FORMULA GROWTH LIMITED

April 12th, 2016

Highlights:

- For Q1 2016 the FG Alpha Fund had a net return of US$ +0.9% while the S&P500 gained US$ +1.4% and the Russell 2000 lost US$ -1.5%;
- January's global macro fears caused stocks to trade erratically but the earnings season was particularly good for the Fund leading to a strong performance recovery;
- As equity markets remain volatile a low leveraged equity market neutral approach can generate important value added returns going forward.

Formula Growth Alpha Fund

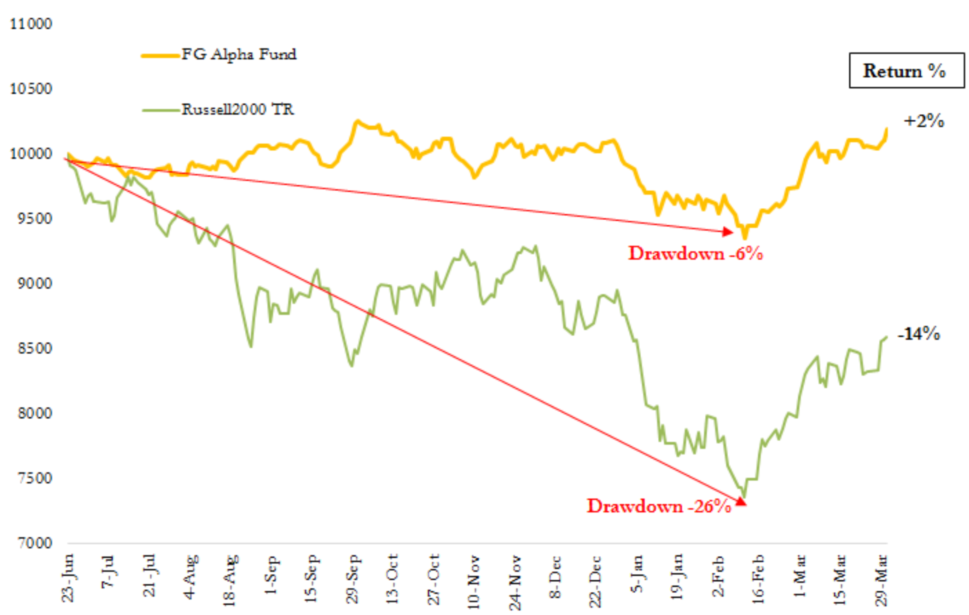
1st Quarter 2016 Results

Dear Investors,

During the first quarter of 2016 the FG Alpha Fund had a net return of US$ +0.9% while the S&P500 generated US$ +1.4% and the Russell 2000 lost US$ -1.5%. Since the inception of the strategy in January 2012, the FG Alpha Fund generated positive performance during 13 of 17 quarters and achieved its objective to return 5-7% per year (annualized return of US$ +10%) while maintaining a neutral net dollar exposure (historical average dollar net exposure of -0.5%) and a very low daily correlation to the S&P500 (historical correlation of 0.1).

Q1 2016 will certainly be remembered as one of the most volatile quarters in history. What began as a very difficult start for stocks rapidly turned into a staggering recovery. Indeed, as investors were worried about the price of oil and global growth, the S&P500 and the Russell 2000 lost -11% and -16% respectively before bouncing back in late February and March. Looking back, one could argue that equity markets have been pricing a recession in the U.S. since the correction began mid 2015 (the Russell 2000 fell by more than -26% between June 24th and February 11th). In this very challenging period for our investment universe, the FG Alpha Fund generated positive returns, mitigated losses and maintained a very low daily return correlation to the equity market of 0.2.

Daily performance of the FG Alpha Fund since the Russell 2000 began its decline on June 24th 2015



In this very challenging period for our investment universe, the FG Alpha Fund generated positive returns, mitigated losses and maintained a very low daily return correlation to the equity market of 0.2.

