



We would like to welcome you to Morgan Creek's *Across The Hedge* weekend brief. It is comprised of research from Morgan Creek's Hedged Equity Team together with curated articles of interest. In addition to topical industry insights, we aim to provide timely in-depth perspectives on investments across Morgan Creek's Hedged Equity Platform. Our research leverages insights from the team, together with Morgan Creek's decades-long experience in covering and investing across asset classes, sectors and regions. To learn more about the team and our various investment offerings, please email HedgeD@morgancreekcap.com or visit us on the web at www.morgancreekcap.com.

UPCOMING EVENTS CALENDAR

We hope you will be able to join us for our upcoming HedgeD, With A Capital "D" webinar on Wednesday, May 19 - 3:00pm EDT. [Register Here](#).

PLATFORM OVERVIEW

With the backing of Tiger Management, Morgan Creek launched its flagship hedged equity strategy in 2005. While Morgan Creek's Hedged Equity Platform began as a traditional manager-of-managers model, it gradually transitioned to a more direct investment strategy with the implementation of the Hybrid Model in 2013¹. We seek to partner with a select group of what we deem to be best-in-class managers around the world and actively co-invest in their highest conviction ideas including public equities and select later-stage private co-investments.

CURRENT THEMES

Growth-Oriented Long Focus

- Cloud/Software
- Digital Payments
- Direct-To-Consumer
- Energy Transition
- Food & Drink Delivery
- Gaming
- Global eCommerce
- Japan Digitization
- Online Real Estate
- Ride-Sharing
- Semiconductors
- Social Media/Digital Ads
- Streaming

Value-Oriented Long Focus

- Aerospace
- Agriculture
- Classic Value Stocks
- EM Financial Inclusion
- Energy Survivors
- European SMIDs
- Gold Miners
- Innovative Healthcare
- Re-Opening Plays
- Traditional Financials

Short Portfolio Focus

- Boom-Bust Cycles
- Great-To-Good
- Frauds
- Legacy Media Assets
- Levered Roll-Ups
- Overhyped New Listings
- Over-Earning Staples
- Pandemic Fads
- Serial Promoters
- Tech Rust Belt
- Traditional Retail

ANNOUNCEMENTS

Webinar

On the most recent HedgeD, With A Capital "D" webinar, the team provided an update on Morgan Creek's high conviction investment themes as well as a comprehensive review of first quarter performance. The team also discussed a number of exciting developments in Morgan Creek's growth-oriented themes with the recent IPO filings of Didi Chuxing and Honest Company.

Replays for all webinars can be found on the HedgeD YouTube channel. [View Past Webinars](#).

Podcast

In the first episode of a four-part series, released April 21, Cory Lester, Mark Yusko and Andrew Schmeelk tee up a deep dive into Brasil. Morgan Creek has been investing in the country since the mid-2000s and the opportunity set today is more exciting than ever. Whether you are new to the country or a seasoned vet, we guarantee you will come away from the next four episodes having learned something new.

HedgeD podcasts are available on [Apple Podcasts](#) and [Spotify](#).



MANAGER UPDATES

As one might expect, many of Morgan Creek's managers with meaningful exposure to Technology and Asia have been negatively impacted by the continued rotation away from growth and into value as investors and the market increasingly focus on a post-pandemic, return-to-normal world. We are looking at this recent selloff in some of Morgan Creek's more growth-oriented themes and managers as an opportunity to selectively add capital over the coming months, including participating in the launch of an exciting new Technology-focused manager on May 1. These managers have a long history of bouncing back strongly after periods of underperformance, and we have already seen a number of sharp reversals thus far in April.

While performance in March was challenging, our value-oriented manager exposure did somewhat serve as a counterbalance to partially offset losses. Low-cost Energy Survivors remains a high conviction theme within value, as our manager in the space sees oil demand returning to pre-pandemic levels by the end of next year. The subsequent impact on oil prices given the lack of recent investment in production could be dramatic, and the difference between winning and losing investments will likely boil down to positioning on the energy cost curve and timing. The alpha generation opportunities within this theme are enormous and the dispersion between the winners and losers will likely be high.

DIRECT PORTFOLIO UPDATES²

We are excited to report that on April 9, 2021, two of Morgan Creek's underlying private holdings took important steps on their respective paths to becoming public companies.

