

The SPAC+ Fund – Uniquely Designed to Solve  
Today's Most Difficult Portfolio Problem

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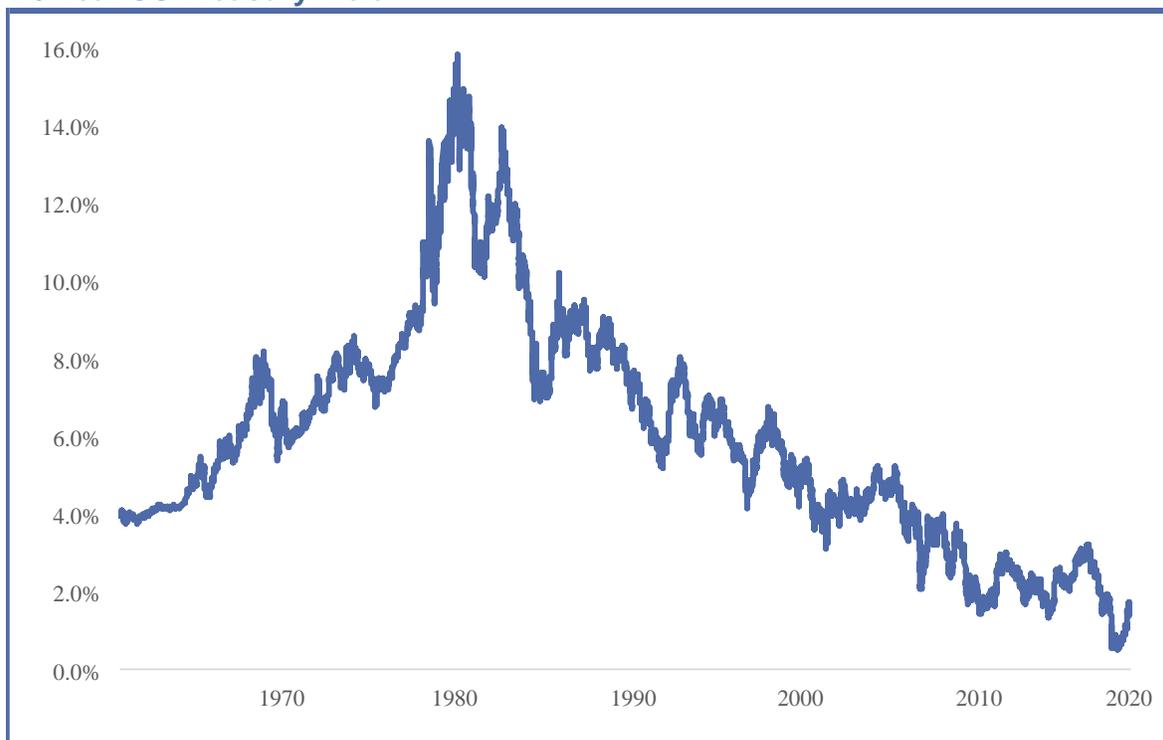
## Executive Summary

In today’s world of 0% risk-free rates (or less), investors face the difficult choice of either protecting themselves against worst-case scenarios but in turn accepting no return (and much opportunity cost), or of making choices designed to generate at least some return, but in doing so accepting significant potential losses if all goes wrong. SPAC+ is an actively managed strategy designed around the incredibly unique attributes of pre-combinations SPACs – investors are protected on the downside by T-bill collateral but can generate upside through embedded equity options – to help everyday investors solve this difficult portfolio problem. We believe it can improve risk/return in investors’ portfolios.

## Declining interest rate environment

Interest rates have declined systematically over the last 40+ years, and are in many cases now zero or negative.<sup>1</sup> In the current environment, investors are often forced to take on additional risk (equity, credit, illiquidity, etc.) to meet their return objectives.

10 Year US Treasury Yield



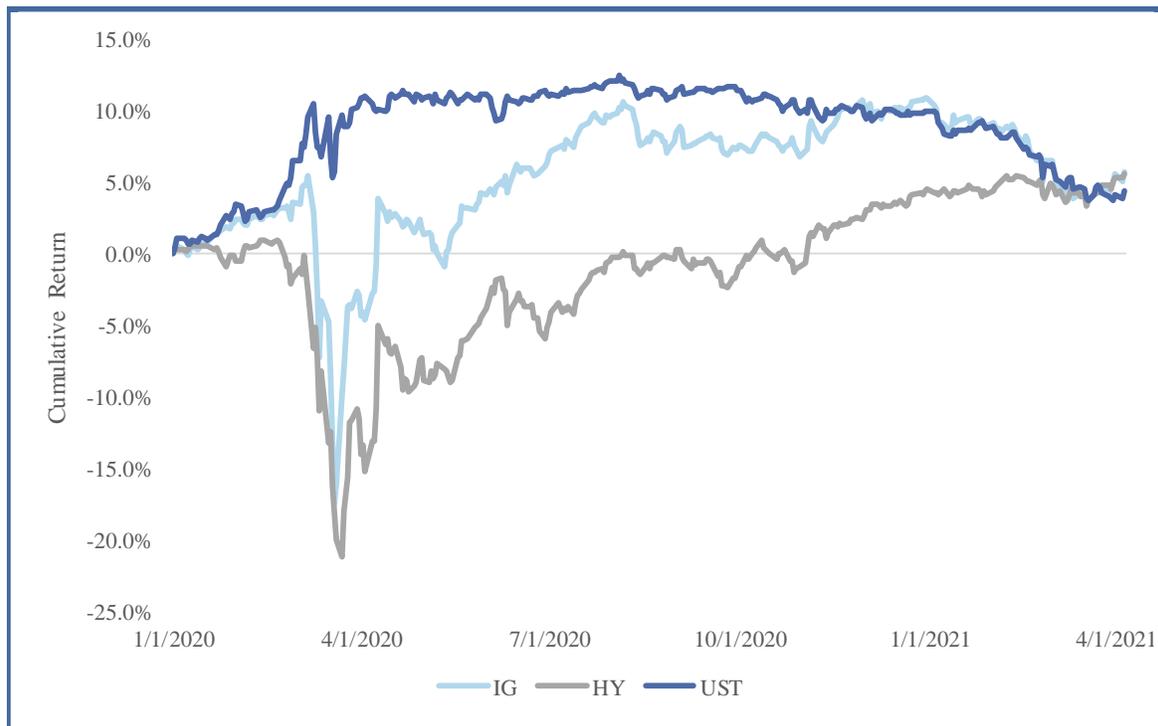
These low interest rates not only limit forward returns, but also add significant risk. If yields increase over the next two years, investors would face steep losses. In the context of a portfolio, fixed income performs very differently at higher levels of yields than at lower levels of yields.

