



Q1 2020 FUND COMMENTARY

Morgan Creek Capital Management
Morgan Creek Global Equity Long/Short Institutional Fund



MORGAN CREEK CAPITAL MANAGEMENT

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MORGAN CREEK GLOBAL EQUITY LONG/ SHORT INSTITUTIONAL FUND

("MCGELSIF," the "Long/Short Fund," or the "Fund")

Fund commentary by Cory Lester

It's the bullet you don't see that kills you, and that bullet for this cycle appears to have been the Coronavirus. We highlighted our concerns about equity market valuations in the last letter, but commented the ultimate top of the cycle may be many quarters, or even years, away. No part of our strategy relies on precisely identifying tops or bottoms; however, we always look around the proverbial corner for lurking dangers. In anticipation of this cycle's eventual end, throughout 2018 and 2019, we trimmed the portfolio's exposure to Growth, added to Value and increased the size of the short book – all of which helped the Fund stem losses during the market collapse in February and March. We thought there were mounting signs the economy was entering a downturn pre-Coronavirus and believe the magnitude of the pandemic has cast aside any reasonable doubt that we aren't in the throes of a significant global recession. The relevant questions for us today surround its depth and duration. We find ourselves on the more pessimistic side of this debate currently and consider the probability of a V-shaped recovery to be quite low. We expect global equity markets to remain volatile until there is more consensus around the alphabet letter that best fits the economy's likely path forward.

The supply and demand shocks from the Coronavirus are being felt across nearly every industry and sector globally and the deleveraging process from historically high levels of debt across companies and consumers will take time. We find it unlikely the economy will return to pre-Coronavirus levels in the near-term and likely cash flow generation will prove insufficient to support existing debt loads. Many balance sheets, both

consumer and corporate, are in need of repair. Monetary and fiscal policy can only do so much and have already been pushed to the limit – a solvency problem cannot be solved with liquidity alone. In addition, the human suffering from this health and economic crisis is difficult to comprehend as the Coronavirus is the most serious threat of its kind since the 1918 influenza pandemic. While the number of cases and deaths will be far less, the shutdown this outcome requires has come at an enormous expense to the global economy. The grave impacts of the Coronavirus have already been felt by millions and will likely be felt by many millions more before the crisis is finally over.

GELSIF fell 3.0% in 1Q20 vs. -21.1% and -13.3% for the MSCI World Index and HFRX Equity Hedge Index. The extent of the Coronavirus outbreak caught markets by surprise, with various major equity indices moving from all-time highs in late February to bear-market territory at record-setting speed. The Fund held up well in the face of these declines with strong absolute performance in Asia and Value and strong relative performance across the remaining sub-strategies. Three of the Fund's managers generated significant gains in the first quarter despite the sharp market drawdown and double-digit losses experienced by the average long/short equity fund. All of the remaining managers fell by much less than the market and, except for one, performed mostly in-line with expectations. We have dug into the sources of this manager's disappointing performance and, while we do not anticipate adding on weakness like we typically would, we intend to stick with the manager as we think their portfolio is poised to meaningfully outperform once signs of a recovery appear.

There weren't any large portfolio changes during the quarter, as we resisted the temptation to overreact amidst the market volatility. The hardest, but often

best, course of action during periods like the first quarter is to do nothing. We are big proponents of long-term process over short-term performance and there is no more important time to stick to process than during moments of crisis. That's not to say we literally did nothing, but turnover during the quarter was no more than normal. We followed our managers' lead and covered some shorts, added some longs, but the major themes we listed last letter remain intact, with a few minor adjustments. U.S.-listed positions are noted by their ticker symbols, while the company name is used to denote positions listed abroad and privates.

