

Highlights:

- ♦ The FG Alpha Fund protected capital in Q3 with a return of US\$ -1.1% while the S&P500 and the Russell 2000 lost US\$ -6.4% and US\$ -11.9% respectively;
- ♦ Year-to-date, the FG Alpha Fund returned US\$ +5.5% while the S&P500 and the Russell 2000 lost US\$ -5.3% and US\$ -7.7% respectively;
- ♦ So far in 2015 the FG Alpha Fund generated positive returns with a low annualized daily return volatility (5.4%) and a low daily correlation to the S&P500 (-0.02).

October 16th, 2015

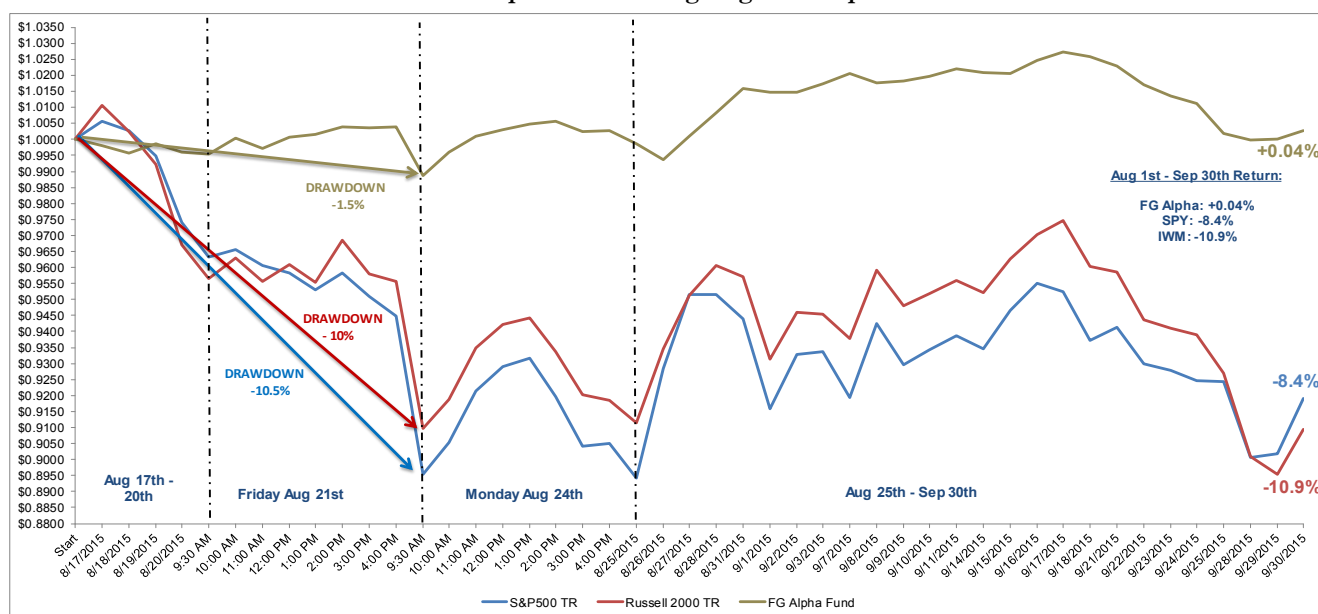
Formula Growth Alpha Fund 3rd Quarter 2015 Results

Dear Investors,

The third quarter saw investors confidence being challenged over slowing growth in the emerging markets, a major correction in commodity prices and fears of a China slowdown causing a correction in the equity markets. Despite this volatile environment, the FG Alpha Fund protected capital during the quarter generating a return of US\$ -1.1% net of fees vs. -6.4% for the S&P500 TR and a very difficult -11.9% for the Russell 2000 TR. So far in 2015, the FG Alpha Fund returned US\$ +5.6% while the S&P500 and the Russell 2000 lost US\$ -5.3% and US\$ -7.7% respectively. Although the annual return objective of the Fund is 5-7% the FG Alpha Fund has an annualized return of over 11% since inception.