<sup>1</sup> Macrotrends.

	5Y UST	10Y UST	30Y UST
Current Yield <sup>2</sup>	0.92%	1.74%	2.41%
200bp rise	-5.70%	-13.72%	-31.98%
400bp rise	-11.03%	-25.37%	-51.74%

Given this, investors often look to riskier investments such as investment grade bonds and high yield bonds to generate acceptable levels of return. Since the beginning of 2020, investment grade (4.6% annualized return) and high yield (4.4%) bonds have barely outperformed treasuries (3.5%), though both spent much of that period underperforming and saw 20%+ drawdowns, demonstrating that the incremental risks borne by investors may not justify the marginal benefits of relatively higher returns.<sup>3</sup>

#### Cumulative Returns for Fixed Income Investments Since 2020



<sup>2</sup> Spot rates as of 3/31/2021.

<sup>3</sup> Investment Grade Bonds: LQD - iShares iBoxx \$ Investment Grade Corporate Bond ETF; High Yield Bonds: HYG - iShares iBoxx \$ High Yield Corporate Bond ETF; US Treasury Bonds: IEF - iShares 7-10 Year Treasury Bond ETF. Past performance not indicative of future results.

## Historical Portfolio Returns

Nevertheless, despite rates continuing to decline, fixed income still makes up a significant allocation of investors' portfolios. Since 2010, Investment Grade, High Yield, and US Treasuries had annualized returns of 5.74%, 5.94%, and 4.29% respectively, with correlations of 0.10, 0.77, and -0.45 respectively with the S&P 500, which demonstrates the diversification benefits of including fixed income in a portfolio.<sup>4</sup>

Statistics	S&P 500	IG Bonds	HY Bonds	US Treasury
Cumulative Return (since 2010)	347.32%	87.03%	91.21%	60.37%
Annualized Compound Return	14.26%	5.73%	5.94%	4.29%
Sharpe Ratio	0.83	0.80	0.69	0.71
Sortino Ratio	1.15	1.16	0.98	1.03
Avg. Monthly Gain	3.27%	1.44%	1.62%	1.48%
Avg. Monthly Loss	-3.43%	-1.27%	-1.58%	-1.01%
Max. Drawdown	-33.72%	-21.76%	-22.03%	-9.08%
Annualized Std. Deviation	17.22%	7.14%	8.60%	6.07%
% of Winning Months	69.40%	65.67%	67.16%	55.22%
Correlation with S&P 500		0.10	0.77	-0.45

<sup>4</sup> Diversification does not ensure a profit or protect against loss.

**Sharpe Ratio** is the difference between the returns of the investment and the risk-free return, divided by the standard deviation of the investment. Risk free rate assumed to be 0%.

**Sortino Ratio** is the difference between the returns of the investment and the risk-free return, divided by the downside deviation of the investment (standard deviation of negative returns). Risk free rate assumed to be 0%.

**Maximum Drawdown** is the maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained.

### Cumulative Returns for Fixed Income Investments Since 2010



A traditional portfolio allocates 60% of capital to equities and 40% to fixed income. Examples of how the 60/40 portfolio can be constructed are outlined below<sup>5</sup>:

Statistics	60/40 S&P/IG	60/40 S&P/HY	60/40 S&P/UST	60/15/15/10 S&P/IG/HY/UST	60/20/20 S&P/IG/HY
Cumulative Return (since inception)	224.55%	222.28%	211.30%	221.01%	223.78%
Annualized Compound Return	11.04%	10.97%	10.63%	10.93%	11.02%
Sharpe Ratio	1.01	0.84	1.15	0.98	0.93
Sortino Ratio	1.41	1.16	1.62	1.36	1.29
Avg. Monthly Gain	2.16%	2.39%	1.91%	2.13%	2.22%
Avg. Monthly Loss	-2.17%	-2.71%	-1.76%	-2.35%	-2.54%
Max. Drawdown	-26.62%	-29.11%	-17.93%	-24.88%	-27.20%
Annualized Std. Deviation	10.88%	13.12%	9.22%	11.17%	11.89%
% of Winning Months	69.12%	69.12%	69.12%	70.59%	70.59%
Correlation with S&P 500	0.96	0.99	0.97	0.98	0.98

While all of these 60/40 portfolios exhibit higher Sharpe and Sortino Ratios than a standalone allocation to equities, they are all highly correlated with equities, which indicates that the diversification benefit is not as impactful in the current environment; in other words, the general direction of the portfolio moves in line with equities, but the magnitude of moves is diminished by the allocations to fixed income. With near-zero interest rates and little diversification benefit, a

<sup>5</sup> Hypothetical portfolios shown are for illustrative purposes only. The sample was constructed using the ETFs shown and defined in footnote 3. Past performance not indicative of future results.

