



Q3 2019 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

Poor performance during the quarter was driven by (1) LYFT, (2) the continued outperformance of U.S. equities vs. the Rest of the World ("ROW"), and (3) the sharp rotation out of Momentum into Cyclical during September. We remain cautious on the outlook for global equities and believe the portfolio is positioned to weather an uptick in market volatility reasonably well, as evidenced by performance during 2018 when global equities were down (8.7%) and the Fund was up 2.0%, and May of this year when global equities were down (5.8%) while the Fund was down just (0.9%). During the most recent hiccup in August, we estimate the Fund would have been roughly flat absent the position in LYFT with markets down (2.1%). We point this out to illustrate what we believe to be the defensive nature of the portfolio now that LYFT has been taken down to a 1% position as of September 30. We took the position size down immediately upon receiving our shares back from the special purpose vehicle in which the Fund invested. While LYFT was a headwind to performance in Q3, it remains a solid contributor from the Fund's \$19.45/share cost basis in March 2015. Through September, the investment has generated a 2.1x multiple¹ and annualized return of +17.7%. Despite the IPO being a near-term disappointment, we believe the company is in a good position to drive long-term growth while moderating losses in the quarters and years ahead. Just as the narrative that U.S. ride-sharing would be a winner-take-all market when we first invested in LYFT was proven to be false, we think the current narrative that ride-sharing will never be profitable will also be proven incorrect. As the market realizes the U.S. ride-sharing industry is rapidly rationalizing from an economic standpoint and the pathway to future profitability becomes clearer, we expect LYFT

shares to re-rate considerably, which is why we have maintained a position, albeit a much smaller one, in the company.

Our outlook for global equities remains cautious and it appears other asset managers are starting to take note of the pessimism reflected in the Duke University survey of U.S. CFOs that we cited in the last letter (at the time, those CFOs optimistic about the economy had fallen to 20% from 47% the year earlier). Currently, according to a recent survey by Absolute Strategy Research, first reported by the Financial Times, of more than 200 institutions with \$4.1 trillion in assets, the likelihood of a global recession within the next year is 52%. It is the first time since the survey was created in 2014 that respondents have registered the odds of a global recession above 50%. While markets outside the U.S. have been largely reflecting this downbeat tenor for some time, U.S. markets have been incredibly resilient. After falling (5.0%) in 2018, the MSCI U.S. Index is up 20.1% through the third quarter. Meanwhile, the MSCI All Country World EX-U.S. Index is up just 11.6% after shedding (14.2%) in 2018. Emerging Markets have fared worse, with the MSCI Emerging Markets Index up just 5.9% YTD despite falling (14.6%) in 2018. While markets outside the U.S. have not fully recovered from last year's losses, U.S. markets sit near all-time highs. The U.S. has been a relative bastion of safety since many equity markets peaked in early 2018 and this was again the case in 3Q19 – MSCI U.S. +1.4% vs. MSCI EX-U.S. (1.8%) and MSCI EM (4.2%). This level of outperformance by U.S. equities has attracted external flows into U.S. assets, pushing the U.S. dollar to a 2-year high. Unfortunately, this trend has been a headwind to performance due to the portfolio's overweight exposure in international markets; however, we think the probability U.S. equities "catch down" with the ROW vs. the ROW "catching up" to U.S. equities is quite high going forward as the market realizes the U.S. is not immune to the global slowdown impacting practically every

¹ The above multiple has been calculated by Morgan Creek, based on information provided by the manager and is believed to be accurate, but has not been independently verified. Please refer to the disclosures regarding multiples and IRR at the end of this letter.

major region and country. In fact, the latest manufacturing data shows the manufacturing downturn is the most geographically widespread in seven years and U.S. manufacturing activity falling to its worst level in a decade. Manufacturing activity is often a leading indicator.

The third major headwind to performance during Q3 was the sharp rotation out of Momentum into Cyclical during September. According to Goldman Sachs, Consumer Discretionary was the most net bought global sector in September, driven mostly by short covers, while, per Morgan Stanley, the rapid selling of Momentum was in line with some of the largest periods on record dating back to 2010. This tripped up many of our managers, as long Technology (Momentum) and short Consumer Discretionary (Cyclicals) are two of the portfolio's largest themes. While this resulted in significant negative alpha across the portfolio during September, we think it sets the Fund up for a period of above average alpha generation in the quarters ahead. We continue to emphasize Value over Growth with incremental allocation decisions, which should help mitigate the impact of rotations like this in the future. On that note, the Healthcare basket continued to perform well in Q3 (following strong performance in Q2) and the significant reduction of the Fund's position in LYFT is an even greater development in this respect. While the negative impact to performance during Q3 from the outperformance of U.S. equities vs. ROW and the rotation out of Momentum into Cyclical was meaningful, LYFT was by far the largest single-name detractor and accounted for roughly 52% of the Fund's losses. Yet the Fund has still managed to modestly outperform global equities since what we believe may prove to be the market top for this cycle in late January 2018. Since its January 26, 2018 peak, the MSCI All Country World Index is down (1.9%), while the Fund is up 3.4% from February 2018 through September 2019. As we have discussed