Growth-oriented themes and sample positions (public; private):

1. Global E-commerce: AMZN, BABA, SE, JD; Koudai, Honest
2. Digital Advertising / Social Media: GOOG, FB, MTCH, PINS
3. Cloud / Software: MSFT, TWLO, Xero, NOW, CRM, TEAM, UPLD
4. Digital Payments: Afterpay, Adyen, MELI, PYPL, STNE
5. Video On Demand: DIS, NFLX, BILL, IQ
6. Ride Share / Food Delivery: Meituan Dianping, LYFT, UBER
7. Gaming: Sony, ATVI, Tencent, NTES

Value-oriented / Special Situation themes and sample positions:

1. Financial Inclusion: Axis Bank and IndusInd Bank (India), BDO Unibank (Philippines)
2. Innovative Healthcare: AVDL, HRTX, PGNX/LNTH, BGNE
3. Value: Swedish Match, BRK, HLF, APO, Croda, Corbion, KWS
4. Aerospace: Rolls Royce, MTU, TDG, Safran

Some of the more pronounced areas of exposure on the short side include:

1. Traditional Retail in the U.S., Europe and Australia
2. Coronavirus-Impacted Travel & Leisure
3. Advertising Agencies in Europe and Japan
4. Traditional Shipping & Logistics Services Globally
5. Levered Roll-Ups in the U.S. and Europe
6. Frauds in Asia and Europe
7. Highly Leveraged Cyclical in the U.S., Europe and China
8. Legacy Technology and Media Assets in the US and Europe

Social distancing, sheltering-in-place and self-quarantining have been an unexpected accelerant for a number of trends that touch many of our growth-oriented themes on the long side. Businesses enabling e-commerce, remote working, digital payments and at-home entertainment generally performed very well amidst the first quarter market chaos. On the other hand, the more economically-sensitive themes, despite attractive long-term secular tailwinds, such as in MLPs, emerging market financials and aerospace, performed very poorly. We see extremely attractive return potential for the latter two once the global economy begins to recover and have used weakness to initiate positions in a handful of names within the aerospace industry. The operating environment for these businesses could certainly get worse before it gets better, but we believe each company has the resources to weather an extended downturn and be well-positioned to thrive on the other side. We think it is more a matter of when, not if, global air travel recovers to pre-Coronavirus levels and that we are being more than adequately compensated for the uncertainty around timing at current valuations. Assuming global air travel resumes next year and earnings recover in 2022, each of these positions possesses multi-bagger potential. We expect the path

to value realization to be volatile and have sized the theme accordingly.

While we expect the aerospace industry to bounce back strongly, the Coronavirus is likely to have a lasting impact on some industries that were already in the midst of secular change. In certain situations, the pandemic has accelerated consumer preferences and behavioral shifts already underway. By way of example, the decline of both movie theaters and traditional pay TV providers appears to have intensified since the outbreak began. Box Office Mojo reported total movie ticket sales in the U.S. for the week ending April 10th were a mere \$5,000. While ticket sales will undoubtedly rebound from this shockingly low level once the pandemic subsides, movie theater attendance has been in secular decline for years and a meaningful portion of the recent collapse may never return. It is difficult to imagine a world where younger generations view going out to the movies in the same way older generations did before the widespread adoption of Netflix, YouTube, Prime Video, Disney+, Hulu and others (not to mention the many other forms of competing entertainment such as video games and social media). The recent uptick in new subscribers across leading streaming platforms is likely to prove stickier than skeptics expect. As loyal existing subscribers already know, the value-proposition offered by leading streaming services compared to traditional cable packages is impossible to ignore. The tech-forward, user-friendly interfaces and high-quality and growing content libraries should turn even the most resistant-to-change consumer into the next cord-cutter. Legacy pay TV subscribers declined 4% in 2018, 7% in 2019 and the outlook for 2020 is bleak. In the aftermath of the Coronavirus, traditional media companies without a viable digital strategy are likely to find themselves even further trapped on the wrong side of change with even fewer options to escape. The traditional media ecosystem in the U.S. and Europe is one of the

portfolio's larger short exposures and was a meaningful contributor to performance during Q1.

Please don't hesitate to contact us with questions or comments, and we would look forward to speaking with you soon.

UPDATE ON MORGAN CREEK

We hope you have been able to join us for our Global Market Outlook Webinar Series entitled "**Around the World with Yusko**," most recently discussing the Corona Crash Crisis updates. We have had many interesting discussions in the last few months. If you missed one and would like to receive a recording, please contact a member of our Investor Relations team at IR@morgancreekcap.com or visit our new website morgancreekcap.com.

We are also a proud sponsor of The Investment Institute, an Educational Membership Association for Institutional & Private Investors and Managers in the Southeast. Unfortunately, the May event was cancelled due to the Coronavirus; however, the Fall event is currently scheduled for **October 26–27, 2020** at **The St. Regis** in **Chapel Hill, NC**. For more information on how to become a member and join this elite group please visit www.theinvestmentinstitute.org.