40% allocation to fixed income is no longer practical, and investors must seek out other asset classes or instruments to improve the risk-adjusted returns of their portfolios.

## We believe SPACs can be utilized to replace fixed income in an investor’s portfolio

SPACs (Special Purpose Acquisition Companies) offer an intriguing risk-return profile that, if utilized properly, can be a fixed income substitute, generate improved risk-adjusted returns and subsequently improve the Sharpe Ratio of a portfolio. SPACs are “blank check” investment vehicles that enable a management team to raise capital via an IPO with the purpose of engaging in a business combination with a private operating company.

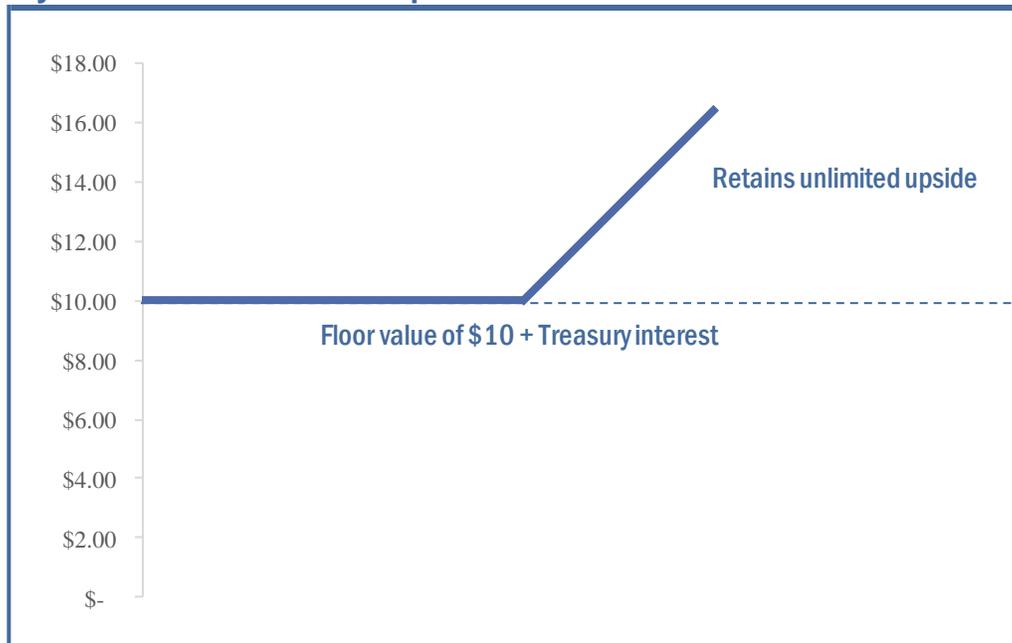
The main characteristics of a SPAC are as follows:

- The capital raised in the IPO is placed into an inviolable trust, earns Treasury interest, and can only be used to consummate a merger
- Investors receive \$10.00 units comprised of one common share and typically some additional options (typically a warrant, a fraction of a warrant, or occasionally a right to buy the common stock at a fixed price in the future).
- Investors may sell their shares at any time, redeem for their pro rata share of cash in trust, or “participate” in the business combination by converting their shares into the newly public operating company’s shares
- If a business combination does not occur within a defined time period (usually 18 – 24 months) the SPAC is dissolved, investors receive their pro-rata portion of cash (plus Treasury interest) in trust, and the sponsor investment expires worthless



A simple way to think about a SPAC is that an investor owns a put on the downside for 100% of their investment that is collateralized by US T-bills, an equity call struck at \$10 that gives them upside above their original investment, and often longer dated equity calls struck at \$11.50 that can potentially add significant return. This means that for any SPAC the investor buys in an IPO, they can in the worst case get back their money plus T-bill interest, with the potential for meaningful upside if the equity options pay off.

### Synthetic Protective Put Option



Let's assume an investor pays \$1,000 for 100 "units" which are comprised of 100 common shares and 50 5-year warrants struck at \$11.50. The \$1,000 goes into trust and is invested in T-bills. Until a deal is closed or time expires, the "unit" can trade above or below the value of the money held in trust. As a result, the investment can have mark to market volatility. However, the investor can always wait and redeem the shares for the money held in trust plus interest rather than participating in a deal, and can therefore recoup any mark to market losses by waiting. There are three scenarios that can play out:

#### Worst Case

Time runs out on the sponsor and no deal is closed. The investor automatically receives back their money plus interest, and the warrants expire worthless.



The investor receives the original **\$1,000** investment plus **\$5.00** interest for a **0.5%** total return.

#### Middle Case

A sponsor brings a deal that is not "hot", so the stock trades at or below the value of the money held in trust. The investor "puts" their shares back and receives back their money plus interest. Additionally, they are able to keep their 50 warrants which they can sell in the market or hold in hopes of further increases in value.



The investor puts the shares back and sells the warrants for **\$0.50/each**. Overall, the investor receives the original **\$1,000** investment plus **\$5.00** interest plus **\$25** warrant proceeds for a **3.0%** total return.

Rather than sell, the investor could alternatively hold the warrants for as long as 5 years to try to capture additional return without risk to their original investment.

