

Highlights:

- ◆ For 2015, the FG Alpha Fund returned US\$ +7.1% while the S&P500 gained US\$ +1.4% and the Russell 2000 lost US\$ -4.4%;
- ◆ We are pleased to report a 4th consecutive year of positive returns aggregating US\$ 50.1% (C\$ equivalent of 104%) net return to our investors since inception;
- ◆ FG Alpha Fund generated gains from both long positions and short positions in 2015 maintaining a low correlation to equities.

February 2nd, 2016

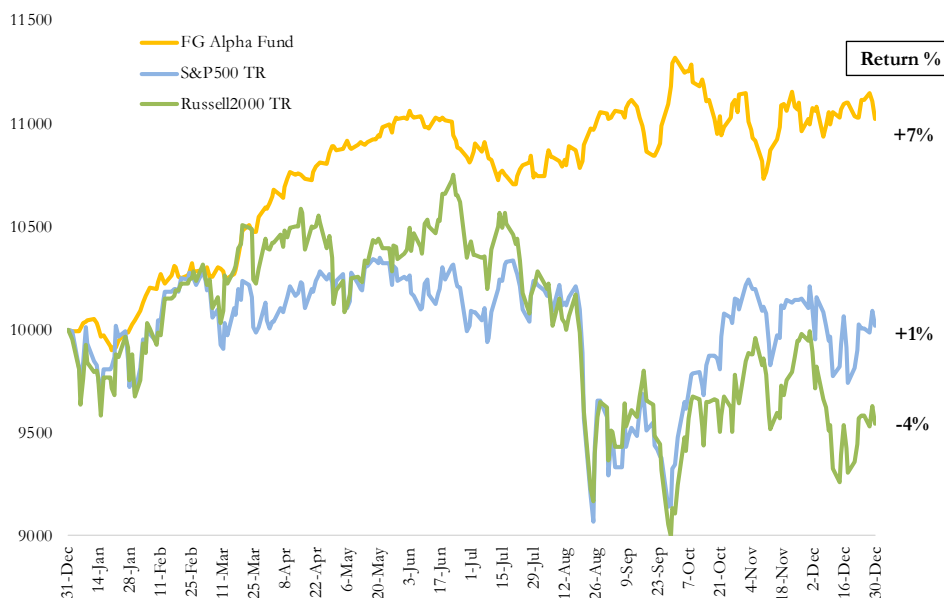
Formula Growth Alpha Fund Full Year & 4th Quarter 2015 Results

Dear Investors,

For 2015, the FG Alpha Fund returned US\$ +7.1% while the S&P500 generated US\$ +1.4% and the Russell 2000 lost US\$ -4.4%. We are pleased to report a 4th consecutive year of positive returns aggregating US\$ 50.1% (C\$ equivalent of 104%) net return to our investors for the period. Since inception in January 2012, the FG Alpha Fund achieved its objective to return 5-7% per year (annualized return of US\$ +11%, C\$ equivalent of 28%) while maintaining a neutral net dollar exposure (historical average net exposure of -0.8%) and a very low daily correlation to the S&P500 (historical correlation of 0.02).

The year 2015 was challenging as many divergent signals were present. On the one hand, the equity markets were mixed with oil sensitive countries losing the most (emerging markets and Canada), corporate bond spreads widened showing signs of distress, commodities fell hard to multi years lows, China continued its slow down, and the US dollar had an historical run up against other currencies. On the other hand, the S&P500 managed to be up 1%, US un-employment remains very low, US auto sales are strong and housing starts are still healthy in the US. These conflicting signals brought a lot of volatility to the market which tested our risk management and portfolio construction. The S&P500's annualized volatility was 15.3% in 2015 peaking in the third quarter at over 20.6% as the equity market went through the August-September market correction. The FG Alpha Fund's annualized volatility was nicely contained below our targeted 7% (6.3% for the year) as we protected capital for our investors during the August and September. Moreover, FG Alpha Fund maintained a low daily return correlation to the S&P500 (-0.04) and to the Russell2000 (-0.03) in 2015. We are pleased to have achieved our target return with a low volatility and negative correlation to the equity markets in 2015.

Daily performance of the FG Alpha Fund in 2015



FG Alpha Fund has achieved its target return with a contained volatility and low correlation to the equity markets in 2015.

