co-Invest Fund II, LLC, H. Barton Venture Select II, LLC.

HEALTHCAP, Stockholm, Sweden

INVESTMENT APPROACH: HealthCap invests in the life science and health care sector. The firm has a multistage investment approach and invests on an international basis. Smaller, early stage investments focus on opportunities in the Nordic countries, while the larger, mid to late stage investments are in the Nordic region, Western Europe, and North America. The investment focus is on companies with novel therapeutics designed to address important medical needs or in businesses with drug discovery platform technologies focused on efficient drug discovery and development tools. The University is invested in the following funds: HealthCap V, L.P., HealthCap VI, L.P.

IDG TECHNOLOGY VENTURE INVESTMENT LLC, Beijing, China, Shanghai, China

INVESTMENT APPROACH: IDG Technology Ventures invests in early and growth stage companies in China in the technology, media, and consumer sectors. International Data Group (IDG), a global information publishing company, and Accel Partners, a Silicon Valley venture capital firm, are sponsors of IDG Technology Ventures. Key drivers of the firm's investments are the large and growing consumer market in China as well as the export market. The University is invested in the following funds: IDG Accel China Growth Fund I, L.P., IDG Accel China Growth Fund II, L.P., IDG Accel China Capital, L.P., IDG-Accel China Capital II, L.P., IDG-Accel China Growth Fund III, L.P., IDG China Venture IV, L.P.

INTERWEST PARTNERS, Menlo Park, CA

INVESTMENT APPROACH: InterWest Partners focuses primarily on traditional venture capital investments in the information technology and health care sectors. Information technology investments focus on specialty semiconductor, communications/network infrastructure and the software and information services industries. Most of the investments are in the early or expansion stages. The general partner invests 50% to 60% of its capital in this sector. Investments in the health care sector are also primarily in the early and expansion stages, with a focus on the biopharmaceuticals, health care information systems, health care services and medical devices industries. Interwest invests opportunistically in the non-technology sector. The University is invested in the following fund: InterWest Partners VII, L.P.

KLEINER PERKINS CAUFIELD & BYERS, Menlo Park, CA

INVESTMENT APPROACH: The general partner, with an emphasis on seed and start-up stages, makes equity investments in a broad range of emerging technology industries including computer, telecommunications, semiconductors and the internet. The general partner emphasizes the formation of companies whose business plan creates a new industry or product plan. The University is invested in the following funds: Kleiner Perkins Caufield & Byers VI, L.P., Kleiner Perkins Caufield & Byers VII, L.P., Kleiner Perkins Caufield & Byers VIII, L.P., Kleiner Perkins Caufield & Byers IX, L.P., Kleiner Perkins Caufield & Byers X-A, L.P., Kleiner Perkins Caufield & Byers XI, L.P., Kleiner Perkins Caufield & Byers XII, L.P., Kleiner Perkins Caufield & Byers XIII, LLC, Kleiner Perkins Caufield & Byers Pandemic Preparedness and BioDefense, Kleiner Perkins Caufield & Byers Green Growth Fund, LLC., Kleiner Perkins Caufield & Byers Digital Growth Fund, Kleiner Perkins Caufield & Byers XIV Associates, LLC.

KPCB CHINA, (formerly TDF CAPITAL), Shanghai, China

INVESTMENT APPROACH: TDF Capital makes early and expansion stage investments in technology and consumer sector companies located in or having a significant portion of their businesses in China. Within the technology and consumer sectors, TDF Capital's focus is on companies in the wireless, internet, software, consumer services, and semiconductor sectors. Investments are targeted towards companies expected to benefit from China's strength as a manufacturing hub or from its large and growing consumer market. The University is invested in the following funds: TDF Capital China II, L.P., KPCB China Fund, L.P.

MATRIX PARTNERS, Cambridge, MA and Palo Alto, CA

INVESTMENT APPROACH: Matrix makes seed and early stage investments in the communications, software, computer systems, and electronics industries. Investments target primarily the Northeast, with limited West Coast exposure. The general partner targets average ownership positions of greater than 10% of early stage portfolio companies. Investments are made in companies that serve expanding markets with unique or superior products and services. The emphasis is on companies with strong management and technologically advanced product concepts that enable competitive advantage and limit duplication by competitors. The University is invested in the following funds: Matrix Partners VI, L.P., Matrix Partners VII, L.P., Matrix Partners VIII, L.P, Matrix Partners IX Special Opportunities Fund, L.P, Matrix Partners IX, L.P., Matrix Partners X, L.P.

MATRIX PARTNERS CHINA, Beijing , China

INVESTMENT APPROACH: Matrix Partners China makes investments in private companies in China. The general partner focuses on investments in companies expected to benefit from China's rapidly growing economy and increasing number of middle class consumers. Matrix Partners China invests in both early and expansion stage companies across several high growth industries. The investment sectors include consumer driven industries that have a technology component. The University is invested in the following fund: Matrix Partners China, L.P., Matrix Partners China II, LLC., Matrix Partners China III, LLC.

MATRIX PARTNERS INDIA, Mumbai, India

INVESTMENT APPROACH: Matrix Partners India makes investments in private companies in India. The investment focus is on companies expected to benefit from India's fast growing, consumer driven economy and an investment goal is to identify new Indian markets early and build leading companies. Matrix Partners India is a multi-sector, multi-stage fund that works to create significant value in the consumer internet and mobile sectors. Consumer-focused services and content such as financial services and media and entertainment delivered to large numbers of Indian consumers via the internet or mobile devices are examples of opportunities that fit with Matrix Partners India's investment focus. The University is invested in the following fund: Matrix Partners India, L.P., Matrix Partners India II, LLC.

MEDVENTURE ASSOCIATES, Emeryville, CA

INVESTMENT APPROACH: MedVenture Associates invests in seed and early-stage healthcare companies, with an emphasis on the medical device sector. MedVenture Associates' objective is to identify good ideas and promising technologies and to work with the founders to build successful companies. The investment team's small fund size and early stage focus permits it to make investments requiring relatively small amounts of start-up funding. MedVenture Associates targets 10 to 30 percent ownership and generally expects to hold investments five to seven years. A small portion is invested in later-stage investments. The University is invested in the following fund: MedVenture Associates V, L.P.

MENLO VENTURES, Menlo Park, CA

INVESTMENT APPROACH: Menlo Ventures invests mainly in equity and equity-oriented securities of privately held U.S. corporations. These investments include companies in the seed, start-up, early, expansion, and later stages of growth. The objective is to build a portfolio of 35 to 45 companies and invest mainly in the technology industry where the firm has accumulated significant expertise. Menlo provides several rounds of financing for the most successful portfolio companies, generally committing smaller amounts in the early stages of a company's growth and larger amounts in subsequent rounds as milestones are reached and risks are reduced. The University is invested in the following funds:Menlo Ventures VIII, L.P., Menlo Ventures IX, L.P., Menlo Ventures X, L.P.

MOBIUS VENTURE CAPITAL (formerly Softbank Technology Ventures), Boulder, CO

INVESTMENT APPROACH: The general partner makes equity and related investments in companies addressing digital information technology opportunities including internet communications, commerce and content. Investments are diversified by geography and stage of investment and include transactions ranging from emerging and growth capital to later stage investments. The University is invested in the following fund: Softbank Technology Ventures V, L.P.

MORGENTHALER PARTNERS, Cleveland, OH and Menlo Park, CA

INVESTMENT APPROACH: Morgenthaler Partners invests primarily in information technology and healthcare companies. Investments are diversified by stage of company development, ranging from start-up to management buyout. Information technology investments include computer software, computer service, telecommunications, data communications, electronics and hardware companies. Investments in management buyouts target middle-market companies in stable, non-cyclical commercial industries. The University is invested in the following funds: Morgenthaler Partners V, L.P., Morgenthaler Partners VI, L.P., Morgenthaler Partners VII, L.P.

NCD, Danville, CA

INVESTMENT APPROACH: NCD invests in expansion stage companies. The investments are diversified by sector and include companies in the information technology, biotechnology, and energy fields. The fund invests primarily in domestic companies which have proven technologies, thus reducing the technology risks associated with venture capital investments. The firm's investment strategy is to build a diversified portfolio of companies managed by experienced entrepreneurs and management teams and to invest alongside well regarded, successful early stage venture capitalists. The University is invested in the following fund: NCD IV, L.P.

NEW LEAF VENTURE PARTNERS (formerly Sprout Healthcare Ventures), New York, NY and San Mateo, CA

INVESTMENT APPROACH: New Leaf Ventures makes venture and expansion stage investments in U.S. healthcare technology companies. The investment focus is on later stage biopharmaceutical products, early stage medical device inventions, and laboratory infrastructure companies. The fund's goal is to assemble a portfolio of twenty to twenty-five companies assembled over a three-year period. On an opportunistic basis New Leaf invests in undervalued public companies or small technology buyouts. The University is invested in the following funds: New Leaf Ventures I, L.P., New Leaf Ventures II, L.P., New Leaf Ventures Co-Invest I, LLC.

OAK INVESTMENT PARTNERS, Greenwich, CT and Palo Alto, CA

INVESTMENT APPROACH: Oak makes equity and equity-related investments in information technology companies. The general partner targets companies providing communications infrastructure, corporate software and business and technical support services for internet-based activities. Ten percent of the investments are in early stage companies, 30 percent in later stage or buyout opportunities, and the remainder in first and expansion stage opportunities. The University is invested in the following funds: Oak Investment Partners VIII, L.P., Oak Investment Partners IX, L.P., Oak Investment Partners X, L.P., Oak Investment Partners XI, L.P.

SEQUOIA CAPITAL, Menlo Park, CA

INVESTMENT APPROACH: Sequoia Capital invests in new and developing companies engaged in businesses where new technologies play a significant role in either process or products. The general partner also invests in more mature and established companies where the potential exists for exceptional capital appreciation. The general partner invests primarily in information technology companies located in the western part of the United States. The University is invested in the following funds: Sequoia Capital Franchise Fund, L.P., Sequoia Capital IX, L.P., Sequoia Capital X, L.P., Sequoia Capital India Growth Fund II, L.P., Sequoia Capital U.S. Growth Fund IV, L.P., Sequoia Capital 2010, L.P., Sequoia U.S. Growth Fund V, L.P., Sequoia Global Growth Fund, L.P., Sequoia Capital China Venture Fund IV, L.P., Sequoia Capital XIV, L.P., Sequoia Capital China Growth Fund III, Sequoia Capital India IV, Sequoia Capital US Growth Fund VI, Sequoia Capital China Venture Fund V, L.P., Sequoia Capital U.S. Venture Fund XV, L.P.

STRIPES GROUP GROWTH PARTNERS, New York, NY

INVESTMENT APPROACH: Stripes Group will make buyout and minority growth equity investments in rapidlygrowing, lower to middle-market companies. The investments will focus on technology-enabled and branded consumer product companies. Within the technology-enabled businesses, the Stripes Group will focus on business-to-business internet companies, business-to-consumer internet companies, and software-as-a-service companies. In the branded consumer sector, the Stripes Group looks for companies with strong consumer demand but which could achieve greater value with improved brand positioning, marketing, and distribution. The University is invested in the following funds: SG Growth Partners II, L.P., SG Growth Partners III, L.P.

SUMMIT PARTNERS, Boston, MA, Palo Alto, CA, and London, U.K.

INVESTMENT APPROACH: Summit focuses on fast-growing, profitable companies in the information technology and healthcare industries. The majority of companies are profitable at the time of Summit's first investment. In addition, evidence of market leadership and/or proprietary technology or service is important. The general partner concentrates in software, communications, electronics, healthcare and environmental services, although new growth industries are always in consideration. Summit dedicates significant resources to proactive deal sourcing. Portfolios are diversified nationally with concentrations on the West Coast and in the Northeast. The University is invested in the following funds: Summit Accelerator Fund, L.P., Summit Ventures IV, L.P., Summit Ventures V, L.P., Summit Partners Venture Capital Fund II, L.P.

TECHNOLOGY CROSSOVER VENTURES, Palo Alto, CA, New York, NY and London U.K.

INVESTMENT APPROACH: The general partner invests in early, expansion, and late stage internet companies, with particular emphasis in the high growth sectors of internet infrastructure, eBusiness applications, internet services, business-to-consumer and business-to-business companies. TCV's general partners have extensive experience investing in both private and public companies. Investments, stage-independent but industry-specific, are primarily in private companies, but the general partners have the ability to crossover into the public market and buy more shares of a portfolio company at the time of its initial public offering. The University is invested in the following funds: TCV IV, L.P., TCV V, L.P., TCV VI, L.P. , TCV VII, L.P., TCV VIII, L.P.