### Best Case

A sponsor brings a deal that is “hot”, so the stock trades above the value of money held in trust. The investor sells the shares upon the announcement “pop” in the open market to get the “extra” return, and also keeps their 50 warrants, which they can sell in the market or hold in hopes of further increases in value.



The investor sells the shares upon announcement for **\$12.00** and sells the warrants for **\$2.00/each**. Overall, the investor receives **\$1,200** common proceeds plus **\$100** warrant proceeds for a **30.0%** total return. The investor could also hold the warrants for up to 5 years to try to capture additional return without risk to their original investment.

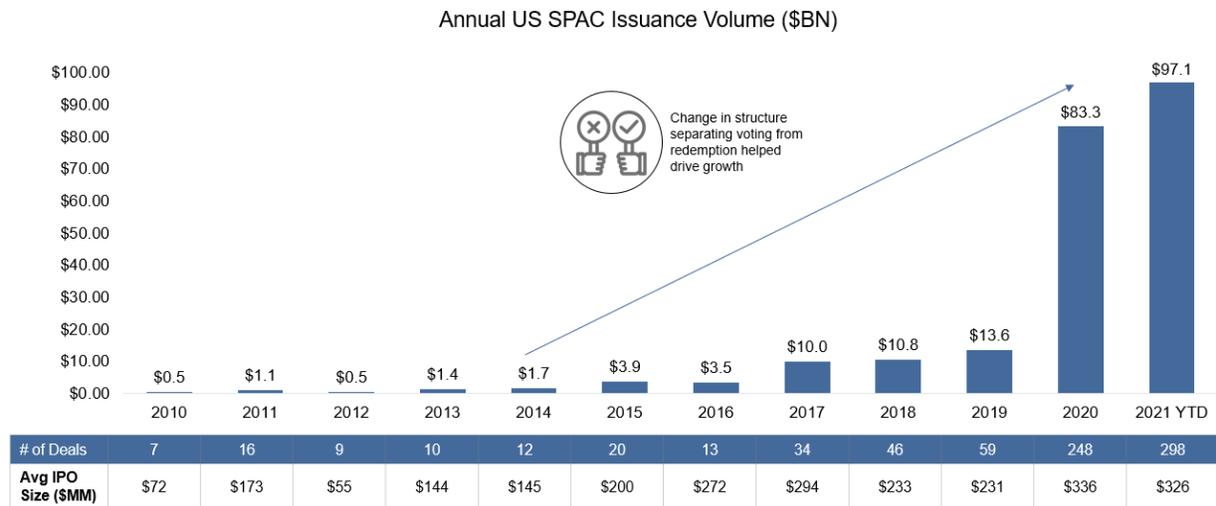
In all of the above scenarios, the investor either sells or redeems the shares upon announcement of a merger, and never waits until the merger is consummated and the private operating company is launched in the public markets. By exiting before the merger goes through, the investor is never exposed to equity risk and the absolute worst case that can occur is receiving their principal plus interest back. Even if the common is trading below \$10, this mark to market loss can be recovered as long as the investor is patient and waits until either a merger or the expiration of the 18-24 month window to find a deal.

We believe the unique payoff structure of T-bill collateral plus equity options can be additive to any investor portfolio, especially in today’s world of 0% rates.

## **SPACs have become more prominent since 2015**

While the SPAC structure is nothing new (it has been around since the 1990s), several structural and regulatory amendments made SPACs more favorable for investors, which fueled strong growth in SPAC issuances and mergers in the last five years. These new features included smaller sponsor promotes (reduced from 20-25% to 10-15%), much lower maximum redemption thresholds (reduced from 70-80% to 12% or less), longer windows to get a deal done (extended

from 18 to 36 months, though an 18-24 month window is most common), and that public stockholders voting against a proposed business combination have the right to redeem their stock for a pro rata share of the trust funds if the deal closes.<sup>6</sup> Previously, SPACs had the negative connotation of being a “last resort” or back-up plan if a company could not complete a traditional IPO, but these structural improvements have seen SPACs emerge as a favorable route to the public markets, culminating in the explosion in both issuances and mergers in 2020 that has continued into 2021.



Structural changes introduced in 2015 have helped drive growth in SPAC issuances.

\*Source: SPAC Insider 1: Data as of 4/1/21

The emergence of SPACs is shortening the time to enter the public markets, as innovative companies that were previously staying private longer are opting to enter the public markets via a SPAC merger. As SPACs have become more prevalent, companies have indicated a preference to work with higher quality, institutional SPAC sponsors with operating experience, which has improved the quality of SPAC sponsors and has resulted in higher quality private companies merging with SPACs. With PE firms and higher quality SPAC sponsors continuing to make up a higher share of the capital raised, we believe more GPs will choose to publicly list portfolio companies through SPACs in the coming years.<sup>7</sup>