2015 was also a very difficult market for active stock pickers as very few stocks made money (low breadth). The S&P500 was effectively able to post a positive return for the year as Facebook +30%, Amazon +119%, Netflix +135%, Google +44% and Starbucks +47% were very strong drivers in 2015. As these stocks have a total market cap of US\$ 1.4 trillion dollars accordingly, they also have a very heavy weight in the index. Our investment style is primary about bottom up stock picking in US SMid cap companies. We typically do not trade mega cap stocks and we therefore were not invested in these stocks. As can be seen in the table below, the smaller cap stocks were quite challenged in 2015. Given this environment we are pleased with our performance for the year.

S&P500 Constituents by Market Value in 2015

Market Cap	YTD Average	# of Companies
> \$100B	8.5%	45
\$100B - \$50B	1.4%	49
\$50B - \$10B	(0.5%)	292
< \$10B	(9.6%)	118

Q4 Review: Portfolio Positioning & Quarterly Attributions

During Q4, the FG Alpha Fund maintained its neutral net exposure to the market with an average net exposure of +0% and an average net beta exposure of -0.03. While our long exposure was stable at around 65% we did add to our short exposure moving from -63% to -74% at the end of the quarter. We ended the year with a net dollar exposure of -6.0% and a net beta of -0.1.

Market and Beta Exposure

	Sep-30	Q4 Avg.	Dec-31	2015 Avg.
Gross Long	67.1%	67.5%	67.9%	61.4%
Gross Short	(59.9%)	(73.9%)	(73.9%)	-61.4%
Net	7.2%	(6.4%)	(6.0%)	0.0%
Total Gross	127.0%	141.4%	141.8%	122.8%
Net Beta	-0.02	-0.08	-0.10	-0.03

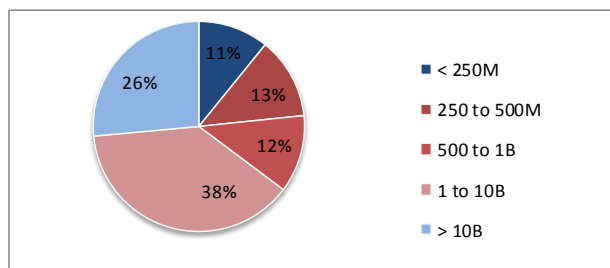
Strategy Exposure Breakdown

	Sep-30	Q4 Avg.	Dec-31	YTD Avg.
Pair Trade	0.0%	0.8%	4.9%	2.3%
Hedge	38.2%	36.6%	32.2%	31.6%
Alpha Long	73.3%	66.5%	60.1%	58.4%
Alpha Short	25.2%	39.0%	41.2%	30.5%

Number of Positions by Market Cap (Period End)

	# of Long	# of Short	Total
< 250M	10	0	10
250 to 500M	11	0	11
500 to 1B	9	2	11
1 to 10B	24	11	35
> 10B	4	12	16
Funds/ETF	0	4	4
Total	58	29	87

Market Cap Exposure Breakdown (Period End)



In the fourth quarter, our Alpha Longs were very strong (+7.1%) and our Alpha Shorts did well relative to the market (-1.7%). Our portfolio Hedges were costly (-4.5%) as the market was up and our Pair Trades were insignificant. For 2015, we are pleased to have generated positive performance from both our long and our short positions. Since inception of the Fund, the Alpha Long positions have been profitable every year including 2015 when the Russell 2000 lost money. More interestingly, our Alpha Short positions have been profitable almost every year despite the strong equity markets since 2012. While our Alpha Shorts lost a little bit of money in 2013, the losses were marginal considering that the S&P500 and the Russell2000 were up US\$ +32% and US\$ +39% respectively. Overall, we are pleased that the FG Alpha Fund is generating Alpha from both the long and short sides of the portfolio.

Strategy Gross Attribution

	Q1	Q2	Q3	Q4	2015
Pair Trade	0.0%	0.0%	0.0%	0.1%	0.1%
Hedge	(0.4%)	1.0%	7.0%	(4.5%)	2.8%
Alpha Long	6.3%	4.4%	(13.9%)	7.1%	2.4%
Alpha Short	1.4%	(0.5%)	4.0%	(1.7%)	3.2%

Strategy Gross Attribution

	2012	2013	2014	2015
Pair Trade	0.4%	1.0%	0.0%	0.1%
Hedge	(4.7%)	(12.0%)	(1.3%)	2.8%
Alpha Long	28.9%	30.2%	4.6%	2.4%
Alpha Short	1.6%	(2.2%)	0.5%	3.2%

Please see below a few trades that were meaningful contributors for the FG Alpha Fund in 2015:

Cross Country Healthcare, Inc. (NASDAQ:CCRN)

CCRN is a healthcare staffing company that we discovered through our bottom up work on the sector. The stock became an interesting story as the passing of Obama's healthcare legislation led to increasing demand for healthcare professionals. In addition to the solid volume growth that hospitals were experiencing, we also recognised that demand would grow as nurses, who often are the 2nd income earner in the family, work less hours as their family's financial prospects improve in a rising economy. When we began to invest CCRN was trading at a low multiple coupled with very low margins (3%) versus the industry leader AHS who had 10% EBITDA margins. Our analysis of CCRN pointed to top line revenue growth, as well as margin and multiple expansion. After we initiated a position, the company exceeded guidance on their top line revenues and drove margins from 3% to over 6%. The stock doubled in value from our initial purchase of \$7 to approximately \$15 where we exited the position. CCRN contributed +75bps to the total return of the FG Alpha Fund in 2015.