TELEGRAPH HILL PARTNERS, San Francisco, CA

INVESTMENT APPROACH: Telegraph Hill Partners makes privately negotiated equity investments in revenue generating life science and medical technology companies. The areas of investment include chemical reagent manufacturers, drug discovery service companies, and medical device firms. Transactions include growth financings, buyouts, and recapitalizations, with the focus on smaller companies generating revenues of $5 million to $50 million. Investments are generally held for three to five years, with exits achieved by the sale of companies to larger strategic acquirers. The University is invested in the following fund: Telegraph Hill Partners II, L.P., Telegraph Hill Partners III, L.P.

THOMAS, MCNERNEY & PARTNERS (formerly Lumina Ventures), Minneapolis, MN, Stamford, CT, and San Diego, CA

INVESTMENT APPROACH: Lumina Ventures invests solely in the life sciences and medical technology sectors. The general partner plans to invest in a portfolio of geographically diversified companies at all stages of development in the biotechnology, medical device, and pharmaceutical sectors. Investments range from start-ups to corporate divestitures, with an average investment size of $10 million to $15 million. The University is invested in the following funds: Thomas, McNerney & Partners, L.P., Thomas McNerney & Partners II, L.P.

TPG BIOTECHNOLOGY PARTNERS, San Francisco, CA

INVESTMENT APPROACH: TPG Biotechnology Partners makes early- and late-stage venture capital investments in companies in the biotechnology, biomedical devices and life sciences industries, including companies that focus on drug discovery, specialty pharmaceuticals, medical devices and personalized medicine. The fund is affiliated with Texas Pacific Group, a private equity firm with global investment experience in large buyout transactions in the healthcare industry, and benefits from Texas Pacific Group's network of companies and industry relationships. The University is invested in the following funds: TPG Biotechnology Partners, L.P., TPG Biotechnology Partners II, L.P. TPG Biotechnology Partners III, L.P.

TRINITY VENTURES, Menlo Park, CA

INVESTMENT APPROACH: Trinity Ventures invests in early stage companies in the electronic commerce, computer software and communications sectors. The general partner leads most of its transactions and often has a seat on the board of the portfolio companies. Portfolio companies have the potential to grow to at least $50 million to $100 million in market value in four to six years. Investments are typically between $3 million and $5 million. The University is invested in the following funds: Trinity Ventures VII, L.P., Trinity Ventures VIII, L.P.

UPDATA PARTNERS, Washington, D.C.

INVESTMENT APPROACH: Updata Partners invests in growth-stage information technology companies in the Mid-Atlantic region. Within the information technology sector, Updata focuses on both software and information technology services. The software-related investments include application and infrastructure software products such as those needed to address storage, security, network management, and financial processes for small and medium sized businesses. Updata's technology services investments focus on consulting, staffing, outsourcing, and systems integration. As is typical of growth stage investments, Updata's target companies have strong management teams, products, and current revenue, although they do not have to be profitable. The University is invested in the following funds: Updata Partners III L.P., Updata Partners IV, L.P.

VECTOR SECURITIES, INC., Deerfield, IL

INVESTMENT APPROACH: Vector Securities makes equity investments in later-stage, emerging growth companies in the life sciences and healthcare industries. Target companies have a proven technology or business plan. Target companies possess a strong management team, a cost-effective product or service, a demonstrable competitive advantage in their niche, a clearly defined plan and a realizable exit plan. The University is invested in the following funds: Vector Later-Stage Equity Fund II (QP), L.P.

WALDEN INTERNATIONAL INVESTMENT GROUP, San Francisco, CA

INVESTMENT APPROACH: The general partner primarily invests in privately-held enterprises located in Australia, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and the United States. Investments are in the form of equity and convertible and/or other equity-linked debt instruments. The typical investment ranges from $2 million to $10 million in companies with the potential for an IPO in three to five years. The University is invested in the following funds: Pacven Walden V, L.P., Pacven Walden VI, L.P.

WORLDVIEW TECHNOLOGY PARTNERS, San Mateo, CA

INVESTMENT APPROACH: operates international business development centers to incubate and expand U.S. portfolio companies' business in the Asia Pacific region. By using its international research network, the Worldview funds gain preferential investment access to leading U.S. information technology companies. Investments are diversified across stage and consist of 20 to 25 companies focused on communications, semiconductors and enterprise computing software. Average total commitment to each company is $3 million to $5 million. The University is invested in the following funds: Worldview Technology Partners IV, L.P.

PRIVATE EQUITY

ADVENT INTERNATIONAL CORPORATION, Boston, MA and London, U.K.

INVESTMENT APPROACH: The investment strategy for its global private equity funds is to build a diversified portfolio of investments in the major developed markets of Europe, North America and Asia. The key elements of strategy include flexible geographic capital allocation, target of growth industry and concentration on minimizing investment risk. The investment process emphasizes proprietary deal flow, thorough due diligence and an active role in assisting portfolio companies to develop and expand internationally. The University is invested in the following funds: Advent Global Private Equity III, L.P., Advent Global Private Equity IV, L.P., Advent Global Private Equity V, L.P., Advent Global Private Equity VI, L.P., Advent Global Private Equity VII, L.P.

ADVENT INTERNATIONAL CORPORATION, Mexico City, Mexico, São Paulo, Brazil, and Buenos Aires, Argentina

INVESTMENT APPROACH: The investment strategy for Advent Latin American Private Equity is to make private equity investments in later stage growth companies in Latin America. The Latin American team benefits from its access to Advent International's resources and its ability to collaborate with Advent's global industry experts when evaluating opportunities. Investments focus on airport-related services, such as duty-free retailing, catering, concessions and parking; financial services, including banking, consumer finance, foreign exchange and credit management; and business outsourcing, including data processing, call centers, and industrial cleaning. The University is invested in the following fund: Advent Latin America Private Equity Fund IV, L.P., Advent Latin American Private Equity Fund V, L.P., Advent Latin American Private Equity Fund VI, L.P.

ADVEQ MANAGEMENT, Zurich, Switzerland

INVESTMENT APPROACH: The investment strategy for this European private equity fund of funds, Private Equity European Partners III, L.P., is to build a portfolio of a 20 to 25 fund commitments to small-to-mid sized private equity and growth capital partnerships over a two to three year period. The portfolio's geographic exposure will be pan-European, with a particular focus on the more developed U.K. and Nordic regions. Adveq applies a disciplined bottom-up process for fund manager identification, selection, monitoring, and management. In its review and selection of funds, Adveq focuses on private equity managers who have a proven ability to outperform their peers or on newer investment teams with the potential for generating strong returns. The University is invested in the following fund: Private Equity European Partners III, L.P.

ALTOR EQUITY PARTNERS, Stockholm, Sweden

INVESTMENT APPROACH: Altor invests in middle market companies in the Nordic region. Investments focus on corporate spin-offs of non-core units, family businesses where owners are looking for liquidity, and companies in industries undergoing consolidation as sources of investment opportunities. Altor invests in a number of industry sectors, including consumer products, specialty manufacturing, business services, and specialty chemicals. The University is invested in the following fund: Altor Fund II, L.P, Altor Fund III, L.P., Altor Fund IV, L.P.

AMERICAN INTERNATIONAL GROUP, INC., New York, NY

INVESTMENT APPROACH: AIG Global Emerging Markets, L.P., a diversified fund that invests in global emerging markets, invests in AIG-sponsored private equity funds (75% of committed capital) and in third-party private equity funds (25% of committed capital). The portfolio is diversified across geographic areas, with allocations to Asia (40% to 50%), Latin America (25% to 40%), Central and Eastern Europe (20% to 35%) and the Middle East/Africa (5% to 15%). Relying on AIG's prior business and investment experience, the fund invests in sectors that include telecommunications, consumer products manufacturing, retail distribution and related services, financial services, oil, gas and related services, and leisure and entertainment services. The University is invested in the following fund: AIG Global Emerging Markets Fund, L.L.C.

BAIN CAPITAL, INC., Boston, MA

INVESTMENT APPROACH: Bain Capital makes private equity investments primarily in acquisitions and restructurings. Typical investment opportunities include: 1) profitable companies which are underperforming relative to their potential, 2) companies overburdened with financial obligations, which can be restructured and rebuilt as stable, more profitable entities, 3) companies in consolidating industries with the potential to emerge as leading survivors, and 4) companies losing money where operating and strategic actions will affect a sustainable turnaround. The general partner concentrates in the following industry sectors: consumer products, retail, information, healthcare and industrial products. The University is invested in the following funds: Bain Capital Fund VI, L.P. - Core Fund, Bain Capital Fund VII, L.P., Bain Capital Fund VIII, L.P., Bain Capital Fund IX, L.P., Bain Capital Fund X, L.P., Bain Capital XI, L.P.

BAIN CAPITAL ASIA, Hong Kong and Tokyo, Japan

INVESTMENT APPROACH: Bain Capital Asia, an investment partnership sponsored by Bain Capital, pursues mid-market investments in companies headquartered in China and Japan, as well as South Korea. Bain Asia follows Bain Capital's well established investment approach which relies on a consulting-based due diligence process to analyze a company's financial performance, market growth potential,

industry attractiveness and competitive position. The partnership's investment types include growth capital transactions in companies across a number of consumer-related sectors, public-to-private investments in companies whose growth prospects would be enhanced by additional capital, and buyout investments in non-core assets of large corporations. The University is invested in Bain Capital Asia Fund, L.P.

BERKSHIRE PARTNERS LLC, Boston, MA

INVESTMENT APPROACH: The general partner makes equity and equity-related investments in a broad range of growing companies through leveraged buyouts, recapitalization, growth capital investments, privatization and industry consolidations/build-ups. Berkshire focuses on industries where Managing Directors have specific industry experience in growth manufacturing, wireless communications, retailing and related services and surface transportation. The team invests in businesses that have a strategic position, attractive growth prospects and high quality management team that is interested in owning the company it operates. The University is invested in the following funds: Berkshire Fund V, L.P., Berkshire Fund VI, L.P., Berkshire Fund VII, L.P., Berkshire VIII, L.P.

BRIDGEPOINT EUROPE, London, U.K.

INVESTMENT APPROACH: Bridgepoint invests in profitable middle-market businesses throughout Western Europe. The fund has no fixed geographic investment allocations. In making investments, the team's focus is on industry sectors where they have prior experience, including healthcare, leisure, and retail. Investments include both management buyouts and growth equity transactions. On an opportunistic basis, the fund undertakes public-to-private transactions. Portfolios generally contain 25 to 30 investments. Average equity invested per company is about €65 million, while average company value is approximately €190 million. The investment holding period is three to seven years. The University is invested in the following funds: Bridgepoint Europe III, L.P., Bridgepoint Europe IV, L.P.,Bridgepoint Europe V, L.P.

CANDOVER PARTNERS, LTD., London, U.K.

INVESTMENT APPROACH: Candover Partners makes equity investments in leveraged or management buyout transactions originated by Candover or its affiliates. Two-thirds of the investments are located in the U.K. Additional investments are located in other countries in Continental Europe. The sources of investments are acquisitions through leveraged buyouts of divisions or subsidiaries of large private or public corporations, restructurings of privately-owned companies, or acquisitions of a publicly-traded company. The typical holding period for an investment is 3 to 7 years. The general partner has board representation in most cases. Investments are diversified over a range of industrial and service companies. The University is invested in the following funds: Candover 2005 Fund.

CAPITAL INTERNATIONAL PRIVATE EQUITY, Los Angeles, CA

INVESTMENT APPROACH: Capital International Private Equity makes private equity investments in global emerging markets. Capital International is part of The Capital Group Companies Inc. and benefits from close collaboration with The Capital Group's global institutional research group when sourcing, evaluating, monitoring, and exiting private equity investments. Capital International Private Equity seeks to identify and invest in market leading local companies and companies with substantial competitive export advantage and helps portfolio companies with management additions, financial restructurings, add-on acquisitions or divestitures, and access to global industry knowledge. The fund has the ability to invest in a number of global emerging markets, including Asia, Latin America, Africa and the Middle East, and on a limited, opportunistic basis it will invest in non-US developed market companies. Investments focus on a spectrum of industries, including telecommunications, industrial, consumer, healthcare and financial sector companies. The University is invested in the following fund: Capital International Private Equity Fund V, L.P., Capital International Private Equity Fund VI, L.P.