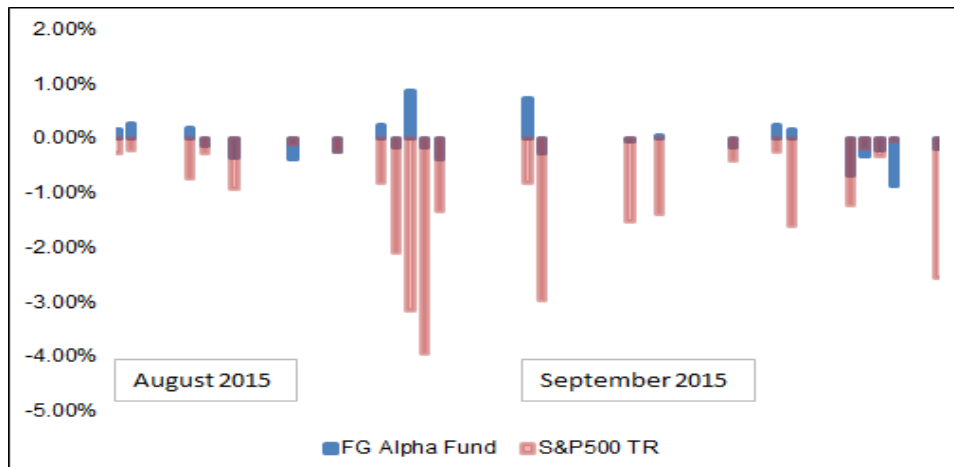
Similar to most equity market corrections, the volatility of daily returns increased meaningfully in the third quarter. Whereas the S&P500 saw its annualized volatility of daily returns jump from 12% in Q1 & Q2 to 21% in Q3, the daily returns annualized volatility of the FG Alpha Fund remained around 5.5% for both periods. The chart below demonstrates how the FG Alpha Fund was less volatile and how well it protected capital during the volatile months of August & September:

Performance of FG Alpha Fund during August & September 2015



Over and above the low volatility and capital protection feature, the FG Alpha Fund strives to achieve low correlation to U.S. equities by maintaining a low dollar exposure, a low beta exposure and a controlled risk factor exposures to the market. So far in 2015, the FG Alpha Fund had a very low daily return correlation of -0.02 vs. the S&P500 and of 0.14 to the Russell2000. To further illustrate the low correlation of the FG Alpha Fund, we display on the next page the daily performance of our Fund (blue) vs the negative days of the S&P500 TR (red) in August and September. We can observe that our volatility and downside capture is significantly lower than the market. Moreover, the FG Alpha Fund frequently delivers positive returns even when the market is down, further proving its low correlation to the market during difficult periods.

Daily performance of the FG Alpha Fund during negative days of the S&P500 TR August & September 2015



FG Alpha Fund has a low correlation to the equity market and protected capital in the months of August - September 2015

Q2 Review: Portfolio Positioning & Quarterly Attributions

During Q3, the FG Alpha Fund maintained its neutral net exposure to the market with an average net exposure of +4.7% and an average net beta exposure of 0.01. The volatile quarter for stocks allowed us to uncover several new ideas that led us to increase our long exposure from 61% to 70%. At the same time we also found many interesting Alpha Short opportunities taking the gross allocation from 14% to 30% at quarter end while our market hedges dropped from 46% to 29%.

Market and Beta Exposure

| | Jun-30 | Q3 Avg. | Sep-30 | YTD Avg. |
|-------------|---------|---------|---------|----------|
| Gross Long | 60.7% | 67.5% | 71.6% | 59.3% |
| Gross Short | (60.3%) | (62.8%) | (61.7%) | (57.0%) |
| Net | 0.4% | 4.7% | 9.9% | 2.3% |
| Total Gross | 121.0% | 130.3% | 133.3% | 116.3% |
| Net Beta | 0.03 | 0.01 | 0.01 | 0.00 |