## Active management is critical

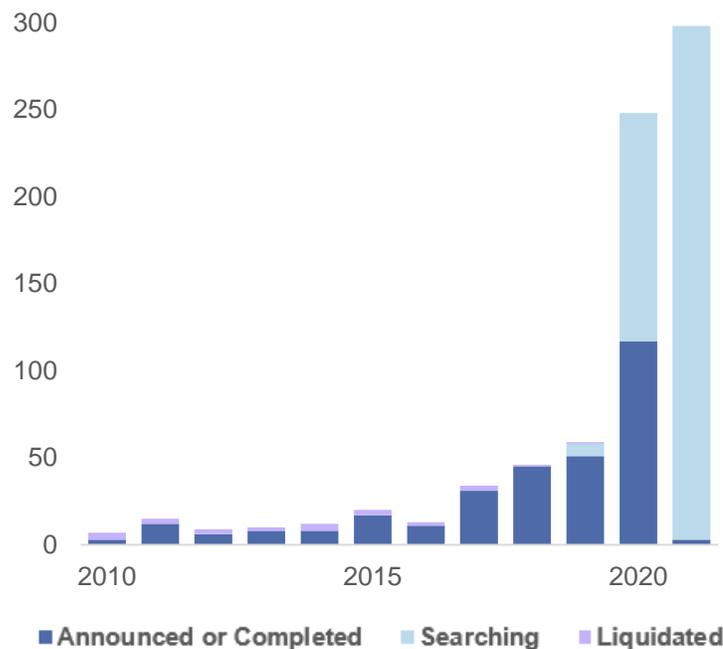
With the recent explosion in issuances, coupled with a number of idiosyncrasies the market exhibits, the SPAC universe is becoming increasingly difficult to navigate. As of April 1, 2021, there were 433 SPACs actively seeking a merger, 313 that have announced or completed a merger (216 of which were in the last 3 years), and another 253 SPACs that have filed for IPO that will soon join the universe seeking a merger partner.<sup>8</sup>

<sup>6</sup> [Sheppard, Mullin, Richter & Hampton LLP.](#)

<sup>7</sup> Pitchbook US PE Breakdown 2020.

<sup>8</sup> SPAC Insider.

### Number of SPACs by status



Investors face the daunting task of sifting through the 1,000+ pre-combination and post-combination<sup>9</sup> SPACs to find the “blank check” companies with the best sponsor team and the best potential to become an innovative “company of the future” and must stay on top of the news to time the “announcement” exits optimally. Moreover, the risk characteristics change significantly whether SPACs go up (become more equity-like) or down (investors own T-bills at a discount), making them very difficult to manage passively. Active management in both the selection of and continuous monitoring of a portfolio of SPACs is imperative in order to both maximize returns and manage the underlying risk.

### SPAC+ is uniquely designed around the underlying T-bill collateral

The Morgan Creek-Exos SPAC+ Fund is an alternative fixed income product designed around the unique features of pre-combination SPACs, and is actively managed in a systematic framework that aligns with the continuously evolving risk characteristics of the underlying pool of SPACs.

The Morgan Creek-Exos team takes an actively managed approach and brings extensive experience in SPACs. In addition to managing three SPAC-related strategies, Exos advises companies and sponsors on SPACs and is a market maker in SPACs.

<sup>9</sup> “Pre-Combination” SPACs are SPACs that are either seeking a target for a combination or have not yet completed a combination with an identified target. “Post-Combination” SPACs are operating companies that have completed a combination with a SPAC and now trade in the public markets.



Underwriting & IPO Advisory	Corporate Finance Advisory	Secondary Trading
Has worked as advisor or co-lead manager to multiple SPAC sponsors	Advised private companies seeking to go public via SPACs	Algorithmic trading capabilities in SPAC equities
Treasury Trust management	Advanced data analytics approach to identifying merger targets	Traded over \$200 million of SPAC equities since the launch of the first SPAC fund in July 2020
Team members have sponsored two SPACs	Transformational structural innovations for SPAC sponsors and target companies	Ability to opportunistically trade common equity

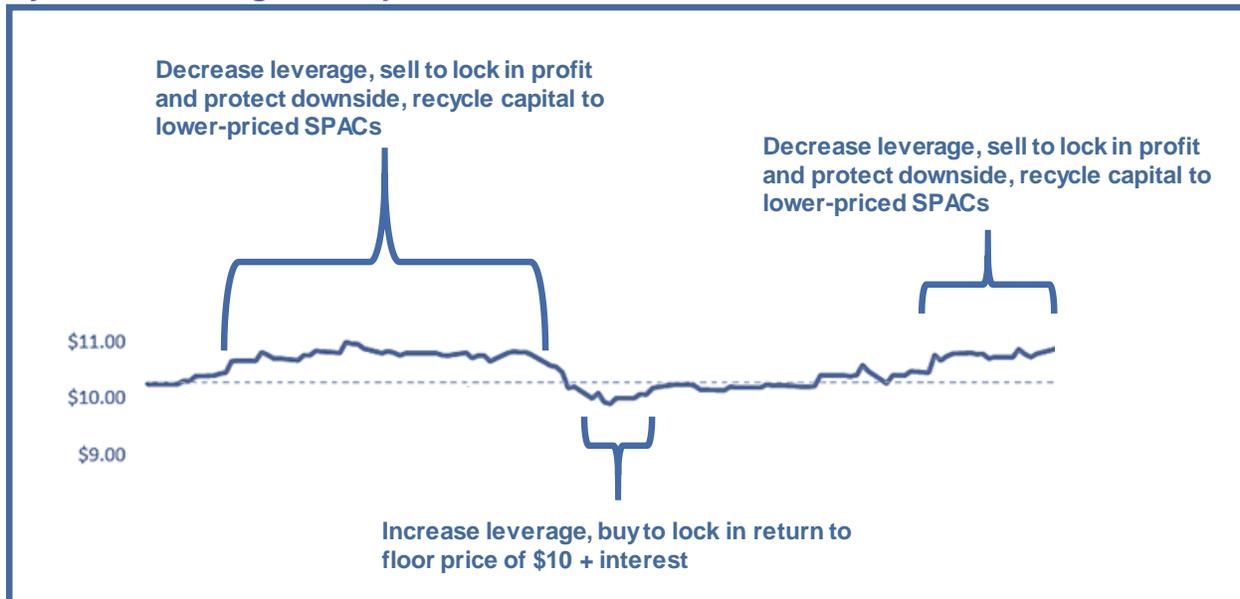
The research that Exos has performed on pre-combination and post-combination SPACs, the SPAC market, and SPAC sponsors is utilized in the SPAC selection for SPAC+, and Exos’s proprietary algorithmic market making and block secondary trading strategies enhance the active management and execution of the fund. Furthermore, the experience and relationships Exos has developed in the SPAC space allows the SPAC+ Fund to receive preferential allocations to SPAC IPOs instead of waiting to buy on the secondary market at less favorable prices.