As always, it is a great privilege to manage capital on your behalf and we are appreciative of your long-term partnership and confidence.

With warmest regards,



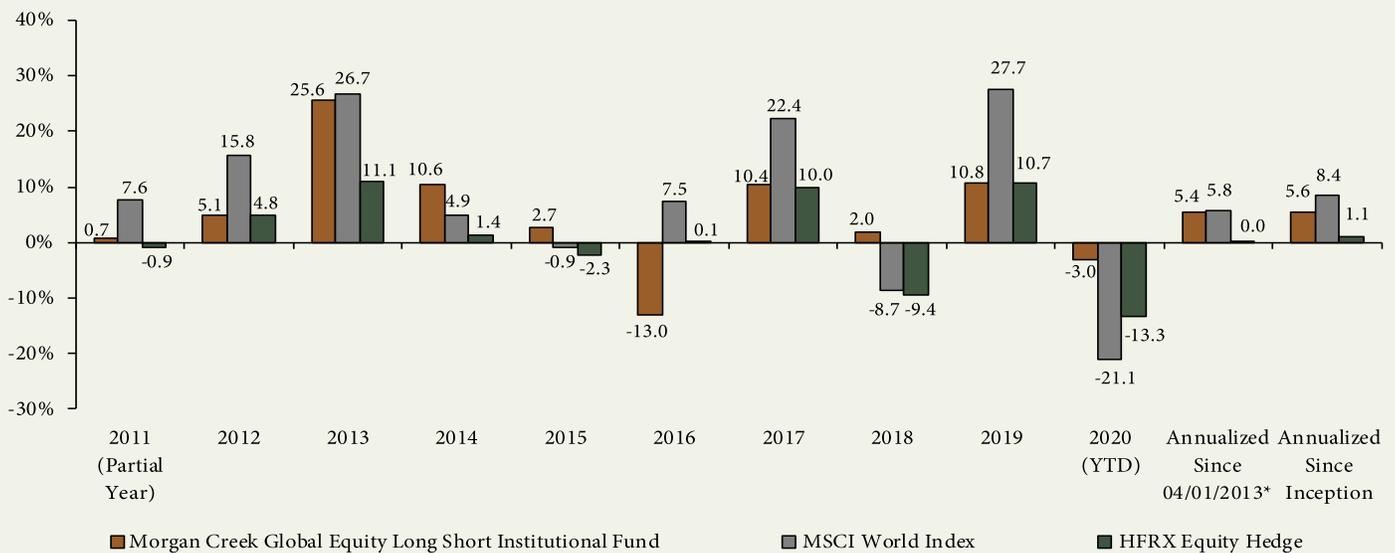
Mark W. Yusko
Chief Executive Officer & Chief Investment Officer

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Q1 PERFORMANCE OF THE MORGAN CREEK GLOBAL EQUITY LONG/SHORT INSTITUTIONAL FUND



SINCE INCEPTION PERFORMANCE OF THE MORGAN CREEK GLOBAL EQUITY LONG/SHORT INSTITUTIONAL FUND



Note(s): March, Q1 2020, 2020 (YTD), and Annualized performance figures for Morgan Creek Global Equity Long/Short Institutional Fund are internal estimates. 2011 is a partial year as the Fund was launched on 10/01/11. Performance is shown as of month-end for a new eligible investor, since inception, net of all fees and expenses. The performance data quoted represents past performance of the Fund. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The current performance of the Fund may be lower or higher than the performance data quoted. Please refer to www.morgancreekfunds.com for performance data current to the most recent month-end. The indices shown are for informational purposes only and are not reflective of any investment. As it is not possible to invest in the indices, the data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features. Please refer to more detailed disclosures at the back of this presentation. All returns shown are through 3/31/2020. *Performance since 04/01/2013 shown to illustrate the Fund's performance since the introduction of the "Hybrid Model", which refers to the Fund's practice of investing directly in securities as well as via funds managed by external investment managers. Past performance is not indicative of future results.