CASTANEA PARTNERS, Newton, MA

INVESTMENT APPROACH: The investment team has deep consumer and retail operating knowledge, significant private equity investing experience, and an extensive network of industry relationships for sourcing investments. The fund will make control, buyout, and significant minority equity investments in companies where Castanea can have significant involvement and influence alongside management. Attractive investment opportunities would include companies which have established business models and are cash flow positive or have the potential to become cash flow positive in the near term through revenue growth or operating improvement. Investments will focus on sectors in which the investment team has prior experience, such as beauty and personal care, food and beverage, health and wellness, and specialty apparel. The University is invested in the following fund: Castanea Partners Fund IV, L.P.

CDH CHINA, Beijing, China

INVESTMENT APPROACH: CDH China makes investments in private companies with business operations in China. The investment team follows a value-driven investment approach which focuses on investing in expansion, growth capital, and buyout stage opportunities in profitable China-based companies. A differentiating factor for this investment is the diversity of ownership structures of CDH China's target companies, which include state, collective, township, and private ownership entities, with the completion of primarily growth capital and expansion stage transactions alongside a small number of larger buyout or state-owned enterprise restructuring transactions. The investment focus is on mature companies, led by local Chinese teams that are selling products or services to the domestic market in China across a number of industries, including consumer products, medial, retail and distribution, manufacturing, financial institutions, information technology services and pharmaceuticals. The University is invested in the following funds: CDH China Fund III, L.P., CDH Supplementary Fund III, L.P., CDH Fund IV, L.P., CDH Feeder Fund V, L.P.

CHARTERHOUSE CAPITAL PARTNERS LLP, London, U.K.

INVESTMENT APPROACH: Charterhouse invests in European leveraged buyout transactions. Half of the investments are expected to be in U.K. based companies, a quarter in French companies, and the remainder in Spanish, Italian, Benelux or Scandinavian companies. In each case, the investments are management buyouts, led by Charterhouse as the sole private equity investor or co-led with a local investment partner. Charterhouse pursues a relatively small number of large transactions. The investments focus on mature businesses with enterprise values between €500 million and €1.5 billion. The transactions are not restricted to specific industries and capitalize on the general partner's prior investment experience in sectors such as chemicals, business services, communication transmission towers, and consumer products. The University is invested in the following funds: Charterhouse Capital Partners VII, L.P., Charterhouse VIII, L.P, Charterhouse IX, L.P.

CHRYSCAPITAL, New Delhi, India

INVESTMENT APPROACH: ChrysCapital provides expansion capital to companies operating in or having ties to the Indian subcontinent. Investments focus on high growth businesses positioned to benefit from India's large domestic market for goods and services, high quality talent, and low labor costs. ChrysCapital has six target sectors: business services, financial services, pharmaceuticals and healthcare, industrials, infrastructure and consumer discretionary. The University is invested in the following funds: ChrysCapital IV, L.P., ChrysCapital V, L.P.

CLOSE BROTHERS, London, U.K.

INVESTMENT APPROACH: Close Brothers focuses on U.K. mid-market companies, investing an average of €15 million in five to ten companies per year. Investment opportunities are expected to come from the sale of non-core assets by larger corporations and from the restructuring of private and public companies. The fund invests in growth companies generating positive cash flow, with transactions structured to provide current cash yields to investors. Close Brothers relies on its network of serial entrepreneurs with operating experience to implement its buy-and-build and turnaround strategies and focuses on sectors in which the team has prior experience, including distribution, manufacturing, logistics and services sectors. The University is invested in the following fund: Close Brothers Private Equity Fund VII, L.P, CBPE Capital Fund VIII B, L.P.

CODE HENNESSY & SIMMONS, Chicago, IL

INVESTMENT APPROACH: Code Hennessy & Simmons' investments consist of a diversified portfolio of manufacturing, distribution and service companies participating in a broad array of consumer and industrial markets. The general partner generally acquires controlling equity investments in companies undergoing ownership transition for three primary reasons: 1) estate planning and personal tax considerations, 2) corporate divestitures, and 3) undervalued and inefficiently traded public companies seeking a return to private ownership. The group seeks investment opportunities in fundamentally healthy companies in industries where end-user demand is strong and growing. Valuations for company investments fall between $40 million and $400 million. The University is invested in the following funds: Code, Hennessy & Simmons IV, L.P., Code, Hennessy & Simmons V, L.P.

CVC CAPITAL PARTNERS, London, U.K.

INVESTMENT APPROACH: CVC Capital Partners invests in management buyouts of mid to large sized companies across Western Europe. CVC invests in a number of different industries, including construction products, packaging materials, services, chemicals, and manufacturing businesses. CVC seeks to create value by backing strong management teams, helping implement focused business plans, and establishing legal and financial structures to foster corporate best-practices and alignment of management and investors' financial interests. The University is invested in the following funds: CVC European Equity Partners IV, L.P., CVC European Equity Partners Tandem Fund, L.P., CVC European Equity V, L.P., CVC Capital Partners V, L.P.

CVC GROWTH CAPITAL PARTNERS, New York, NY

INVESTMENT APPROACH: CVC Growth Partners' investments will focus on technology companies in sectors where the investment team has prior experience, including software as a service, infrastructure, payments, and technology enabled business services. Investment criteria would include a company's potential to become a market leader, generate strong sales growth with good profitability, have a subscription or recurring revenue business model, and meet the needs of a large, addressable market. The investments may be control or shared control, growth equity or buyout investments, and may be located in North America or Europe. The Co-Investment fund will provide capital for investments which meet the Growth fund's criteria but exceed the equity investment limit of the Growth fund. The University is invested in the following funds: CVC Growth Partners Main Fund, LP., CVC Growth Partners Co-investment, L.P.

DEERFIELD PRIVATE DESIGN, New York, NY

INVESTMENT APPROACH: Deerfield Capital's Private Design Funds invest in privately structured transactions with public and private healthcare companies. The securities may be of any type and are mostly illiquid, although investments may include instruments such as warrants, preferred stock, and convertible debt that are convertible into publicly traded securities Deerfield's investment strategy relies on fundamental research to develop differentiated views regarding the expected performance of individual companies and securities and then seeks the optimal means of expressing the investment thesis. The University is invested in the following fund: Deerfield Private Design Fund III, L.P.

DOUGHTY HANSON & CO. LTD., London, U.K.

INVESTMENT APPROACH: Doughty Hanson makes direct equity and equity-related investments in market-leading businesses located in European economies, particularly German-speaking Europe and the Nordic countries. The general partner concentrates on companies with a total valuation of US $150 million or greater which have the potential for equity value appreciation through improved revenue growth, market positioning and enhanced operating efficiencies. The general partner seeks to partner with strong management teams and actively participates in the affairs of each portfolio investment. The University is invested in the following fund: Doughty Hanson & Co. III.

ELEVATION PARTNERS, Menlo Park, CA and New York, NY

INVESTMENT APPROACH: Elevation Partners makes private equity investments in media and entertainmentcontent companies. The firm's focus is on investment areas such as recorded music libraries, intellectual property rights within the film industry, and interactive entertainment industries. Elevation Partners will provide organizational skills to facilitate improvements in marketing, distribution, and finance, and will bring the expertise needed to capitalize on technological changes. While the fund's industry focus is quite specific, the financial structure of the investments varies to include leverage buyouts, recapitalizations, restructurings, and growth equity transactions. The University is invested in the following fund: Elevation Partners, L.P.

EQT, Stockholm, Sweden

INVESTMENT APPROACH: EQT makes controlling private equity investments in medium to large sized companies based in Northern Europe – Denmark, Finland, Norway, Sweden and Germany. EQT invests in a wide range of industries including light engineering and consumer products. The focus is on opportunities where EQT has a specific industrial angle and can grow a strong local business into a global leader over a three to five year period. The primary sources of deals are expected to be the sale of family owned businesses, public to private transactions, and joint ventures with Northern European companies undergoing reorganization and divestiture of peripheral subdivisions and businesses. Investment exit strategies will include initial public offerings, trade sales, and recapitalizations. The University is invested in the following funds: EQT IV, L.P., EQT V, L.P., EQT VI, L.P., EQT VII, L.P.

FLEXPOINT PARTNERS, Chicago, IL

INVESTMENT APPROACH: Flexpoint Partners will invest in healthcare and financial services companies. These are highly specialized, regulated industries where industry-specific knowledge is required to assess and manage investment opportunities properly. The healthcare investment team has significant knowledge of and experience investing in companies subject to the complex regulatory environment and reimbursement rules in healthcare. The financial services team has extensive expertise investing in companies needing in-depth knowledge of banking and insurance industry regulations, loan valuation methodologies, and accounting rules specific to lenders and insurance companies. The University is invested in the following funds: Flexpoint Fund II, L.P.

FORD FINANCIAL, Dallas, TX

INVESTMENT APPROACH: Ford Financial will invest in banks and financial services companies. The investment team, led by Mr. Gerald Ford, has significant expertise investing in banks and financial services companies which required in-depth knowledge of banking and insurance industry regulations, loan valuation methodologies, and accounting rules specific to lenders and insurance companies. Understanding the complexities related to these two sectors is a competitive advantage for Ford Financial's investment professionals when they evaluate and compete for investment opportunities. The University is invested in the following funds: Ford Financial Fund, L.P., Ford Financial Fund II, L.P.

FRANCISCO PARTNERS, San Francisco, CA and London U.K.

INVESTMENT APPROACH: Francisco Partners invests in mature-stage information technology companies experiencing strategic or operational challenges. The transactions, which are leveraged, include buyout, recapitalization, restructuring, and growth equity investments and focus on companies with fundamentally sound technologies in the hardware, software, communications and services sectors. The companies, with enterprise values between $50 million and $2 billion, are diversified between U.S. and non-U.S. companies, with a maximum of 25% of capital in non-U.S. companies. The University is invested in the following funds: Francisco Partners, L.P., Francisco Partners II, L.P., Francisco Partners III, L.P., Francisco Partners IV, L.P.

GRAHAM PARTNERS, Philadelphia, PA

INVESTMENT APPROACH: Graham Partners makes private equity investments in industrial companies based principally in the United States and Canada. Graham Partners' investment focus is relatively small, high-growth companies poised to benefit from raw material or product substitution conversions in their markets. The investment team maintains active oversight of the operations of companies in which they invest. Investments are primarily leveraged control buyout transactions or recapitalizations of companies with enterprise values between $25 million and $150 million. The University is invested in the following funds: Graham Partners II, L.P., Graham Partners II Co-Investment Fund, L.P., Graham Partners III, L.P.

HURON PARTNERS CAPITAL, Detroit, MI

INVESTMENT APPROACH: Huron Partners Capital makes control investments in private, lower middle market
companies based in the U.S. or Canada. The fund will employ a buy and build strategy of platform company investing followed by synergistic add-on acquisitions. Its goal is to acquire fundamentally sound companies operating below potential, and grow earnings and improve margins through operational improvements, implementation of strategic initiatives, and add-on acquisitions. The fund's investments will cover a range of sectors in which the investment team has prior experience, such as consumer products, business services, and industrial manufacturing. The University is invested in the following fund: The Huron Fund IV, L.P.

J.H. WHITNEY, New Canaan, CT

INVESTMENT APPROACH: J.H. Whitney makes private equity investments in emerging growth companies, providing between $5 million and $50 million of growth equity capital to businesses valued between $25 million and $150 million. The general partner invests in companies in the communications, internet/technology, healthcare and consumer products sectors. Up to 30% of the capital may be invested in non-U.S. companies. The international investments focus on the communications and internet/technology industries in Asia and Europe. The University is invested in the following funds: J.H. Whitney IV, L.P., J.H. Whitney V, L.P., J.H. Whitney VI, L.P.

KURAMO, New York, NY

INVESTMENT APPROACH: Kuramo is a fund of funds formed to realize long term capital appreciation through a diversified portfolio of investments across multiple asset classes in investment funds run by managers focused primarily in countries in sub-Saharan Africa, a developing region for investments by institutional investors. These countries now exhibit many of the same characteristics that have yielded attractive multi-year investment environments in the historical emerging markets and have economies that now are reaching the scale required to make these economies attractive from an investment perspective. The fund will also seek to invest directly in equity, equity-related and debt securities of companies based in or with substantial ties to sub-Saharan Africa. The University is in the following funds: Kuramo Africa Opportunity Fund, L.P., Kuramo Africa Opportunity Fund II, L.P., Kuramo Africa Opportunity Fund II Co-investment, L.P.