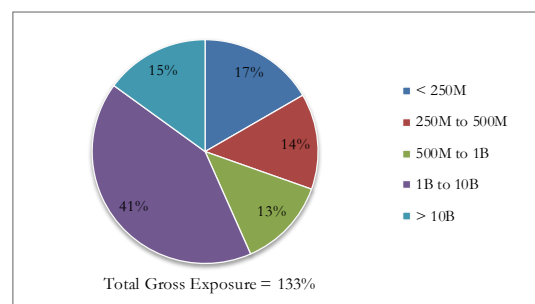
Strategy Exposure Breakdown

| | Jun-30 | Q3 Avg. | Sep-30 | YTD Avg. |
|-------------|--------|---------|--------|----------|
| Pair Trade | 0.0% | 4.3% | 4.9% | 2.3% |
| Hedge | 46.1% | 40.7% | 28.5% | 35.8% |
| Alpha Long | 60.7% | 65.7% | 70.0% | 58.4% |
| Alpha Short | 14.2% | 19.6% | 29.9% | 19.8% |

Number of Positions by Market Cap (Period End)

| | # of Longs | # of Shorts | Total |
|--------------|------------|-------------|-----------|
| < 250M | 16 | 0 | 16 |
| 250 to 500M | 15 | 0 | 15 |
| 500M to 1B | 10 | 3 | 13 |
| 1B to 10B | 24 | 10 | 34 |
| > 10B | 3 | 6 | 9 |
| ETF Hedges | 0 | 6 | 6 |
| Total | 68 | 25 | 93 |

Market Cap Exposure Breakdown (Period End)



While our Alpha Longs lost money during the quarter (-10.6%) our Alpha Shorts (+3.1%) and portfolio Hedges (+5.4%) compensated to protect capital for our investors. There were meaningful performance differences between sectors in Q3: the IT sector (-3.4%) and industrial sector (-1.8%) contributed negatively but the consumer staple sector (+1.7%) and healthcare sector (+1.6%) were strong.

Consumer Staples

Our best sector for the quarter was the consumer staples sector (+1.7%) where we had some good idea flow and several winning positions. Our top winner was OME (added 46bps) which is a fish meal producer the firm has followed for over 10 years. Having an excellent understanding of the business drivers and industry fundamentals, we first began building our position towards the end of Q1 when the stock was trading below book value of \$11. The catalyst identified was an improving price environment in their end markets. Subsequent to our investment, OME's direct competitor was purchased at a very high multiple highlighting the value of OME's business compelling us to add to our position. After the stock ran up to \$17 to \$18 we sold the position as it approached our \$19 target price.

IT

The IT sector cost -3.4% to the fund during the quarter. Despite the negative contribution of the sector, Methode Electronics was a good contributor to the Fund generating +43bps for the quarter. Methode manufactures electronic component devices for OEMs in several industries including automotive, technology, and consumer. Having followed the company for a long time and meeting the management team on several occasions we understood the dynamics of the company very well. The market gave us a great opportunity in June as the stock pulled back 50% after missing consensus estimates and we initiated a position. After discussions with the management team we were positive on their core business and we were excited about their new product called Dabir Surfaces (products for bed sores that could become a standard of care in healthcare) which led us to grow our position size. As the stock appreciated by over 30% getting close to fair value we took profits and diminished materially our position.

Strategy Gross Attribution

| | Q1 | Q2 | Q3 | 2015 |
|-------------|--------|--------|---------|--------|
| Pair Trade | 0.0% | 0.0% | (0.0%) | (0.0%) |
| Hedge | (0.3%) | 0.8% | 5.4% | 5.9% |
| Alpha Long | 4.9% | 3.4% | (10.6%) | (3.0%) |
| Alpha Short | 1.1% | (0.4%) | 3.1% | 3.8% |

Strategy Gross Attribution

| | 2012 | 2013 | 2014 |
|-------------|--------|---------|--------|
| Pair Trade | 0.4% | 1.0% | 0.0% |
| Hedge | (4.7%) | (12.0%) | (1.6%) |
| Alpha Long | 28.9% | 30.2% | 6.2% |
| Alpha Short | 1.6% | (2.2%) | 1.2% |