previously as a part of our Great Separation market outlook, we expect the Fund's performance to continue to separate from that of the overall equity markets as the sun finally sets on the current Bull Market.

Please do not hesitate to contact us with questions or comments, and we would welcome introductions to other like-minded investors.

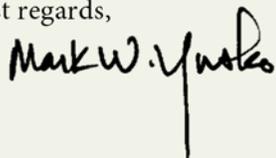
UPDATE ON MORGAN CREEK

We hope you have been able to join us for our Global Market Outlook Webinar Series entitled “**Around the World with Yusko.**” We have had many interesting discussions in the last few months including: *Beyond Belief: Why Unquestioned Faith in Central Bankers May Be Misguided*, *Navigating the Seven Cs: China, Crypto, Crude, Currencies, Commodities, Convexity & Correlation*, and *Mind the GAAP: Why Fundamentals Still Matter*. 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. The date of the next program is **October 24 –25, 2019** at **The Umstead Hotel in Cary, 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.

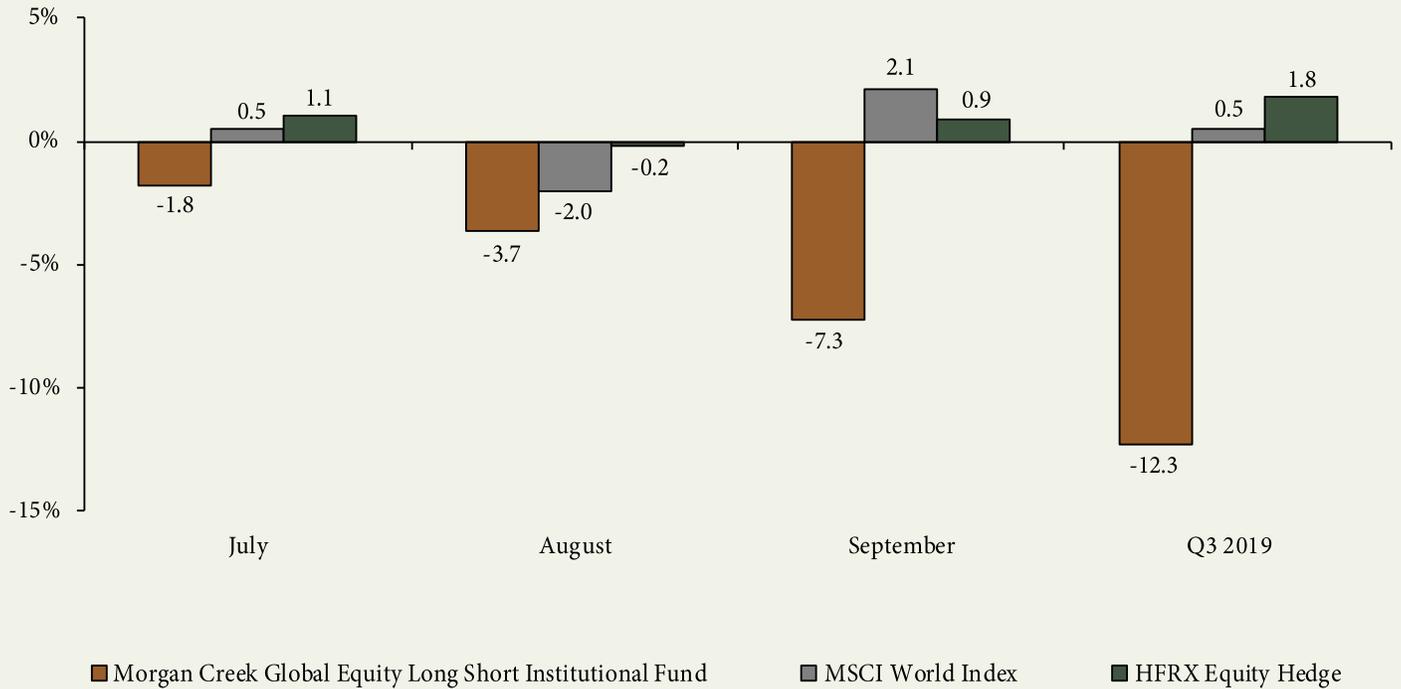
With warmest regards,



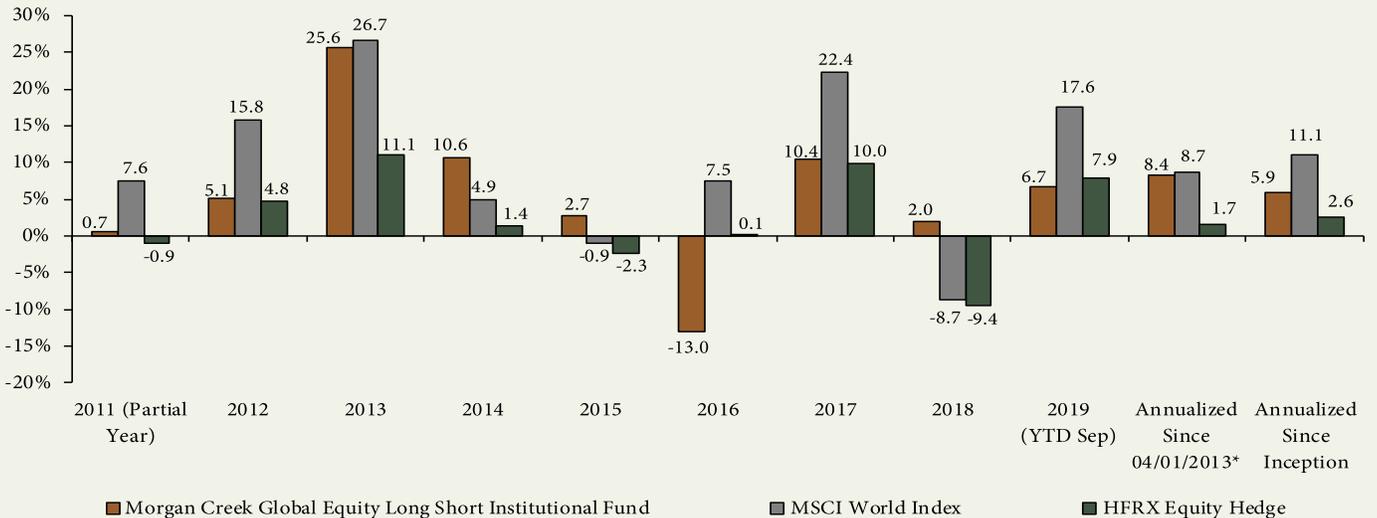
Mark W. Yusko
Chief Executive Officer & Chief Investment Officer

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Q3 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): September, Q3 2019, 2019 (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 09/30/19. *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.

Internal Rate of Return ("IRR")

The Internal Rate of Return is the discount rate at which the present value of the future cash flows of an investment equal the cost of the investment. It is found by a process of trial and error; when the net present values of cash outflows (the cost of the investment) and cash inflows (returns on the investment) equal zero, the rate of discount being used is the IRR. When IRR is greater than the required return-called the hurdle rate in capital budgeting-the investment is acceptable. Definition from Barron's Financial Guides, Dictionary of Finance and Investment Terms.

There can be no assurances that Estimated Residual (Net) Value is a true representation of actual market value, nor can there be any assurances that the estimated Net IRR will not be materially different from the estimate presented. The Estimated Residual (Net) Value is calculated by Morgan Creek based on information provided in part by the underlying funds and upon Morgan Creek's own valuations of the underlying portfolio companies. The underlying funds have not provided the Estimated Residual (Net) Value and in fact, may calculate the value in a materially different manner resulting in a materially different valuation. To the extent the actual Residual (Net) Value is materially lower than the estimate provided herein, the actual Net IRR will also be materially lower. The Estimated Residual (Net) Value may never be realized. There can be no assurances that unrealized value included in the Estimated Residual (Net) Value calculations will be realized at the time the underlying funds liquidate their investments. Investments which are currently reflecting unrealized gain may realize a loss when actually liquidated. Neither past performance, estimated values, nor estimated IRRs are necessarily indicative of future results.

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

Morgan Creek Capital Management, LLC does not warrant the accuracy, adequacy, completeness, timeliness or availability of any information provided by non-Morgan Creek sources.

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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