Didi Chuxing, China's premiere platform for on-demand ride-sharing, was reported to have confidentially filed for its IPO with the U.S. Securities and Exchange Commission. Goldman Sachs and Morgan Stanley have been tapped to lead the offering, with recent reports suggesting that the company would be targeting a valuation north of \$100 billion in its public market debut. This would represent a meaningful premium to Didi's last primary funding round, which was raised at a \$62 billion valuation.

Honest Company, the all-natural household and wellness brand, filed for a U.S. initial public offering, following a strong year that was driven by a pandemic-driven surge in demand for baby products, lotions and sanitizers. The company, which plans to list its shares on the Nasdaq under the symbol "HNST", said its revenue jumped by about 28% to \$300 million. Morgan Stanley, JP Morgan, and Jefferies are advising the company, with reports that Honest could be valued between \$2-3 billion in its public market debut.

We look forward to providing additional updates as both companies progress through this exciting time.

PAST EVENTS CALENDAR

- April 21: Podcast—Brasil Part 1
- April 21: Webinar—First Quarter Performance Review & High Conviction Themes
- April 7: Podcast—Alpha Theory
- March 30: Webinar—Re-Opening Plays & Coupang IPO Update
- March 17: Podcast—Nippon Part 3 (Eduardo Costa)
- March 3: Podcast—Nippon Part 2 (Russell Clark)
- February 18: Podcast—Nippon Part 1 (Land of the Rising Sun)
- February 17: Webinar—January Highlights & Lowlights + Japan Digitization
- January 27: Webinar—2020 Review & 2021 Preview + Energy Survivors
- January 19: Podcast—Project Quantum
- December 11: Podcast—Morgan Creek's Top Long & Short Equity Market Themes for 2021
- December 8: Webinar—High Conviction Themes For 2021 and Beyond



INDUSTRY UPDATES

Hedge funds post best start to year since before financial crisis: Market shake-up has created 'fertile' environment for managers to make bets. [Read more.](#)

Hedge fund assets soar to all-time high, fueled by record gains and booming investor confidence: Global hedge fund industry assets swelled to a new record high of USD3.8 trillion in the first three months of 2021, as managers recorded their strongest quarter since 2000 and investors duly poured more capital into a broad selection of strategy types, with the biggest hedge funds still taking the largest slice of client money. [Read more.](#)

The Secret to Interviewing Asset Managers, From One of the Best to Ever Do It: In an excerpt from his book Capital Allocators, podcast host Ted Seides gives an inside look at how allocators should be grilling their partners. [Read more.](#)

Time for star managers to stand out: Active fundamental investment has retaken the leadership role in the asset management industry and alpha generating, star managers can now stand out. [Read more.](#)

Specialist managers in a favorable position: Specialist managers are likely to be in a favorable position going forward, as investment trends can be expected to benefit a focused approach. [Read more.](#)

Hedge Fund Managers Are Feeling Confident: In a survey of more than 300 hedge fund managers, 90 percent were optimistic about their economic futures. [Read more.](#)

Funds Of Funds Had An Incredible 2020 And The Boom Is Continuing This Year: Last year was solid for most funds of hedge funds. Citco reports that the average return was 11.2% among the funds it manages. [Read more.](#)

AWARDS



CONTACT INFORMATION

Morgan Creek Capital Management
301 West Barbee Chapel Road, Suite 200
Chapel Hill, NC 27517

Chris Arnold
carnold@morgancreekcapi.com
Phone: 919-933-4004

DISCLOSURES

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.

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. Past performance is not indicative of the performance that any fund managed by Morgan Creek will achieve in the future. Although Morgan Creek Capital Management, LLC has been presented with co-investment opportunities in the past, there can be no assurance that Morgan Creek will be presented with similar opportunities in the future. Further, there can be no assurance that co-investment opportunities will be available in the future.

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.

1. The "Hybrid Model" or "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 MCGELISF. "Morgan Creek Direct Qualitative" is a portfolio of equities sourced from the underlying portfolios of the current managers in MCGELISF. "Morgan Creek Tactical" includes ETFs and other passive instruments.

2. Didi Chuxing/Honest Company IPO information taken from Reuters as well as Managers within Morgan Creek's network.