LONGREACH CAPITAL PARTNERS, Tokyo, Japan and Hong Kong

INVESTMENT APPROACH: Longreach Capital makes control investments in Japanese companies. The fund takes advantage of the growing private equity investment market associated with Japan's corporate restructuring and expanding economic integration with China and South Korea. The investment focus is on non-core assets that become available as industrial and technology conglomerates reconfigure their business; investments in the financial services sector which is under pressure from the government to improve operating efficiencies; and Japanese companies seeking lower-cost offshore manufacturing or looking to sell into the large and growing consumer markets in Asia. The primary geographic focus of the fund is Japan with opportunistic investments in neighboring countries. The University is invested in the following fund: Longreach Capital Partners I, L.P., Longreach Capital Partners 2-USD, L.P.

LOTUS CHINA, Hong Kong

INVESTMENT APPROACH: Lotus China Investment Partners makes private equity investments in companies located in China or having substantial business relationships with China. The investment focus is restricted to profitable companies in need of expansion capital in rapidly growing, basic industries. Invested capital is used to introduce modern technology and new management techniques to China-based companies. Lotus China includes Japan-related investments in the portfolio by helping Japanese companies that wish to relocate production to China to take advantage of the large pool of low-cost labor or wish to sell product to China's large domestic market. Entertainment, manufacturing, and software are areas in which the general partners have experience. The University is invested in the following funds: Lotus China Investment Partners, L.P., Lotus China Fund II, L.P.

MADISON DEARBORN PARTNERS, INC., Chicago, IL

INVESTMENT APPROACH: Madison Dearborn Partners seeks to invest $30 million to $200 million in management buyout and special equity transactions. The general partner also considers a limited amount of expansion financing for emerging growth companies, industry consolidations and recapitalizations. An emphasis is placed on middle-market companies operating in the communications, healthcare, industrial, consumer and natural resources industries. The University is invested in the following funds: Madison Dearborn Capital Partners II, L.P., Madison Dearborn Capital Partners III, L.P., Madison Dearborn Capital Partners IV, L.P., Madison Dearborn Capital Partners V, L.P., Madison Dearborn Capital Partners VI, L.P. Madison Dearborn Capital Partners VII, L.P.

M.D. SASS, New York, NY

INVESTMENT APPROACH: M.D. Sass Financial Strategies invests in investment management companies, building a portfolio of start-up or existing investment management companies. The general partners identify investment strategies and find management teams to implement those strategies. The partnership's capital is used to fund operations and to provide seed capital for the different investment strategies. As the investment managers establish investment track records, it is anticipated they will be able to attract third-party investors. Investment returns will flow from Financial Strategies' ownership of the underlying investment management companies and from investment returns generated by each investment strategy. To exit the investments, Financial Strategies may sell a portfolio company to its investment manager or to a strategic acquirer or may complete an initial public offering. The University is invested in the following fund: M.D. Sass Financial Strategies, L.P.

METALMARK (formerly Morgan Stanley Dean Witter & Co.), New York, NY

INVESTMENT APPROACH: Morgan Stanley Dean Witter invests in companies in transitional industries that have large capital flows. Particular interest is in high growth industries, recently deregulated industries and mature industries that are consolidating. The general partner focuses on financial services, telecommunications, healthcare, energy, basic industries and consumer product opportunities. The investment size is $20 million to $300 million per company, with a maximum investment amount of 25% of the capital commitments. Investments consist primarily of private equity, but publicly traded equity and debt securities are permitted. The general partner invests 70% to 75% of the partnership in domestic companies, with 25% to 30% invested in European companies. The University is invested in the following fund: Morgan Stanley Dean Witter Capital Partners IV, L.P.

MORGAN STANLEY PRIVATE EQUITY ASIA, Hong Kong

INVESTMENT APPROACH: Morgan Stanley Private Equity Asia makes private equity investments in Asia.The investment team's well established local network, in-depth market knowledge, and investment experience, combined with Morgan Stanley's presence, reputation, and franchise in Asia, facilitate proprietary deal sourcing. The investments are either control or minority positions in mid-sized growth businesses where improved operating performance, rather than excessive financial leverage, leads to significant value creation. The equity invested per company is between $25 million and $75 million, with a focus on basic industries such as financial services, consumer products, manufacturing, and industrial products. The University is invested in the following funds: Morgan Stanley Private Equity Asia, L.P., North Haven Private Equity Asia III, L.P., North Haven Private Equity Asia IV, L.P.

ODYSSEY INVESTMENT PARTNERS, New York, NY

INVESTMENT APPROACH: Odyssey Investment Partners makes control private equity investments in management buyouts of established middle-market companies with annual operating profits between $20 million and $60 million. Odyssey invests between $50 million and $90 million per company and targets industrial manufacturing, business and financial services, and media and communications companies. Investment opportunities come from corporate spin-offs, family-controlled businesses seeking liquidity, and management or market constrained companies. The University is invested in the following funds: Odyssey Investment Partners Fund III, L.P, Odyssey Investment Partners Fund IV, L.P., Odyssey Investment Partners Fund V, L.P.

PERMIRA, London, U.K. and New York, NY

INVESTMENT APPROACH: Permira invests in European growth and buyout transactions. In its pan-European approach, there are no set investment allocations by country. However, businesses with multi-country operations are favored. Portfolio companies have enterprise values between €100 million and €3 billion, with Permira investing between €50 million and €500 million per company. Permira targets companies in its areas of expertise, including technology, healthcare, chemicals, consumer and industrial products, and business services. While the investments include the prudent use of financial leverage, Permira's emphasis is on value creation resulting from new strategies, more appropriate cost structures, better asset utilization, and stronger management within its portfolio companies. The University is invested in the following funds: Permira Europe III, Permira IV, L.P., Permira V, L.P.

PRIMARY PARTNERS, London, U.K.

INVESTMENT APPROACH: Primary's investment approach is to identify companies which can become sector leading businesses with differentiated products and services, strong brands, and an international business component. The firm prefers complex transactions where there are clear opportunities to create strategic value through professionalization of underperforming or undervalued businesses. Primary's key areas for business improvement include augmenting and complementing existing management teams, upgrading management information systems, and strategically repositioning businesses by introducing new products and customers or completing transformational add-on acquisitions of other companies. Primary's investment team has significant transaction and operating experience and takes a proactive approach to helping businesses grow revenue and EBITDA. The ultimate goal is to sell portfolio companies to strategic acquirers. The University is in invested in the following fund: Primary IV, L.P.

ROARK CAPITAL PARTNERS, Atlanta, GA

INVESTMENT APPROACH: Roark Capital Partners invests in lower middle market companies in the franchising multi-unit, direct marketing, and financial and business services sectors, located primarily in the Southeast part of the country. The general partner seeks opportunities to purchase local companies owned by families or entrepreneurs at attractive valuations in situations where issues other than price are often important to the sellers. Target companies may be profitable, stable and growing, or troubled businesses that are either unprofitable or in a state of decline. The University is invested in the following funds: Roark Capital Partners II, L.P., Roark Capital Partners III, L.P., Roark Capital Partners IV, L.P.

RUSSIA PARTNERS MANAGEMENT, a subsidiary of Siguler Guff & Company, Moscow, Russia, and New York, NY

INVESTMENT APPROACH: Russia Partners provides expansion capital to companies operating in the Russian Federation and other countries of the former Soviet Union. Investments focus on companies that provide basic goods and services to the Russian consumer and are in businesses such as food processing and distribution, financial services, telecommunications, television and radio broadcasting, pharmaceuticals, and construction materials. The University is invested in the following funds: Russia Partners II, L.P., Russia Partners III, L.P., Russia Partners Technology Fund, L.P.

SAIF, Hong Kong, Beijing, China

INVESTMENT APPROACH: SAIF's strategy is to invest in private, profitable, expansion stage companies in the Asia-Pacific region. The firm takes a disciplined, valued-based approach and looks to acquire significant minority ownership positions in companies it believes are undervalued relative to their long-term growth prospects. The focus is on industry sectors that will benefit from the strong economic growth and rapidly rising local consumption in the Asia-Pacific markets, including financial services, retail and distribution, and business services. In particular, SAIF has significant investment experience and notable success in businesses in the technology, media, and telecommunications sectors. SAIF takes an active role in its portfolio companies by serving on company boards and helping management enhance company value. The University is invested in the following fund: SAIF Partners III, L.P., SAIF Partners IV, L.P.

SILVER LAKE PARTNERS, Menlo Park, CA and New York, NY

INVESTMENT APPROACH: Silver Lake Partners makes private equity buyout and recapitalization investments in technology and related growth businesses. The general partner focuses on spin-offs and carve-outs from larger companies, "fallen angels" and counter cyclical investments, sales of private companies, traditional companies where technology creates opportunities and minority investments. Each portfolio investment is leveraged and is between $50 million and $200 million. The general partner focuses on companies with enterprise values from approximately $100 million to $1 billion. The University is invested in the following funds: Silver Lake Partners, L.P., Silver Lake Partners II, L.P., Silver Lake Partners III, L.P., Silver Lake Partners IV, L.P.

SOVEREIGN CAPITAL, London, U.K.

INVESTMENT APPROACH: Sovereign Capital completes buyout transactions in smaller, U.K.-based service companies in the healthcare, education, and support sectors. Sovereign's approach is to grow companies from within or to buy platform companies and grow them by making add-on acquisitions. Sovereign invests £5 million to £20 million of equity per transaction in companies having at least £1 million in net income and a valuation of up to £50 million. In most cases, Sovereign is the majority owner, and holds investments an average of five years. The University is invested in the following fund: Sovereign Capital Limited Partnership II.

SUMMIT PARTNERS, Boston, MA, Menlo Park, CA, and London, U.K.

INVESTMENT APPROACH: Summit Ventures focuses on fast-growing, profitable companies in the information technology and healthcare industries. The majority of companies are profitable at the time of Summit's first investment. In addition, evidence of market leadership and/or proprietary technology or service is important. The general partner concentrates in software, communications, electronics, healthcare and environmental services, although new growth industries are always in consideration. Summit dedicates significant resources to proactive deal sourcing. Portfolios are diversified nationally with concentrations on the West Coast and in the Northeast. The University is invested in the following funds: Summit Ventures VI, L.P., Summit Subordinated Debt Fund III, L.P., Summit Partners Private Equity Fund VII, L.P., Summit Subordinated Debt Fund IV, L.P.

TA ASSOCIATES, INC., Boston, MA, Menlo Park, CA, and London, U.K.

INVESTMENT APPROACH: TA Associates makes equity investments predominantly in profitable companies in a range of industry sectors. Approximately half of these sectors are technology-based, including software, telecommunications, healthcare/medical and environmental services. Investments are also made in areas such as specialty and financial management services. TA invests at least three-quarters of the investments in profitable companies and uses the capital markets to enhance returns through the use of moderate leverage. The general partner expects to be both the first institutional investor and the investment originator in the majority of its investments. The University is invested in the following funds: TA IX, L.P., TA X, L.P., TA XI, L.P., TA XII, L.P., TA Subordinated Debt Fund II, L.P.

TDR CAPITAL, London, U.K.

INVESTMENT APPROACH: TDR Capital invests in middle market companies that are headquartered or have significant operations in Europe. It invests in mature companies that it believes it can transform via its operationally focused investment strategy, for example through strategic repositioning or buy-and-build strategies. They will focus on sectors in which they have prior experience, including financial services, business services, and leisure. They use a proactive approach to deal origination, focusing on macroeconomic themes first and company by company reviews after, in the hopes of avoiding auction-driven processes. The University is invested in the following funds: TDR Capital III, L.P.