General

This is neither an offer to sell nor a solicitation of an offer to buy interests in any investment fund managed by Morgan Creek Capital Management, LLC or its affiliates, nor shall there be any sale of securities in any state or jurisdiction in which such offer or solicitation or sale would be unlawful prior to registration or qualification under the laws of such state or jurisdiction. Any such offering can be made only at the time a qualified offeree receives a Confidential Private Offering Memorandum and other operative documents which contain significant details with respect to risks and should be carefully read. Neither the Securities and Exchange Commission nor any State securities administrator has passed on or endorsed the merits of any such offerings of these securities, nor is it intended that they will. This document is for informational purposes only and should not be distributed. Securities distributed through Morgan Creek Capital Distributors, LLC, Member FINRA/SIPC.

Performance Disclosures

There can be no assurance that the investment objectives of any fund managed by Morgan Creek Capital Management, LLC will be achieved or that its historical performance is indicative of the performance it will achieve in the future. 2005-2016 results are audited. 2017 performance data is not yet audited and is subject to change upon audit. Monthly performance numbers are not individually audited and only a fund's annual financial statements are audited. Performance may differ based upon New Issue eligibility, individual dates of admission and actual fees paid. All performance reflects reinvestment of dividends (if any) and all other investment income (which should be evaluated when reviewing performance against other indices). The performance data set forth in this presentation is based on information provided by underlying managers and is believed to be reliable but has not been independently verified by Morgan Creek Capital Management, LLC. MCGELSIF performance is shown as of month-end for a new eligible investor, since inception, net of all fees and expenses. The performance data quoted represents past performance of the Fund. Past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The current performance of the Fund may be lower or higher than the performance data quoted. Please refer to www.morgancreekfunds.com for performance data current to the most recent month-end.

Morgan Creek Direct

"Morgan Creek Direct" consists of "Morgan Creek Direct Top 20", "Morgan Creek Direct Qualitative", the Fund's direct private co-investments and "Morgan Creek Tactical". "Morgan Creek Direct Top 20" is a basket of 20 equally-weighted equities and reflects the top long positions in the underlying portfolios of the current managers in the Morgan Creek Global Equity Long Short Institutional Fund. "Morgan Creek Direct Qualitative" is a portfolio of equities sourced from the underlying portfolios of the current managers in the Morgan Creek Global Equity Long Short Institutional Fund. "Morgan Creek Tactical" includes ETFs and other passive instruments.

Forward-Looking Statements

This presentation contains certain statements that may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, included herein are "forward-looking statements." Included among "forward-looking statements" are, among other things, statements about our future outlook on opportunities based upon current market conditions. Although the company believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. One should not place undue reliance on these forward-looking statements, which speak only as of the date of this discussion. Other than as required by law, the company does not assume a duty to update these forward-looking statements.

Indices

The index information is included merely to show the general trends in certain markets in the periods indicated and is not intended to imply that the portfolio of any fund managed by Morgan Creek Capital Management, LLC was similar to the indices in composition or element of risk. The indices are unmanaged, not investable, have no expenses and reflect reinvestment of dividends and distributions. Index data is provided for comparative purposes only. A variety of factors may cause an index to be an inaccurate benchmark for a particular portfolio and the index does not necessarily reflect the actual investment strategy of the portfolio.

MSCI World Index — this is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. Morgan Stanley Capital International definition is from Morgan Stanley.

HFRX Equity Hedge Index — is constructed from strategies with both long and short positions by Hedge Fund Research, Inc. utilizing a UCITSIII compliant methodology. Definition is from Hedge Fund Research, Inc.

No Warranty

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Risk Summary

Investment objectives are not projections of expected performance or guarantees of anticipated investment results. Actual performance and results may vary substantially from the stated objectives with respect to risks. Investments are speculative and are meant for sophisticated investors only. An investor may lose all or a substantial part of its investment in funds managed by Morgan Creek Capital Management, LLC. There are also substantial restrictions on transfers. Certain of the underlying investment managers in which the funds managed by Morgan Creek Capital Management, LLC invest may employ leverage (certain Morgan Creek funds also employ leverage) or short selling, may purchase or sell options or derivatives and may invest in speculative or illiquid securities. Funds of funds have a number of layers of fees and expenses which may offset profits. This is a brief summary of investment risks. Prospective investors should carefully review the risk disclosures contained in the funds' Confidential Private Offering Memoranda.



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