The fund has three distinct drivers of returns:

- 1) SPAC+ owns a portfolio of SPACs. Historically, these broadly have returned high single digits to low double digits unlevered with underlying T-bill downside.
- 2) SPAC+ uses dynamic leverage on a portfolio basis; in other words, the fund systematically increases exposure when SPACs trade below trust value and decreases leverage when SPACs trade above trust value.
- 3) SPAC+ uses an algorithmic market making function to a) drive return while the fund waits for deals to be announced and b) actively recycle capital from individual issues that trade at a premium to trust to individual issues that are at a discount to trust. This also helps to systematically protect downside.

We believe the combination of these three drivers is unique and are designed to improve return per unit risk with an unwavering focus on managing downside in the worst case. Importantly, while almost all ways in which investors attempt to add return to their portfolio in a 0% interest rate world add “tail risk” to a portfolio, SPAC+ aims to reduce “tail risk” through a focus on the underlying T-bill collateral.

## Dynamic Leverage Example



As an example of how these drivers come together to add value, at the end of 2020 the average price of a common share in the SPAC+ portfolio was \$10.26 and the average price of a unit in the portfolio was \$10.72, and the fund was at 1.45x leverage. At the end of March 2021, the average common price had declined to \$9.81 and the average unit price had declined to \$9.95, down 4.39% and 7.11% respectively, and the fund was at 1.63x leverage. Despite the significant price declines of the inventory on a levered portfolio, SPAC+ was up +8.45% year to date through March 2021. Moreover, in the absolute worst case scenario of a market downturn where no more SPAC mergers are ever completed, the SPAC+ Fund would only lose 1.5% after waiting and collecting the share of the collateral of all the positions held in T-bills.<sup>10</sup> This absolute downside compares favorably to other equity or credit-related products, which would likely face much steeper drawdowns.

The strategy of the SPAC+ Fund may improve risk-adjusted returns to investors' portfolios, while reducing tail risk in a bad event.

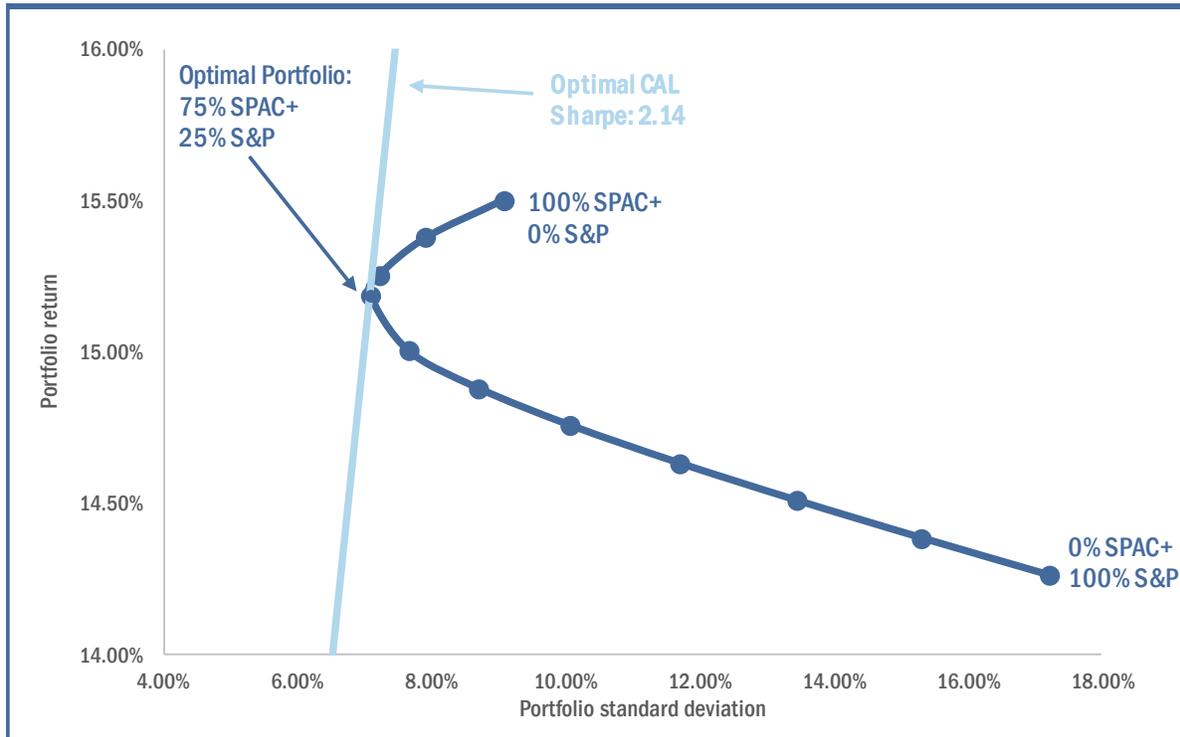
## How SPAC+ fits in a traditional 60/40 portfolio

The normalized annual returns of a strategy similar to what SPAC+ follows is approximately 15.5% with an annualized volatility of 9.1% and a -0.25 correlation with the S&P 500.<sup>11</sup> With these inputs, we constructed an optimal portfolio where SPAC+ completely replaced the fixed income allocation, which resulted in a portfolio with 75% SPAC+ and 25% S&P 500 and a Sharpe Ratio of 2.14.