TPG (formerly TEXAS PACIFIC GROUP), Fort Worth, TX and San Francisco, CA

INVESTMENT APPROACH: Texas Pacific Group (TPG) invests in buyout, turnaround, and growth transactions. Investments are often in out-of-favor sectors and frequently have complex regulatory, legal or business issues. While the investments are leveraged to enhance investment returns, value creation from improved operations is an important component of each investment. The portfolio companies have enterprise values of at least $300 million, with TPG investing between $50 million and $400 million per company. For very large transactions, TPG forms consortia with other leveraged buyout firms. Up to forty percent of the portfolio may be invested in non-U.S. and non-Canadian companies. TPG will invest in its areas of expertise, including technology, healthcare, transportation, insurance, power, and retail. The University is invested in the following funds: TPG Partners IV, L.P., TPG V, L.P., TPG VI, L.P.

TPG ASIA (formerly NEWBRIDGE CAPITAL), Hong Kong and San Francisco, CA

INVESTMENT APPROACH: Newbridge, an affiliate of Texas Pacific Group and Blum Capital, invests in companies organized or doing business in Northeast and Southeast Asia as well as in China and India. Investments include growth equity and leveraged buyout transactions. Depending on global industry conditions and the stage of development of specific markets in Asia, consumer products and services, life sciences, natural resources, and outsourcing businesses are likely investment areas for Newbridge. The University is invested in the following funds: Newbridge Asia IV, L.P., TPG Asia V, L.P.

THE THOMAS H. LEE COMPANY, Boston, MA

INVESTMENT APPROACH: The Thomas H. Lee Company makes equity and equity-related investments in leveraged acquisitions and recapitalizations. The general partner makes investments of $100 million to $200 million in middle-market growth companies with strong management teams that have significant equity interests in their companies. Target companies have well-recognized brand names, dominant market share positions, unique product features, or distribution or manufacturing cost advantages. The general partner seeks to improve the core operations of its portfolio companies and expand them through acquisitions. To minimize risk, investments in start-up companies or businesses with a high degree of technological risk are avoided. In addition, no more than 25% of the capital is invested in any single portfolio company. To facilitate investment transactions, co-investment opportunities in the form of various debt instruments and separate legal entities may be offered. The University is invested in the following funds: Thomas H. Lee Equity Fund III, L.P., Thomas H. Lee Equity Fund IV, L.P., Thomas H. Lee Equity Fund V, L.P.

TRILANTIC CAPITAL PARTNERS, New York, NY

INVESTMENT APPROACH: Trilantic Capital Partners invests in middle market companies with favorable growth prospects and positive cash flow. It will target North American companies with enterprise values ranging from $100 million to $1 billion. They may make control investments or take a significant minority stake. With their investments they provide growth capital to the company, and attempt to align themselves with management as a value-add partner. They use conservative leverage levels, and focus on sectors in which they have experience, namely consumer products, business services, financial services, and energy. The University is invested in the following fund: Trilantic Capital Partners V (North America) LP.

VESTAR CAPITAL PARTNERS, New York, NY, and Denver, CO

INVESTMENT APPROACH: Vestar Capital participates in leveraged buyout, recapitalization and growth equity transactions of medium-sized companies. Transactions range from $50 million to $500 million in value. Currently, general partners invest $80 million per company on average. Portfolio companies are leveraged, with capital structures comprised of 40% equity and 60% debt. Investments are diversified by sector, with a focus on retail, textiles and apparel, media, services and consumer products. Vestar generally acquires a majority interest and holds its investments from one to five years. The University is invested in the following funds: Vestar Capital Partners IV, L.P., Vestar Capital Partners V, L.P.

VITRUVIAN INVESTMENT PARTNERSHIP, London, U.K.

INVESTMENT APPROACH: Vitruvian Investment Partnership invests in middle market buyouts and growth equity transactions in Northern Europe. The target companies include those undergoing significant change resulting from rapid growth, business transitions, or internal or external events. These opportunities are categorized as dynamic situations where company value can be enhanced through a combination of modified financial structures, operating improvements, and new strategic initiatives. The investments focus is on companies in the technology, telecommunications, financial and business services, media, consumer, and leisure sectors. The University is invested in the following fund: Vitruvian Investment Partnership I, L.P.

WALDEN INTERNATIONAL INVESTMENT GROUP, San Francisco, CA

INVESTMENT APPROACH: The general partner primarily invests in privately-held enterprises located in Australia, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and the United States. Investments are in the form of equity and convertible and/or other equity-linked debt instruments. The typical investment ranges from $2 million to $10 million in companies with the potential for an IPO in three to five years. The University is invested in the following fund: Pacven Walden IV, L.P.

WELSH, CARSON, ANDERSON & STOWE, New York, NY

INVESTMENT APPROACH: Welsh, Carson, Anderson & Stowe acquires medium-sized healthcare and information services companies located in the United States. The general partner targets companies with strong management teams and annual revenues between $30 million and $200 million; each transaction falls in the range of $30 million to $50 million. The team acquires divisions or subsidiaries of large companies or privately owned businesses where the owners wish to achieve liquidity. Typically, the acquisitions are not over-leveraged and include an equity base of at least 25% of the purchase price. The general partner seeks out opportunities where the industries are fragmented and where growth by acquisition creates incremental value. The University is invested in the following funds: Welsh, Carson, Anderson & Stowe VI, L.P., Welsh, Carson, Anderson & Stowe VII, L.P., Welsh, Carson, Anderson & Stowe VIII, L.P., Welsh, Carson, Anderson & Stowe IX, L.P., Welsh, Carson, Anderson & Stowe X, L.P.

WIND POINT PARTNERS, Chicago, IL

INVESTMENT APPROACH: Wind Point Partners makes equity investments in privately held companies with attractive growth potential. The general partner focuses on low-technology businesses located in Michigan and the surrounding Midwestern states. Investments are made in companies at all stages of development including early-stage, consolidations, leveraged buyouts and recapitalizations. Investments are diversified by sector and include business-to-business services, specialty retail and industrial manufacturing companies. The University is invested in the following funds: Wind Point Partners III, L.P., Wind Point Partners VI, L.P.

OTHER

GREYCASTLE, Hamilton, Bermuda

INVESTMENT APPROACH: GreyCastle is a direct investment in the purchase of a subsidiary of a UK-based insurance company which consists of the life insurance and annuity business. The insurance subsidiary is in "run-off", meaning it is writing no new business. As such, it consists of a pool of liabilities supported by a known portfolio of assets. The liabilities are comprised of life insurance and annuity policies. The assets are comprised of fixed income securities and future premium payments. The business plan is to create a company to manage down the existing portfolio of life insurance and annuity policies. The investment return will be realized as the policies mature or lapse and the assets held in reserves against them are released.

REAL ESTATE

ACADIA REALTY TRUST, White Plains, NY

INVESTMENT APPROACH: Acadia Realty Trust makes opportunistic investments in retail related properties, retailer controlled companies, and urban/infill projects with a strong retail element. Geographically, the investments are focused in the Northeastern, Mid-Atlantic and Midwestern United States, with a particular emphasis on the boroughs of New York. These opportunities include necessity and value-based retail assets, retailer controlled properties, urban/infill mixed-use developments, and joint venture development. Characteristics common to their investments include infill markets with high barriers to entry, distressed or opportunistic pricing; value added leasing or redevelopment opportunities, and capital structure optimization. The University is invested in the following fund: Acadia Strategic Opportunity Fund III, L.P., Acadia Strategic Opportunity Fund IV, L.P.

BALBOA RETAIL PARTNERS, Los Angeles, CA

INVESTMENT APPROACH: Balboa retail partners will target under-valued retail assets controlled by stressed or distressed retailers. Balboa will use its expertise to create value at the property level by re-leasing to current growth retailers, developing the property to accommodate different retail formats, and converting leasehold interests to fee owned assets. The University is invested in the following fund: Balboa Retail Fund I, L.P.

BLG CAPITAL, Istanbul, Turkey

INVESTMENT APPROACH: BLG Capital is a fully integrated real estate investment, development and management firm. BLG invests opportunistically in real estate projects in Turkey, with a focus on Istanbul. The fund targets hospitality and residential assets including student housing. The University is invested in the following funds: BLG Turkish Real Estate Fund I, L.P., BLG Turkish Real Estate Fund II, L.P.

THE BROOKDALE GROUP, LLC, Atlanta, GA

INVESTMENT APPROACH: Brookdale invests primarily in existing or to-be-built U.S. suburban office properties concentrated in, but not limited to, the Sunbelt region. Brookdale targets high population growth areas of the country and takes advantage of dislocations in the capital markets. The University is invested in the following funds: Brookdale Investors Five, L.P., Brookdale Investors Six, LP., Brookdale Investors Seven, L.P.

CABOT PROPERTIES, LLC, Boston, MA

INVESTMENT APPROACH: Cabot makes investments in industrial properties in major U.S. markets with growing demand where values are likely to increase due to limitations on new supply. The firm creates value through active management and a disciplined sell process. Cabot maximizes disposition results by assembling portfolios of properties with similar characteristics that appeal to institutional buyers; opportunistic sales to users; and sales of long-term leased properties to tax-motivated sellers. The University is invested in the following funds: Cabot Industrial Value Fund II, L.P., Cabot Industrial Value Fund IV, L.P.

CANYON CAPITAL REALTY ADVISORS, Los Angeles, CA

INVESTMENT APPROACH: Canyon Capital provides capital to real estate owners, operators, developers, and tenants that are unable, for various reasons to access traditional lenders. Loans include bridge and mezzanine financing, notes and corporate securities collateralized by real estate and loans to both investment and non-investment grade tenants. Loans can be secured by every property type including office buildings, warehouses, apartments, shopping centers, hotels, mixed use property, land, pools of performing and non-performing loans, and development opportunities. The University is invested in the following separate accounts: Canyon Capital Realty Advisors Mortgage Investment Account, Canyon Capital Realty Advisors Mortgage Investment Account II, Canyon Capital Realty Advisors Mortgage Investment Account III, Canyon Capital Realty Advisors Mortgage Investment Account IV.

CANYON CAPITAL REALTY ADVISORS, Los Angeles, CA and MAGIC JOHNSON HOLDINGS, LLC, Los Angeles, CA

INVESTMENT APPROACH: Canyon-Johnson develops, redevelops and repositions real estate assets located in densely populated, ethnically diverse urban communities and their surrounding metropolitan communities. Investments include joint ventures with local owner/operators, participating and non-participating mezzanine loans, mortgages, recapitalizations and restructurings of existing ownership vehicles, build-to-suit transactions, sale-leasebacks, and real estate opportunities made available through city, state and federal governmental entities. The projects might include retail/entertainment, multi-family housing and assisted living, office, hospitality, manufacturing/distribution and multi-use properties. The University is invested in the following separate funds: Canyon-Johnson Urban Fund II, L.P., Canyon-Johnson Urban Fund III, L.P.

CARMEL PARTNERS, San Francisco, CA

INVESTMENT APPROACH: Carmel Partners acquires, repositions and sells multi-family properties primarily in Northern California, Southern California, Colorado and the Pacific Northwest. The team targets properties that are not widely marketed, are under-managed, or can be repositioned through various strategies, including a project renovation program. Properties generally are smaller in size and well-located within their competitive markets. The University is invested in the following funds: CP Investment Fund, L.P., CP Investment Fund II, L.P., CP Investment Fund III, L.P., CP Investment Fund III, L.P., and CP Investment Fund V.

CROW HOLDINGS, Dallas, TX

INVESTMENT APPROACH: Crow Holdings emphasizes value-added investment strategies including development, asset repositioning, entity formation and private to public arbitrage. The general partner capitalizes on the extensive network created by the Trammell Crow organizations. Portfolios are diversified by both product type and geographic location. The University is invested in the following funds: Crow Family Holdings Realty Partners, L.P., Crow Holdings Realty Partners II, L.P., Crow Holdings Realty Partners III, L.P., Crow Holdings Realty Partners IV, L.P., Crow Holdings Realty Partners V, L.P., Crow Holdings Realty Partners VI, L.P., Crow Holdings Realty Partners VII, L.P., Daniel Island Investment Partners, L.P.

CYPRESS REAL ESTATE ADVISORS, Austin, TX

INVESTMENT APPROACH: Cypress invests in a wide range of residential product types including multi-family, senior living, hospitality and large-scale, mixed-use land developments. The team targets opportunities primarily in Texas and Florida with strong fundamentals including superior site locations, competitive supply constraints, attractive demographics, and positive long-term growth prospects. The University is invested in the following funds: Cypress Realty V, L.P., Cypress Realty VI, L.P., Cypress Realty VII., CREA Partners I, LP.