Net Sector Exposure

| | Jun-30 | Q3 Avg. | Sep-30 | YTD Avg. |
|---------------|--------|---------|--------|----------|
| Cons. Discr. | (1.4%) | 3.9% | 5.7% | 4.0% |
| Cons. Staples | (0.9%) | (0.5%) | 1.9% | (2.2%) |
| Energy | (2.1%) | (0.3%) | (0.9%) | (1.2%) |
| Financials | (5.9%) | (4.8%) | (3.1%) | (3.3%) |
| Health Care | (1.6%) | (3.6%) | (3.0%) | (2.7%) |
| Industrials | 2.8% | 0.8% | 3.7% | 2.1% |
| IT | 9.4% | 6.6% | 5.6% | 4.1% |
| Materials | (0.2%) | 2.5% | 0.9% | 1.2% |
| Telecom. | 1.3% | 1.1% | (0.1%) | 1.2% |
| Utilities | (1.0%) | (1.0%) | (0.7%) | (0.9%) |

Sector Gross Attribution

| | July | August | September | Q3 | 2015 |
|---------------|--------|--------|-----------|--------|--------|
| Cons. Discr. | (0.1%) | (0.4%) | (0.9%) | (1.4%) | (0.4%) |
| Cons. Staples | 0.2% | 1.2% | 0.4% | 1.8% | 2.4% |
| Energy | (0.2%) | 0.4% | (0.2%) | (0.0%) | (0.5%) |
| Financials | 0.0% | 0.7% | (0.3%) | 0.4% | 0.5% |
| Health Care | 0.0% | 1.9% | (0.3%) | 1.6% | 2.4% |
| Industrials | (0.6%) | (0.1%) | (1.0%) | (1.7%) | 0.6% |
| IT | (0.4%) | (3.0%) | 0.0% | (3.4%) | (1.8%) |
| Materials | (0.4%) | 1.1% | 0.3% | 1.0% | 2.6% |
| Telecom. | 0.1% | 0.0% | 0.4% | 0.5% | 0.7% |
| Utilities | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

During the quarter we also had a 19bps gain in a short position: Fleetcor Technologies. Fleetcor, a payment business centered around trucking fleets, helps manage the fuel cost and gas stations relationships. While we always perceived Fleetcor to be a quality business, we had observed several headwinds for the company in the third quarter; foreign revenues from Brazil and Russia had fallen dramatically as their currency depreciated meaningfully, the price of oil was cut in half (they are often paid on gross purchases), and the volume growth of the industry was in question given slowing international markets. We got short at around \$160 and as the stock has approached our target price of \$130 we recently covered most of the position.

Our biggest loser for the quarter was RealD (-89bps). The stock came down after reporting a disappointing quarter and not providing an update on their strategic alternatives. Although we diminished our position size, we continue to like the company as we believe that they will either sell the company or do a share buyback along with cost cutting program which should result in a meaningful stock price appreciation.

Outlook

Our Q2 letter mentioned that while it is not our expertise to make macro predictions we did find it increasingly difficult to identify long ideas that had the potential achieving our 30-50% upside criteria leading the FG Alpha Fund to have a conservative positioning. The recent market volatility caused by global macro factors led to many new investment ideas on both the long and the short side for the Fund. As such, we believe that the current environment is fertile ground for our investment strategy.

Thank you for your confidence,

Formula Growth

- ♦ Alpha longs: An investment strategy which involves taking long positions in stocks that are expected to increase in value by 30 to 50% over 3 to 18 months.
- ♦ Alpha shorts: An investment strategy which involves taking short positions in stocks that are expected to decrease in value by 20 to 30% over 3 to 18 months.
- ♦ Short positions: The sale of a borrowed security, with the expectation that the asset will fall in value and the re-purchase will result in a positive investment result.
- ♦ Pair trades: An investment strategy whereby an initial investment is made either long or short with a corresponding direct offset, or hedge, against the primary risk of the initial investment.
- ♦ Hedges: Hedging is the practice of taking a position in one market to offset and balance against the risk adopted by assuming a position in a contrary or opposing market or investment.
- ♦ Sharpe ratio: The ratio measures the excess return (or risk premium) per unit of deviation in an investment asset or a trading strategy, typically referred to as risk.
- ♦ Batting average: number of positions on which we make money divided by the total number of positions we held during the period
- ♦ Slugging average: average contribution of positions on which we make money divided by the average contribution of positions on which we lose money for the period