<sup>10</sup> Based on the portfolio composition as of 3/31/2021.

<sup>11</sup> Exos Research.

### Efficient Frontier - S&P and SPAC+



In a vacuum, SPAC+ outperforms the other fixed income alternatives by a wide margin, with not much incremental risk borne by investors. The risk-return profile, combined with the negative correlation with equities, makes SPAC+ an ideal fixed income substitute; the 2.14 Sharpe Ratio is much higher than any of the 60/40 portfolios we explored earlier.

However, it is impractical for investors to allocate 100% of their fixed income exposure into SPAC+, because there is still a diversification benefit to including other fixed income investments. We explored supplementing the various 60/40 portfolio combinations discussed earlier with SPAC+ and found the following optimal portfolio allocations<sup>12</sup>:

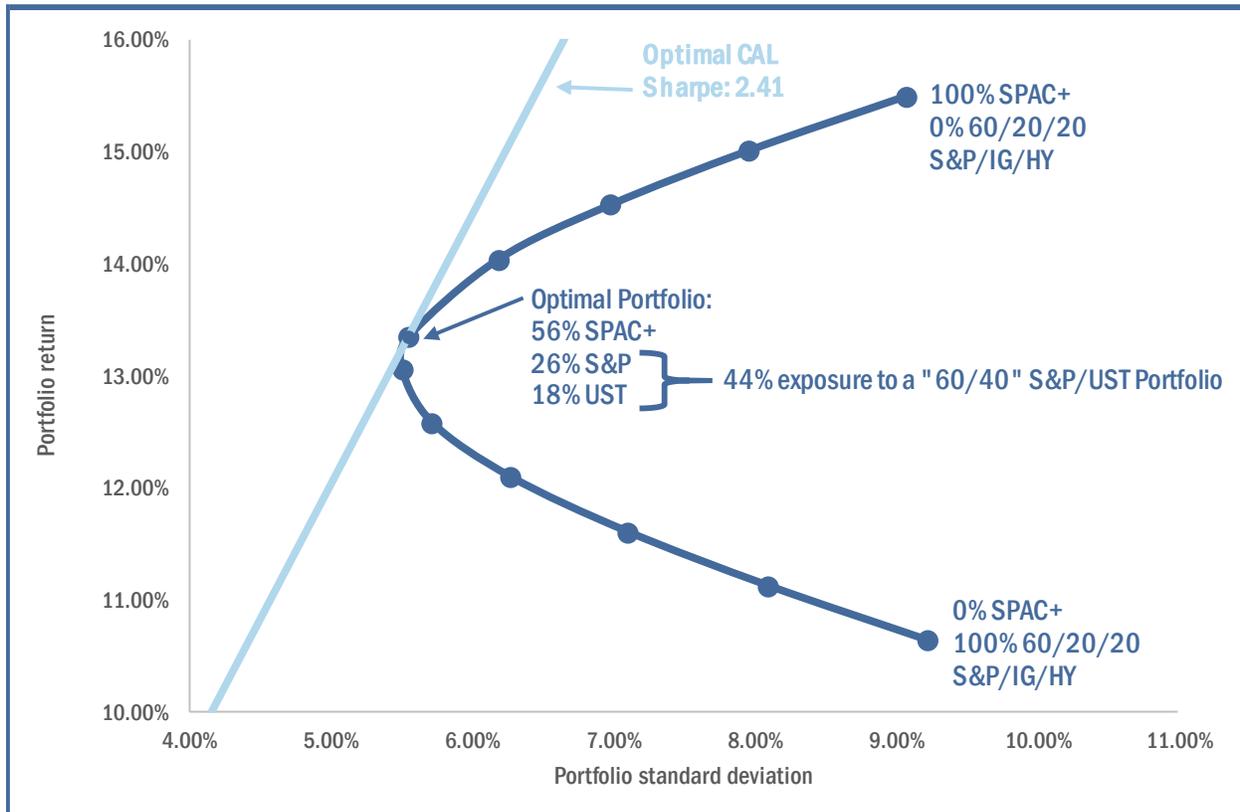
#### Optimal Portfolio Breakdown

Optimal Portfolios	Portfolio Return	Portfolio Risk	Sharpe Ratio
75% SPAC+ / 25% S&P	15.18%	7.09%	2.14
61% SPAC+ / 23% S&P / 16% IG	13.77%	5.87%	2.35
69% SPAC+ / 19% S&P / 12% HY	14.08%	6.54%	2.15
56% SPAC+ / 26% S&P / 18% UST	13.35%	5.55%	2.41
63% SPAC+ / 22% S&P / 5.5% IG / 5.5% HY / 4% UST	13.79%	6.04%	2.29
65% SPAC+ / 21% S&P / 7% IG / 7% HY	13.92%	6.19%	2.25

<sup>12</sup> Hypothetical portfolios shown are for illustrative purposes only. The sample was constructed using the ETFs shown and defined in footnote 3. Past performance not indicative of future results.

The most optimal portfolio in terms of Sharpe Ratio was a combination of SPAC+ and a 60/40 portfolio of S&P and US Treasuries, which makes sense given that the 60/40 S&P/UST portfolio had the highest Sharpe Ratio (1.62) of all of the traditional 60/40 combinations we explored. The optimal combination was a 56% allocation to SPAC+ and 44% to the 60/40 portfolio, which comes out to a 26% exposure to S&P and 18% to Treasuries; this combination produced a Sharpe Ratio of 2.41.