EQUITY INTERNATIONAL PROPERTIES, LTD., Chicago, IL

INVESTMENT APPROACH: Equity International Properties finds, creates and builds large-scale institutional quality real estate operating companies outside of the United States. EIP focuses on geographical regions that are characterized by strong economic growth, capital markets inefficiency and limited competition such as Brazil, India and China. In addition, EIP also considers investment opportunities in more mature markets in Europe. The University is invested in the following funds: EI Fund II, L.P., EI Fund IV Feeder, L.P., Equity International Fund V Feeder, L.P., EI TH Co-Invest Feeder, LP.

FORTRESS INVESTMENT GROUP, New York, NY

INVESTMENT APPROACH: Fortress makes control-oriented private equity investments in businesses and portfolios that are predominantly backed by real estate or real estate-related assets in North America and Western Europe. The team focuses on investments that offer downside protection in the form of tangible collateral and diversified cash flows combined with significant upside potential from improvements to the operations, capitalization, and growth and strategic development of the underlying businesses. The University is invested in the following funds: Fortress Investment Fund IV, L.P., Fortress Investment Fund IV (Co-investment Fund A) L.P., Fortress Investment Fund V, L.P, Fortress Investment Fund V (Co-investment Fund A), L.P.

FUDO CAPITAL, Hong Kong

INVESTMENT APPROACH: Fudo Capital makes real estate investments primarily in Japan, Hong Kong, China and Singapore. The fund buys completed buildings, makes investments in real estate operating companies and/or platforms, or does new development in certain markets. Fudo targets single asset and portfolio sales, properties that require renovations and/or repositioning and mis-priced or distressed properties resulting from sellers' cash flow problems, corporate restructuring or strategy realignment. The University is invested in the following fund: Fudo Capital, L.P., Fudo Capital II, L.P., Fudo Capital III, L.P.

GREEN COURTE, Lake Forest, IL

INVESTMENT APPROACH: The Green Courte strategy is to invest in niche market segments which are currently out of favor, inefficient and in which there is less competition. Green Courte currently sees opportunities in manufactured housing communities and parking assets. Green Courte's strategy for parking assets is similar to its manufactured housing strategy where they intend to acquire assets, improve operations and exit through an initial public offering or strategic sale. As a result of the recent distress in the property markets, Green Courte believes it is an opportune time to acquire parking assets and take advantage of a recovery in the office markets. The University is invested in the following funds: Green Courte Real Estate Partners III, LLC, Green Courte Real Estate Partners III, LLC TPS Co-Investment

GREENFIELD PARTNERS, Norwalk, CT

INVESTMENT APPROACH: Greenfield Partners invests opportunistically in real estate, primarily in on-airport cargo facilities, projects or portfolios comprising mixed-use assets and unique properties that need to be repositioned. The general partner makes both equity and debt investments in real estate assets and operating companies and diversifies investments by property type and geographic location. The University is invested in the following funds: Greenfield Acquisition Partners II, L.P., Greenfield Acquisition Partners III, L.P., Greenfield Acquisition Partners IV, L.P., Greenfield Acquisition Partners V, L.P.

INVESTMENT APPROACH: Greenfield Land Partners makes long-term investments primarily in undeveloped land located in the United States. Attractive fundamentals including strong population growth and the increasing scarcity of large parcels of developable land create the investment opportunity. Areas of investment focus include partially developed land, development and redevelopment opportunities, and undervalued or distressed land. The University is invested in the following funds: Greenfield Land Partners I, L.P., Greenfield Land Partners II, L.P, Greenfield Land Finance Partners, L.P.

HAMPSHIRE PARTNERS, Morristown, NJ

INVESTMENT APPROACH: Hampshire invests in industrial, retail and to a lesser extent, suburban office in various markets in the Northeastern and Mid-Atlantic states where they have local market expertise. The firm targets properties that have not been broadly marketed or have fallen out of contract with other bidders. Properties are expected to be significantly below replacement cost with correctable risk factors where Hampshire will use its expertise to add value. Exits will include single asset and/or portfolio sales to institutional or individual buyers. The University is invested in the following funds: Hampshire Partners Fund VI, L.P., Hampshire Partners Fund VII, L.P., Hampshire Partners REIT VIII, INC.

HEI Hospitality, LLC, Norwalk, CT

INVESTMENT APPROACH: HEI invests in high-quality, full-service hotels, located throughout the United States. HEI creates value through adding operational expertise and by taking advantage of the expected improvement in the cyclical lodging industry and exiting the properties at higher valuations. The University is invested in the following funds: HEI Hospitality Fund, L.P., HEI Hospitality Fund II, L.P., HEI Hospitality Fund III, L.P.

HIGHCROSS STRATEGIC PARTNERS, Newbury, U.K.

INVESTMENT APPROACH: Highcross targets under-performing office and industrial properties located in regional markets of the U.K. With modest capital improvements, intensive management and aggressive tenant re-positioning, Highcross transforms non-institutional quality properties for eventual sale to institutional buyers. The University is invested in the following funds: Highcross Regional U.K. Partners, L.P., Highcross Regional U.K. Partners II, L.P., Highcross Regional U.K. Partners III, L.P.

IMT CAPITAL, Sherman Oaks, CA

INVESTMENT APPROACH: IMT's strategy is to invest in undervalued and/or underperforming multifamily assets located in major markets in the western and southern United States, primarily Texas, California, Arizona and Florida. The fund will target investments located in in-fill locations, locations with high barriers to entry and markets with wide "rent versus buy" spreads. IMT will identify assets that are selling at significant discounts to replacement cost and whose value will be enhanced from their active, value-add strategies. Once acquired, IMT will implement its repositioning strategy which includes rigorous day-to-day asset management and physical improvements. The University is invested in the following fund: IMT Capital Fund II, L.P., IMT Capital Fund III, L.P.

KHP CAPITAL PARTNERS, San Francisco, CA

INVESTMENT APPROACH: Kimpton acquires, manages, leases, develops and redevelops boutique/lifestyle hotel properties in select major North American markets. Kimpton primarily targets existing hotels in desirable locations in need of renovation and/or market repositioning, existing buildings (such as office buildings, government buildings, warehouses, etc.) which are well located and suitable for conversion to hotels, and existing boutique hotels in good physical condition but in need of improved management and marketing that can benefit from the Kimpton management program. The University is invested in the following funds: KHP Fund I, L.P., KHP Fund II, L.P., KHP Fund III, L.P.

LASALLE INVESTMENT MANAGEMENT, Chicago, IL

INVESTMENT APPROACH: LaSalle's Asia Pacific team targets real estate assets in the Asia Pacific region including Tokyo, Singapore, Seoul and Hong Kong. LaSalle seeks to acquire properties in countries and sectors exhibiting signs of increasing and strong capital flows, growth, increasing transparency, favorable market regulations and attractive yields. The fund focuses on acquisitions from distressed sellers; sellers undergoing restructuring and seeking to remove real estate from their balance sheets; build-to-suit and sale-lease-back opportunities in certain sectors; and value-added transactions which involve repositioning and/or lease-up. Targeted property types include office, retail, modern logistics, residential and luxury resort/business hotels. The University is invested in the following funds: LaSalle Asia Opportunity Fund II, L.P., LaSalle Asia Opportunity Fund III, L.P.

LBA REALTY, Newport Beach, CA

INVESTMENT APPROACH: LBA Realty invests in a diversified portfolio of office and industrial properties located primarily in Southern California. The fund targets varying risk profiles, including value-added opportunities, core plus, and select build-to-suit and development projects. The University is invested in the following funds: LBA Real Estate Fund, L.P., LBA Real Estate Fund II, L.P., LBA Real Estate Fund III, L.P., LBA Realty Fund IV, L.P., LBA Realty Fund V, L.P.

LIQUID REALTY, San Francisco, CA

INVESTMENT APPROACH: Liquid Realty acquires secondary interests in portfolios of high quality, real estate assets with predictable cash flows, substantial value discounts and relatively short holding periods. Liquid Realty targets real estate opportunity and value-added funds in which the initial investor, for various reasons, is seeking early liquidity. The University is invested in the following fund: Liquid Realty Partners II, LLC.

LUBERT ADLER MANAGEMENT COMPANY, Philadelphia, PA

INVESTMENT APPROACH: Lubert Adler opportunistically acquires properties from distressed sellers and then partners with local operators to create value through redevelopment, redesign, reuse and aggressive marketing. The objective is to produce a completed project of institutional quality with a cost basis that is typically 70 percent of its competitive set. The fund is diversified by property type and primarily invested in major metropolitan areas where exit liquidity is more favorable and barriers to entry are strong. The University is invested in the following funds: Lubert-Adler Real Estate III, L.P., Lubert-Adler Real Estate IV, L.P., Lubert-Adler Real Estate V, L.P., Lubert-Adler Real Estate VI, L.P.

MAGNA CAPITAL MANAGEMENT, Warwick, RI

INVESTMENT APPROACH: Magna makes opportunistic investments in hotels in which Magna can use its development, repositioning, and operational skills to enhance hotel performance. Magna focuses primarily on hotels in primary markets like New York City, Boston, and Washington DC, targeting limited service or select-service hotels which typically are underserved segments in these urban markets. Magna

also targets hotels in suburban markets across the United States and Canada. The University is invested in the following funds: Magna Hotel Fund IV, L.P., Magna Hotel Fund IV, L.P. Co-Investment, Magna NYC Co-Investment III, LP. , Magna Hotel Fund V, L.P.

MERLONE GEIER PARTNERS, San Francisco, CA

INVESTMENT APPROACH: Merlone Geier targets opportunities in retail and retail-driven mixed-use properties where they add value through redevelopment, development, repositioning or lease up. They focus their strategy around big box anchor tenants in neighborhood and community shopping centers. Merlone Geier is vertically integrated and regionally focused on dense in-fill markets on the West Coast. The University is invested in the following funds: Merlone Geier Partners Fund XI, L.P.

MOORFIELD GROUP, London, U.K.

INVESTMENT APPROACH: Moorfield acquires properties throughout the United Kingdom which suffer from poor asset management, are being sold as part of a corporate disposal program, or are surplus assets resulting from reorganizations and consolidations of businesses and funds. Transactions include office, retail, mixed use projects and student housing. Moorfield focuses on complex and innovative transactions thus reducing the amount of competition for deals. The portfolio is diversified both geographically and by property type. Exit strategies include sales, IPOs, or corporate formation. The University is invested in the following funds: Moorfield Real Estate Fund, L.P., Moorfield Real Estate Fund II, L.P., Moorfield III "A," L.P.

NIAM, Stockholm, Sweden

INVESTMENT APPROACH: NIAM invests in residential, office, and industrial properties primarily in the Nordic Region and to a lesser extent, the Baltic countries. NIAM uses a research driven model based upon macro-economic data and real estate trends to target deals that are considered to be too small or management intensive for the large, opportunistic institutional funds. NIAM focuses on value creation by repositioning, re-tenanting, and controlling expenses. Sales are to institutional buyers, property companies, or retail investors. The University is invested in the following funds: NIAM Nordic Investment Fund III, L.P., NIAM Nordic Investment Fund IV, L.P., NIAM V Nordic Investment Fund V, L.P.

OAKTREE CAPITAL MANAGEMENT GROUP, LLC, New York, NY

INVESTMENT APPROACH: The objective of the general partner is to achieve a substantial total return without subjecting principal investment to unnecessary risk. Oaktree invests in distressed real estate-related debt, securities and real estate that the team believes to be undervalued. Most of the fund's investments are in single-property mortgages, real estate properties, securities of real estate companies and corporate bonds secured by real estate. Portfolios are diversified broadly by property type and geographic region. While Oaktree invests primarily in the U.S. and Canada, up to 10% of their capital may be invested in other countries. The University is invested in the following funds: OCM Real Estate Opportunities Fund A, L.P., OCM Real Estate Opportunities Fund III, L.P.

ORION CAPITAL, London, U.K. and Paris, France

INVESTMENT APPROACH: Orion Capital makes opportunistic investments in all property types primarily in France, Germany, Italy, Spain and the U.K. The team targets properties where they can use their expertise to create value by focusing on the physical, leasing, financial, operating, legal and structural aspects of the property. Orion focuses on taking advantage of changing markets and inefficiencies and investing ahead of market trends. The University is invested in the following fund: Orion European Real Estate Fund II, C.V., Orion European Real Estate Fund III, C.V., Orion European Real Estate Fund IV, C.V.

