

Welcome to Morgan Creek Digital's digital asset update. It is comprised of a thought piece from our team. We hope you find this content interesting. Please let us know if you have any comments or questions or if you would like to speak to a member of the [Morgan Creek Digital team](#).

Juneteenth 2023

Today, we celebrate Juneteenth, also known as Freedom Day and Emancipation Day. We celebrate the end of slavery in the United States in 1865 and recognize the continued pursuit of inclusion and equality.

Morgan Creek Digital (MCD) values diverse and inclusive communities where all employees, clients, and vendors are treated fairly and equally. And we put our money where our mouth is: we evaluate diversity in our investment opportunities and look for every edge in selecting start-ups.

The data also backs us. The commonly cited McKinsey [report](#), *Why Diversity Matters*, published in 2015, explored the relationship between diversity and financial performance in the workplace. The study revealed that:

- Companies with gender diversity in their executive teams were more profitable than those with less diverse teams. Specifically, companies in the top quartile for gender diversity were 15% more likely to have financial returns above their national industry median.
- Ethnic and cultural diversity in executive teams also correlated with better financial performance. Companies with higher ethnic and cultural diversity were 35% more likely to outperform their industry peers.

McKinsey's later [research](#), *Diversity Wins: How Inclusion Matters*, published in 2020, built upon the 2015 study to focus on the importance of inclusion alongside diversity. According to the study:

- Diverse companies were more likely to financially outperform their industry peers. Companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability, and those in the top quartile for ethnic and cultural diversity were 36% more likely.
- Inclusive leadership was identified as a crucial factor in unlocking the benefits of diversity. Organizations with inclusive leaders had improved performance, because they were more likely to engage and value employees.

- The report highlighted the positive correlation between diversity and talent acquisition and retention. Organizations that fostered diversity and inclusion were more likely to attract top talent, which in turn contributed to enhanced innovation and decision-making.

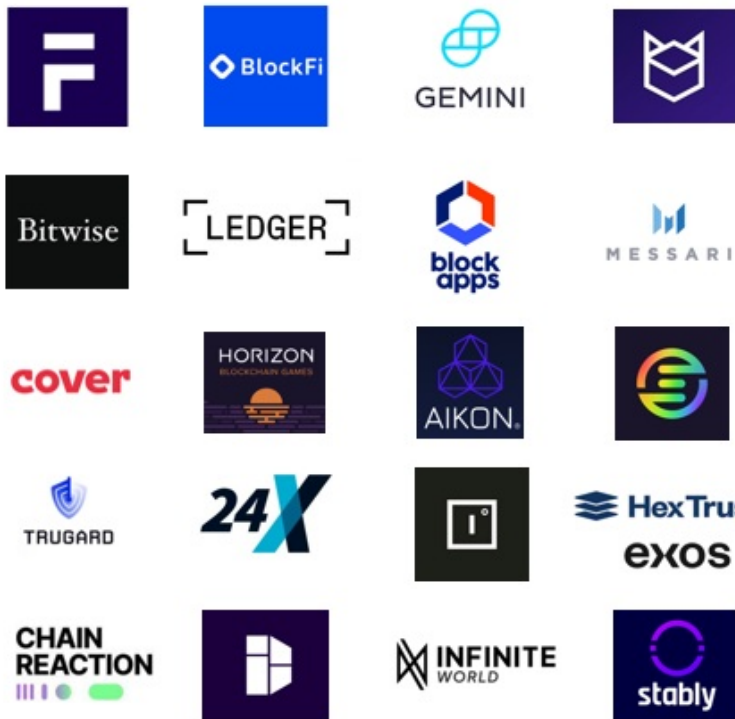
Both reports emphasized the potential business advantages of diversity and inclusion in the workplace. They provided data-driven evidence to support the case for diversity and inclusion as key drivers of financial performance, talent acquisition, and overall organizational success. And we believe that any edge that drives financial performance and societal evolution is both fiduciary responsibility and morally just.

Morgan Creek Digital's Commitment

We are proud of our progress, but our journey is far from complete. Please join us as we renew our commitment to bring change to our industry. Diversity and inclusion (D&I) are, and will continue to be, championed by MCD as we evaluate potential portfolio companies and investments by combining them along with traditional qualitative and quantitative metrics, such as product-market fit and revenue growth. We remain dedicated to actively seeking out and engaging with diverse talent, expanding our networks, and implementing inclusive practices that foster a more diverse and inclusive deal pipeline. By doing so, we aim to create a more equitable and robust investment ecosystem that benefits all stakeholders and seeks to provide superior returns to our investors.

We ourselves are a diverse set of founders who have enjoyed the opportunities and open-mindedness of allies in technology, finance, and higher education. We believe it is our obligation and pleasure to pay it forward. In addition, commitment to D&I brings value to our investors and our company. Over 50% of our Morgan Creek Digital Fund III portfolio equity positions are held in companies with diverse founding and/or management teams. Below are select portfolio companies at the forefront of inclusive products and workplaces for the digital age.

Portfolio companies co-founded or led by women or people of color:



Additional Resources:

<https://www.nytimes.com/article/juneteenth-day-celebration.html>

<https://nmaahc.si.edu/events/juneteenth>

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