Net Sector Exposure

	Sep-30	Q4 Avg.	Dec-31	2015 Avg.
Cons. Discr.	5.7%	3.9%	8.9%	5.4%
Cons. Staples	1.9%	(0.5%)	-6.5%	-2.6%
Energy	(0.9%)	(0.3%)	2.9%	-1.2%
Financials	(3.1%)	(4.8%)	-8.3%	-4.3%
Health Care	(3.0%)	(3.6%)	-3.1%	-2.8%
Industrials	3.7%	0.8%	-1.9%	1.0%
IT	5.6%	6.6%	2.6%	3.6%
Materials	0.9%	2.5%	0.2%	1.0%
Telecom.	(0.1%)	1.1%	-0.1%	0.9%
Utilities	(0.7%)	(1.0%)	-0.6%	-0.9%

Sector Gross Attribution

	Oct	Nov	Dec	Q4	2015
Cons. Discr.	1.6%	0.1%	(1.3%)	0.4%	-0.02%
Cons. Staples	(0.2%)	0.6%	0.4%	0.8%	3.40%
Energy	(0.1%)	0.3%	0.3%	0.5%	0.00%
Financials	(0.7%)	(0.8%)	(0.1%)	(1.6%)	-1.09%
Health Care	0.0%	0.1%	0.1%	0.2%	2.60%
Industrials	0.0%	0.6%	0.0%	0.6%	1.25%
IT	0.1%	0.8%	(0.1%)	0.8%	-1.00%
Materials	0.2%	(0.2%)	0.1%	0.1%	2.80%
Telecom.	(0.1%)	0.0%	0.0%	(0.1%)	0.60%
Utilities	0.0%	0.0%	0.0%	0.0%	0.00%

Keurig Green Mountain, Inc. (NASDAQ:GMCR)

GMCR is a company that we have followed for over 10 years and where we had realized important gains in the past. In keeping with our investment process we continued to monitor the company's progress looking for an opportunity. During 2015, the stock price of GMCR fell from a high of \$140 to approximately \$50 per share where we reinitiated deeper research on the company. We started to accumulate a position at around \$40 because of their solid installed base of coffee machines and large recurring revenue from coffee pod sales. The business was generating a tremendous amount of free cash flow and the stock traded at a low valuation of 14X P/E. Shortly after our purchase a large foreign buyer offered \$92 a share in cash for the company validating our investment thesis. GMCR contributed +122bps to the total return of the FG Alpha Fund in 2015.

FMC Technologies, Inc. (NYSE:FTI)

FMC, a company we have followed for over 10 years, is the market leader in subsea infrastructure for offshore oil and gas production. When the price of oil fell dramatically in late 2014 and early 2015, we felt that the dollars spent on long lead time projects like offshore drilling and exploration would be substantially reduced as companies typically have to wait 3-5 years from the moment they spend the CAPEX to the first production. In a more uncertain price environment we felt that companies would prefer to invest in shorter cycle time projects. We shorted the stock in the mid \$40's with the view that both orders, backlog and margins would fall in the years to come. Our investment thesis was validated when the company reported their Q3 results and the stock fell by over 30% where we covered our short position. FTI contributed +66bps to overall return of the Fund in 2015.

Outlook

We had our FG 2016 OUTLOOK presentation on January 21st in Montreal and over 100 people came out to hear our thoughts (if you were unable to attend the presentation is available on our website). While our expertise is not to make global macro predictions, we have a very experienced team of 7 portfolio managers covering the US market that are in constant discussions with public company CEOs/CFOs. At the Outlook meeting we concluded that US small mid cap stocks are increasingly pricing the risk of a recession while our bottom up fundamental analysis tells us that business is stable. We believe that the US equity market is going through a correction due to external factors and not a recession. While we do not know how long this correction will last, we will gain greater clarity as our companies report earnings in the coming weeks. As we digest this information we will make appropriate changes to the portfolio.

Thank you for your support.

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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