PATRON CAPITAL LTD., London, U.K.

INVESTMENT APPROACH: Patron Capital targets investments in financial institutions, real estate assets, mortgage portfolios and related businesses, primarily in Western Europe. Investment opportunities for the fund are in consumer assets in Italy, hotel and office properties in Switzerland, busted German real estate funds, public to private plays throughout Western Europe, and in the French consumer sector. The University is invested in the following funds: Patron Capital Partners, L.P., Patron Capital Partners II, L.P., Patron Capital Partners III, L.P., Patron Capital Partners IV, L.P.

PHOENIX PROPERTY INVESTORS LTD., Hong Kong and Tokyo, Japan

INVESTMENT APPROACH: Phoenix Property Investors makes investments in retail, office and other commercial and residential properties that require property improvements, strategic repositioning or redevelopment activities in certain markets in Asia. Due to the fragmented ownership of land parcels, the general partner seeks to create value by assembling small, adjoining parcels to create larger tracts with development potential. Phoenix often takes a contrarian approach to investing by targeting assets and markets that are at an early, relatively opaque stage of recovery. Target markets include Japan, China, Hong Kong, Macau and Taiwan. The University is invested in the following fund: Phoenix Asia Real Estate Investments III, L.P., Phoenix Asia Real Estate Investments III, L.P., (Co-Investment), Phoenix Asia Real Estate Investments V, L.P.

REALTERM GLOBAL and EVERSTONE CAPITAL HOLDINGS, Annapolis, MD and Mumbai, India

INVESTMENT APPROACH: IndoSpace Logistics Parks Limited is a joint venture between Realterm Global, a Maryland-based real estate asset management company and Everstone Capital Holdings, an Indianfinancial services company. Realterm Global, founded in 1992, is a leader in identifying underserved markets and undervalued assets in the industrial real estate sector. In conjunction with ECH, they plan to develop approximately 22 million square feet of modern industrial warehouse/logistics space across India's largest markets. Given the pent up demand for industrial space, Indospace intends to develop most of the buildings on a spec basis for lead tenants. The University is invested in the following funds: Indospace Logistics Parks Limited., Indospace Logistics Parks II Limited.

RELATED REAL ESTATE, New York, NY

INVESTMENT APPROACH: The fund's objective is to gain control of real estate assets that, due to the recent downturn, were never finished, and use Related's extensive real estate and development expertise to complete the stalled projects by finishing construction, completing repositioning, and managing lease-ups. The fund may acquire distressed assets directly from liquidity-constrained sellers at substantial discount to replacement cost, or gain control of assets by investing in non-performing and sub-performing loans held by lenders that don't have the necessary resources to complete the projects, or distressed loans held by failed or failing banks or other financial institutions without work-out capabilities. The University is invested in the following fund: Related Real Estate Recovery Fund, L.P.

SHORENSTEIN COMPANY, San Francisco, CA

INVESTMENT APPROACH: Shorenstein invests in office and mixed-use projects with a significant office component in which they can add value by applying their operating expertise to correct leasing, operating, or physical issues that are impairing value. The fund targets top-quality assets that, by virtue of location, physical quality, amenities, tenant base or other outstanding features, always enjoy leasing advantages in their respective markets. The University is invested in the following funds: Shorenstein Realty Investors VI, L.P., Shorenstein Realty Investors VII, L.P., Shorenstein Realty Investors VIII, L.P., Shorenstein Realty Investors IX, L.P., SRI Ten REIT, Shorenstein SRI Eleven REIT.

SPEAR STREET CAPITAL, San Francisco, CA

INVESTMENT APPROACH: Spear Street focuses on office properties in markets that are experiencing cut backs due to severe retrenchments in the technology and telecommunication industries. These cut backs are creating opportunities to acquire quality assets at attractive prices. After acquisition, Spear Street uses its expertise to increase occupancies and rents as these markets recover. The University is invested in the following funds: SSC I, L.P., SSC II, L.P., SSC III, L.P., SSC IV, L.P.

STERLING ORGANIZATION, Palm Beach, FL

INVESTMENT APPROACH: Sterling acquires, manages, and leases income producing grocery anchored shopping centers and power retail centers located in markets with solid real estate fundamentals and strong demographics including Florida, Texas, Chicago, and to a lesser extent, North Carolina and Atlanta. Assets are acquired at depressed prices from distressed sellers and banks, and Sterling creates value by improving occupancy and tenant mix, increasing rents, making property renovations and improvements, and cutting operating costs. The University is invested in the following funds: Sterling Value Add Partners, L.P., Sterling Value Add Partners II, L.P., Sterling Golf Mill Co-Invest, L.P.

THACKERAY PARTNERS, Dallas, TX

INVESTMENT APPROACH: Thackeray invests in office, industrial, retail and multi-family properties located throughout the United States, focusing on small to medium size deals where the team believes there is less competition and efficiency, creating an opportunity for attractive returns. The portfolio is diversified both geographically and by product type and is weighted towards properties that have a current income component, thus reducing investor risk. The team pursues deals ranging from lower-risk, core-plus opportunities to higher-risk, opportunistic transactions. Exits include sales to local investors, exchange buyers or the assets may be aggregated and sold as a portfolio to an institutional buyer. The University is invested in the following funds: Thackeray Partners Realty Fund, L.P., Thackeray Partners Realty Fund II, L.P., Thackeray Partners Realty Fund III, L.P., Thackeray Partners Realty Fund IV, L.P.

TURNER IMPACT CAPITAL, Los Angeles, CA and AGASSI VENTURES, LLC, Los Angeles, CA

INVESTMENT APPROACH: The Turner-Agassi Fund has been established to respond to the significant growth in charter schools and the lack of quality facilities, particularly in the country's urban centers. The fund will target markets that are densely populated, ethnically diverse, and with a shortage of quality public schools. These markets must have strong charter schools laws, a supply of affordable land or buildings for development or adaptive re-use, multiple strong, successful charter school operators, and strong community support. The University is invested in the following fund: Turner-Agassi Charter School Facilities Fund, L.P. , Turner Multifamily Impact Fund, L.P., Turner-Agassi Charter School Facilities Fund II, L.P.

WESTBROOK PARTNERS, New York, NY

INVESTMENT APPROACH: Westbrook Partners identifies themes which it believes will provide attractive opportunities over the life of each fund and then implements acquisition strategies that take advantage of these identified themes. Themes might include under-valued real estate assets and portfolios, corporate, government and other non-core sellers, urgent recapitalizations, dysfunctional ownership, and residential opportunities. Westbrook carries out these strategies in target markets in the United States, Europe and Japan. The University is invested in the following funds: Westbrook Real Estate Fund VI, L.P., Westbrook Real Estate Fund VII, L.P., Westbrook Real Estate Fund VIII, L.P., Westbrook Real Estate Fund IX, L.P., Westbrook Real Estate Fund X, L.P.

NATURAL RESOURCES

4D GLOBAL ENERGY PARTNERS, Paris, France

INVESTMENT APPROACH: 4D Global provides development capital and strategic support to companies with proven management teams, robust fundamentals and discriminating position value in their respective segment of the oil and gas industry. Portfolio companies will be established businesses in a development stage, having demonstrated achievements in their business and managers with successful experience in both growth and downturn situations. Companies will primarily be headquartered in Europe but may be located internationally. Exit options are identified prior to 4D making the investment. The University is invested in the following funds: SGAM/4D Global Energy Development Capital Fund II, 4D/FEL SBS Limited – Fairfield, 4D Global Energy Investments PLC.

ARC FINANCIAL, Calgary, Alberta, Canada

INVESTMENT APPROACH: ARC Financial invests with top entrepreneurs in high growth, early stage companies operating in the exploration and production sector and energy development and services sectors. Investments are primarily in Canada, although ARC invests selectively in international opportunities. ARC participates as an active shareholder in the growth of these early stage companies. In addition to equity capital, the team brings significant technical knowledge, industry and operating experience, strong corporate governance principals, strategic and financial expertise and a strong network of industry contacts. The University is invested in the following funds: ARC Energy Fund V, L.P., ARC Energy Fund VI, L.P., ARC Energy Fund VII, L.P., Modern Resources Inc., Aspenleaf Energy Limited.

BLUE WATER ENERGY, London, U.K.

INVESTMENT APPROACH: Blue Water Energy is a natural resources private equity fund that invests in global companies across the energy supply chain. They focus on oilfield equipment and services, and concentrate on the middle market with equity investments of between $50 and $100 million. They expect

that most of the companies they invest in will be based in Europe but have a global customer base. They will add value to these companies by helping them to expand internationally, add customers and rationalize costs. The University is invested in the following fund: Blue Water Energy Fund, I-A, L.P.

CADENT ENERGY PARTNERS, Rye Brook, NY

INVESTMENT APPROACH: Cadent invests in small to medium size companies located in North America that are positioned to capitalize on market trends and opportunities in the energy industry. The team identifies attractive investment opportunities using a top-down approach, analyzing various macro factors and industry trends. Cadent targets investments in the exploration and production sector, oil field services and equipment, the downstream petroleum segment and power services and equipment. Investments will either be control or influential minority investments with protective control provisions. The University is invested in the following funds: Cadent Energy Partners I, L.P., Cadent Energy Partners II, L.P.

CAMCOR INVESTMENTS, Calgary, Canada

INVESTMENT APPROACH: Camcor makes investments in companies whose businesses are influenced by the oil sands activities in northern Alberta, Canada. These activities may include services, technology, transportation, real estate, environmental services, upgrading, infrastructure and exploration, and production. The University is invested in the following fund: Camcor Oil Sands Opportunity Fund, L.P.

DENHAM COMMODITY PARTNERS, Boston, MA

INVESTMENT APPROACH: Denham invests in the debt and equity of companies as well as assets on a global basis within the energy infrastructure, natural resources and power and carbon markets. Denham will create value by searching globally for market dislocations that provide attractive entry prices, while being focused on the mitigation of risk within potential opportunities. The team identifies attractive investment opportunities using a top-down approach, analyzing various macro factors and sector trends. Investments will either be control or influential minority investments with protective control provisions. The University is invested in the following funds: Denham Commodity Partners Fund V, L.P., Denham Commodity Partners VI, L.P., DCPF VI Oil and Gas Co-Investment Fund LP.

ENCAP ENERGY, Houston, TX

INVESTMENT APPROACH: EnCap makes direct investments in low risk, non-exploratory oil and gas projects (i.e. development of proved reserves, pipelines and gas processing facilities). Any drilling activity focuses on low risk, development/exploitation type drilling opportunities. Encap focuses solely on financing the upstream sectors of the oil and gas business and not on the service, supply or exploration sectors. The University is invested in the following funds: EnCap Energy Capital Fund III, L.P., EnCap Energy Capital Fund IV, L.P., EnCap Energy Capital Fund V, L.P., EnCap Energy Capital Fund VI, L.P., EnCap Energy Capital Fund VII, L.P.

JOG CAPITAL, Calgary, Canada

INVESTMENT APPROACH: JOG Capital invests small amounts of equity in the growth stage of junior Canadian exploration and production companies. The team invests with experienced management teams that plan to build companies and take advantage of the institutional market's demand for larger companies. JOG requires the management teams to make significant capital commitments and focuses on teams with prior experience in their particular areas of focus. The University is invested in the following funds: JOG Limited Partnership III, JOG Limited Partnership IV., JOG Limited Partnership V., JOG Limited Partnership VI.

KAYNE ANDERSON CAPITAL ADVISORS, Los Angeles, CA, and Houston, TX

INVESTMENT APPROACH: Kayne Anderson makes investments in small and mid-cap oil and gas exploration and production companies and companies servicing those businesses. Kayne Anderson expects the portfolio company to use its investment immediately to finance a transaction that will create an inflection point for the company – a significant acquisition or high-growth project that will increase production levels, cash flows and asset values. These investments are held for a relatively short time period, at which time the portfolio company is able to refinance as a result of increased cash flows from the successful project or it is acquired by or merged into another company. The University is invested in the following funds: Kayne Anderson Energy Fund III, L.P., Kayne Anderson Energy Fund IV, L.P, Kayne Anderson Energy Fund V, L.P., Kayne Anderson Energy Fund VI, L.P., Canyon Midstream Co-Investment, LLC., Kayne Private Energy Income Fund, L.P.