### Efficient Frontier - 56/26/18 SPAC+/S&P/UST



To break this optimal portfolio down further, 74% of the portfolio has the risk profile of Treasuries, while 82% has the upside of equities. That is a powerful risk/return tradeoff, and demonstrates the benefits of including SPAC+ in a portfolio. No matter what level of exposure, the risk-return profile of a portfolio is clearly improved when investors have an allocation to SPAC+.

### The Bottom Line

With interest rates hovering near zero (and negative in some cases), fixed income is likely to exhibit very different risk (more) and return (less) characteristics in the context of a portfolio than it has historically. Nevertheless, fixed income is a staple in investors' portfolios, with the traditional model of allocating 40% to fixed income and 60% to equities clearly resulting in suboptimal performance in the current interest rate environment. SPACs have a unique structure that can be optimized into a strategy that acts as a fixed income substitute with the risk profile of Treasuries and the upside of equities. SPAC+ is an actively managed strategy that is specifically designed around the unique attributes of SPACs in a way meant to solve today's portfolio problems

for every investor. We believe it is an ideal building block for investors and that it can be combined in a variety of ways with traditional equities and fixed income to optimize the risk-adjusted return and Sharpe Ratio of investors' portfolios.



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Michael Fair joined Morgan Creek in 2019 and is responsible for analysis, research, diligence, and business development. Prior to joining Morgan Creek, Michael spent 3.5 years with Duff & Phelps and Houlihan Lokey, where he consulted on valuations of illiquid private equity, hedge fund, and venture capital investments in portfolio companies. Michael received a Bachelor of Arts in Economics from the University of North Carolina at Chapel Hill. Michael is a Chartered Financial Analyst and is a member of the CFA Institute and the North Carolina Society of Finance and Investment Professionals.

## Disclosures

### Fund

This fund is formed. All final terms will be subject to the actual operative documents for the Fund. Allocations are subject to change at the discretion of the manager in accordance with the fund offering documents. This material is not meant to be, nor shall it be construed as, an attempt to define all terms and conditions of any transaction or to contain all information that is or may be material to an investor. Morgan Creek Capital Management, LLC is not soliciting any action based upon this material, and this material is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale of any security or advisory or other service. If in the future any security or service is offered or sold, such offer or sale shall occur only pursuant to, and a decision to invest therein should be made solely on the basis of, a definitive disclosure document, and shall be made exclusively to qualified purchasers in a private offering exempt from registration under all applicable securities and other laws. Any such disclosure document shall contain material information not contained herein, and shall supplement, amend, and/or supersede in its entirety the information referred to herein. Nothing contained in this material is, or should be, relied upon as a representation as to past or future performance, and no assurance, promise, or representation can be made as to actual returns.

### General

Past performance is not indicative of future results. Morgan Creek Capital Management, LLC does not warrant the accuracy, adequacy, completeness, timeliness or availability of any information provided by non-Morgan Creek sources. There can be no assurance that the investment objectives of Morgan Creek-Exos SPAC+ Fund or any company in which Morgan Creek-Exos SPAC+ Fund

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### **Performance Disclosures**

There can be no assurance that the investment objectives of any fund managed by Morgan Creek Capital Management, LLC will be achieved.

### **Historical Returns**

The historical returns outlined compare the average annual return of 70 SPACs that consummated IPOs after January 1, 2015 and either completed acquisitions or were liquidated before December 19, 2019 with the average annual return of both the iShares iBoxx Investment Grade Corporate Bond ETF (Ticker: LQD US) and the iShares iBoxx High Yield Corporate Bond ETF (Ticker: HYG US) over the same period. For the SPACs, common shares were assumed to have been sold at the higher of VWAP in the 5 days preceding combination and the redemption price, while warrants/rights were assumed to have been sold at VWAP 5 days post combination. The results shown do not represent the results of actual trading using client assets.

### **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.

### **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 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.

### **SPAC Risks**

SPACs are “blank check” companies with no operating history and, at the time that the Partnership invests in a SPAC, the SPAC typically has not conducted any discussions or made any plans, arrangements or understandings with any prospective transaction candidates. Accordingly, there is a limited basis (if any) on which to evaluate the SPAC's ability to achieve its business objective, and the value of its securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. While certain SPACs are formed to make transactions in specified market sectors, others are complete “blank check” companies, and the management of the SPAC may have limited experience or knowledge of the market sector in which the transaction is made. Accordingly, at the time that the Partnership invests in a SPAC, there may be little or no basis for the Fund to evaluate the possible merits or risks of the particular industry in which the SPAC may ultimately operate or the target business which the SPAC may ultimately acquire. A SPAC will not generate any revenues until, at the earliest, after the consummation of a transaction. While a SPAC is seeking a transaction target, its stock may be thinly traded. There can be no assurance that a market will develop. The proceeds of a SPAC IPO that are placed in trust are subject to risks, including the risk of insolvency of the custodian of the funds, fraud by the trustee, interest rate risk and credit and liquidity risk relating to the securities and money market funds in which the proceeds are invested. SPACs invest their trust assets in U.S. Treasuries or money market funds, which may also be at risk for loss at various times.”

### **Concentration Risks**

The allocation of a large portion of the Fund's capital to one or a small number of investments could increase the risk of investing in the Fund due to a lack of diversification in the portfolio.

The Morgan Creek - Exos SPAC+ Fund is advised by Morgan Creek Capital Management, LLC, sub-advised by Exos Asset Management, LLC, and distributed by Morgan Creek Capital Distributors, LLC.