- ◆ Performance figures reported from January 1st 2014 onwards represent the US\$ performance of the Formula Growth Alpha Fund (the "Fund"). Prior returns represent the US\$ performance of the Formula Growth Alpha II L.P. and are based on an investment in the Fund made on January 1, 2012, the date of the Strategy's inception. Gross performance figures are presented after reduction for any investment and Fund accounting related expenses, net interest, other expenses and the reinvestment of dividends, and include any gains or losses from "new issue" securities. Per the Fund's High Water Mark provisions, net performance figures take into account a 1% Management Fee and a 20% incentive allocation. Performance results for particular investors may vary from the performance stated herein as a result of, among other things, the timing of their investment(s) in the Fund, different management and incentive allocation terms and the respective investor's eligibility to participate in "new issue" securities.
- ◆ Performance attribution figures reflect summations of the respective profits and losses divided by the average of the beginning and end of month total gross Fund assets, and are not inclusive of expenses, management and incentive fees/allocations. Other income/expense items such as stock lending fees, interest income/expense, dividend income/expense, administrative fees and other portfolio related fees may or may not be included. Performance attributions should be considered approximations and are calculated to the best of our knowledge.
- ◆ Beta is calculated by Formula Growth Ltd. using the Bloomberg system and is the trailing 6 months daily returns versus the S&P 500 unadjusted (raw).
- ◆ Exposure represents the market value of all equity securities and single-equity-backed instruments (i.e. derivatives) as of the date of this statement. Exposure numbers exclude currency hedges.
- ◆ Sector and industry classifications are determined by Formula Growth Ltd. using available sources such as Bloomberg. Exposures based on these figures should be considered as approximations and are calculated to the best of our knowledge.
- ◆ Market Capitalization represents the relative market capitalization of long and short positions on a U.S. dollar adjusted basis using available sources such as Bloomberg. Exposures based on these figures should be considered as approximations and are calculated to the best of our knowledge.
- ◆ All performance figures contained herein are unaudited estimates and subject to change. Certain information contained herein may have been provided by third party sources, and, although believed to be reliable, has not been independently verified and cannot be guaranteed.
- ◆ Formula Growth Ltd. serves as the investment manager for the Fund. Investors should consult the Offering Memorandum (the "Memoranda"), which is available upon request, for more information on the investment strategy, complete disclosures and the terms and conditions relating to an investment in each Fund.
- ◆ Any investment in the Fund is speculative and involves substantial risk, including the risk of losing all or substantially all of such investment. No representation is made that the Fund will or is likely to achieve their objectives, that any investor will or is likely to achieve results comparable to the estimated performance shown, will make any profit at all or will be able to avoid incurring substantial losses. Past performance is not necessarily indicative of future results.
- ◆ Performance estimates are presented only as of the date referenced above and may have changed materially since such date.
- ◆ The Fund has monthly liquidity provisions for redemptions and subscriptions. There is no secondary market for the interests in the Fund and none is expected to develop. There are restrictions on transferring interests in the Fund. Formula Growth Ltd. has total trading authority of assets within the Fund.
- ◆ The Fund's high fees and expenses may offset its trading profits. The fact that Formula Growth Ltd. is eligible to receive an incentive fee or allocation may create an incentive to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such priority allocation of profits.
- ◆ The Fund may be denominated in a currency that is not the currency of your own jurisdiction and thus may be subject to any fluctuation in exchange rates between your investment in the Fund and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of your investment.
- ◆ The Fund is subject to conflicts of interest. Please review the "Risk Factors" and "Conflicts of Interest" sections in the Memoranda.
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