LIME ROCK MANAGEMENT, Westport, CT and Houston, TX

INVESTMENT APPROACH: Lime Rock Partners makes private equity investments in small energy companies in the following sectors: oil service equipment; drilling and technology; oil and gas transportation and marketing; exploration and production; refining and marketing; and energy technologies. The firm uses rigorous, top down research to identify opportunities; proactive origination to source proprietary transactions; thorough due diligence prior to investment; identification and review of exit strategy alternatives prior to investment; active monitoring post-investment; and timely exits. The University is invested in the following funds: Lime Rock Partners II, L.P., Lime Rock Partners III, L.P., Lime Rock Partners IV, L.P., Lime Rock Partners V, L.P., Lime Rock Partners VI, L.P., LR-Imaginea Co-Investment, L.P.

INVESTMENT APPROACH: Lime Rock Resources acquires, operates, and improves lower-risk oil and gas properties in North America. The team invests directly in long-lived, producing oil and gas properties comprised primarily of proved reserves. These investments are properties that are underdeveloped or undercapitalized that will benefit from Lime Rock's direct, hands-on operations. Investments are diversified across multiple oil and gas basins in North America. The University is invested in the following fund: Lime Rock Resources, L.P., Lime Rock Resources II, LP.

MAP, Palo Alto, CA

INVESTMENT APPROACH: The fund makes investments in oil and gas royalty interests associated with large, long-life natural gas fields and renewable energy projects in the continental United States. MAP focuses on areas where they believe there is opportunity to enhance the royalty payments through additional drilling or improved recovery operations. They target fields operated by major oil and gas companies and reputable independents that have good access to markets and that apply state of the art drilling and completion technology. MAP has pioneered and is continuing to develop forms of ownership that constitute renewable energy royalty interests. MAP's activities in renewable space focus on wind power and to a lesser extent on solar and energy efficiency projects. The University is invested in the following funds: MAP 2003 L.P., MAP 2009 L.P., MAP 2012 L.P., MAP 2015 L.P.

MERIT ENERGY COMPANY, Dallas, TX

INVESTMENT APPROACH: Merit Energy acquires, develops and operates the production of oil and gas properties in North America. It acquires long-lived properties with a high percentage of proved, producing reserves. Drilling risks are controlled by investing in a number of wells producing from shallow to medium depths. Merit adds value by operating the properties efficiently. The University is invested in the following fund: Merit Energy Partners X.

NATURAL GAS PARTNERS, Greenwich, CT

INVESTMENT APPROACH: Natural Gas Partners seeks long-term capital gains through the initiation, structuring, and purchase of private, equity-oriented investments in North American oil and gas companies. Investments are considered in the gathering, processing and oil service sectors. The general partner avoids investments in entities that assume high levels of exploratory and geologic risks. NGP specializes in providing equity to finance business plans of carefully selected management groups that operate within a well-defined segment of the energy industry. NGP's particular strength lies in establishing relationships with relatively young companies. The University is invested in the following funds: Natural Gas Partners V, L.P., Natural Gas Partners VI, L.P., Natural Gas Partners VII, L.P., Natural Gas Partners VIII, L.P., Natural Gas Partners IX, L.P.

OLD IRONSIDES, Boston, MA

INVESTMENT APPROACH: Old Ironsides was formed from a full team spinout of Liberty Energy in 2013, the oil and gas investment arm of Liberty Mutual. The fund will diversify among traditional private equity investments in exploration and production companies where the team can use its expertise to help the companies increase production and improve cash flows, direct drilling investments in oil and gas projects with experienced operators focused on early stage and development projects, and select midstream assets. The team intends to invest with proven management teams, many of which they have previously funded, and will target investments between $25 million and $150 million. The University is invested in the following fund: Old Ironsides Energy Fund II GP, LLC.

ORION MINE FINANCE (formerly RK MINE FINANCE), New York, NY

INVESTMENT APPROACH: Orion Mine Finance will provide late-stage financing to mining companies in politically stable parts of the world. The fund will typically target small to mid-tier companies who have limited alternative sources to fund their capital-intensive projects. Orion Mine Finance will typically structure its investments as a form of debt written against the mine's reserves. This debt is typically senior in nature and over-collateralized. In combination, these attributes protect against loss of capital by providing for recovery in the case of default. The fund will minimize the risk of a drop in metals prices through the futures markets and by targeting projects with a low marginal cost of production. Orion Mine Finance will, in the majority of its deals, provide for the transportation and sale of the ore mined by its investee companies. This gives the fund evidence of the quantity and quality of mined ore and allows for early intervention should problems arise. In addition, this arrangement provides the fund with security of payment as well as the opportunity to use the disposition process to generate additional returns. The University is invested in the following funds: Orion Mine Finance I, L.P., Orion Mine Finance I-A, LP.

PETROCAP PARTNERS, Dallas, TX

INVESTMENT APPROACH: PetroCap will make control investments in non-operated working interests alongside strong operators in oil and gas projects located on-shore, United States. The team will focus on the small end of the market which they believe is highly fragmented, inefficient and increasingly undercapitalized. PetroCap will concentrate on the exploitation phase where the operator is expanding production and reserves on a proven property, primarily in conventional plays in mature basins. Typical investment size will range from $5 and $50 million and returns will come from income from oil and gas production and capital appreciation from increased reserves. The University is invested in the following fund: PetroCap Partners II, L.P.

SCF PARTNERS, Houston, TX

INVESTMENT APPROACH: SCF invests in companies operating in the energy services and equipment sector, primarily in the United States, Canada, the United Kingdom, and Western Europe. SCF will target companies with strong fundamentals and reasonable pricing, and where SCF has the ability to create value. Companies with excellent management, a history of positive cash flow from operations, and a defendable market and product position will be emphasized by SCF. Once acquired, SCF will create value by assisting companies with strategic growth through consolidating transactions. The University is invested in the following funds: SCF VII, L.P., SCF VIII L.P.

SENTIENT GROUP, Sydney, Australia and Montreal, Canada

INVESTMENT APPROACH: Sentient makes direct investments in hard assets including metals, minerals, oil, gas or coal, or takes strategic positions in the parent company to the underlying asset. Sentient then implements its buy and build investment style that releases the development premium of a resource as it evolves from being an asset in the ground to a cash flow business. Value is captured through various exit options including an initial public offering, a sale to the operating partner or a sale to a strategic partner. The University is invested in the following funds: Sentient Global Resources Fund II, L.P., Sentient Global Resources Fund III, L.P., Sentient Global Resources Fund IV, L.P.

WHITE ROCK OIL & GAS PARTNERS, Dallas, TX

INVESTMENT APPROACH: White Rock Oil & Gas will make investments in producing oil and gas properties in areas of the continental U.S. where it has experience. It intends to increase value through improvements in production capacity and operational efficiencies, and may use commodity risk management products to hedge production and enhance returns. Its acquisitions will typically range from $5 million to $50 million, targeting this less efficient market segment. It expects to hold a diversified portfolio across multiple oil and gas basins. The University is invested in the following fund: White Rock Oil and Gas Partners I, L.P.

YORKTOWN ENERGY PARTNERS, L.P., New York, NY

INVESTMENT APPROACH: Yorktown Energy Partners invests equity in energy companies that include those involved in oil and gas, coal and energy services. Average investment size ranges from $20 million to $30 million over a total of 8 to 12 investments. Investment criteria include: demonstrated cash flow (no startups), audited financial statements and significant management ownership. No more than 25% of capital is committed to one investment. The team prefers to work with companies and management teams with which the partners already have an established relationship. The University is invested in the following funds: Yorktown Energy Partners III, L.P., Yorktown Energy Partners IV, L.P., Yorktown Energy Partners V, L.P., Yorktown Energy Partners VI, L.P., Yorktown Energy Partners VII, L.P, Yorktown Energy Partners VIII, L.P., Yorktown Energy Partners IX, LP., Yorktown Energy Partners X, LP.

OTHER

SHOTT CAPITAL MANAGEMENT, San Francisco, CA

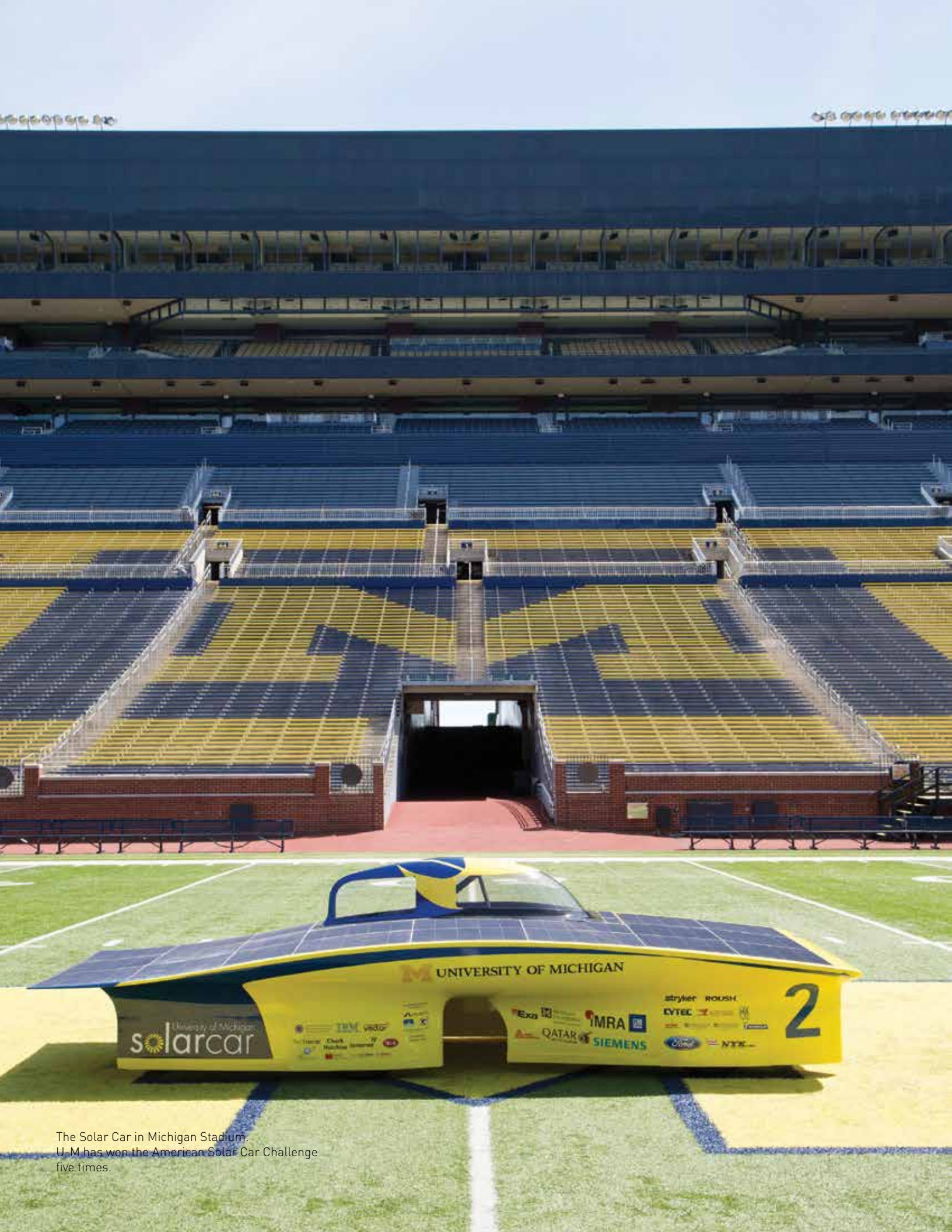
MANDATE: Management of In-Kind Distributions

INVESTMENT APPROACH: Shott manages in-kind post-IPO stock distributions, helping its clients maximize investment returns over the short-term and achieve liquidity. Shott manages in-kind distributions from venture capital partnerships using a liquidation strategy, whereby securities are sold as soon as feasible and as close to distribution value as possible.

T. ROWE PRICE ASSOCIATES, Baltimore, MD

MANDATE: Management of In-Kind Distributions

INVESTMENT APPROACH: T. Rowe manages in-kind post-IPO stock distributions, helping its clients maximize investment returns over the short-term and achieve liquidity. T. Rowe manages in-kind distributions from private equity, real estate, and energy partnerships using a liquidation strategy, whereby securities are sold as soon as feasible and as close to distribution value as possible.



The Solar Car in Michigan Stadium.
U-M has won the American Solar Car Challenge five times.

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