FORMULA GROWTH

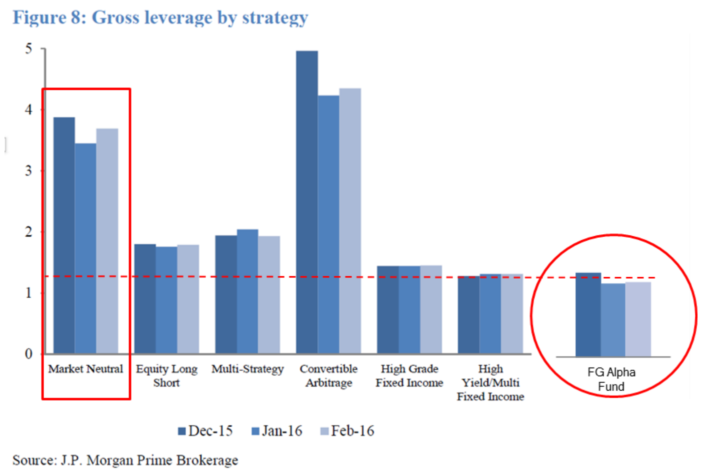
MONTREAL
1010 SHERBROOKE ST WEST, SUITE 2300

NEW YORK
28 WEST 44TH STREET, SUITE 1515

HONG KONG
(PHOENIXINVEST) 27/F, TWO EXCHANGE SQUARE

As we believe equity market volatility will continue, we are of the opinion that a low leverage equity market neutral (or long/short equity) approach is better equipped to generate value added. Formula Growth has specialized in bottom-up stock picking of U.S. stocks for over 56 years and our experience has taught us that while leverage can be very effective in favorable markets, it can also have disastrous consequences. As we have been managing money for a long time we know that there will be periods of poor stock picking where our long positions go down and our short positions go up. When these periods occur, the low leverage of our strategies and our risk management tools will continue to help mitigate portfolio losses. The volatility of the small and mid cap equity market allows us to achieve our expected return without the use of leverage, this is generally not true for most equity market neutral managers (see graph below). The low leverage approach of the FG Alpha Fund should be comforting to our clients especially in these highly volatile times.

Gross Leverage of Equity Market Neutral managers vs FG Alpha



The volatility of the small and mid cap equity market allows us to achieve our expected return without the use of leverage, this is generally not true for most equity market neutral managers

Q4 Review: Portfolio Positioning & Quarterly Attributions

During Q1, 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 in January and February our long exposure was stable at around 65% we did take gains on some positions when the market rallied in March reducing our shorts at the same time. We ended the quarter with a net dollar exposure of -9.3% and a net beta of -0.1.

In the first quarter, our Alpha Longs generated +2.2% while our Alpha Shorts (-0.4%) and our portfolio Hedges (-0.4%) lost a minor amount. The fund had a disappointing month of January as global macro fears caused our stocks to trade erratically. Moreover, January was a very poor stock picking month for the Fund as we generated gains on only 41% of our ideas which is far below our long term average of 62% (in other words our "batting average" was very poor). Also, the average of our losing positions were costing us more money than we were making on our winning positions (i.e. our "slugging average" was also poor). All in all nothing worked well in January as we were losing on our long positions and our short positions did not perform to our expectations. Despite the poor month, no stop losses were breached and our portfolio remained within its market neutral guidelines of +/- 10% dollar net exposure and +/- 0.1 beta net exposure.

In the first 6 weeks of the year, as the equity market was plummeting, we were in constant contact with the management teams of our companies in order to validate our investment thesis. For most of our positions we found reasons to either maintain or add to the holding (long or short) understanding that the confirmation of our investment thesis would come to light as our small and mid cap companies reported their quarterly earnings in late February and March.

As it turns out, the Fund had a very strong earnings season with many of our long positions beating and many of our short positions missing leading to a sharp performance recovery in the second half of the quarter. While the FG Alpha Fund has had periods of poor stock picking in the past, these periods are typically not correlated to the equity markets as the have happened during both rising and declining stock markets. The Fund historically recovered rapidly from these episodes and we are pleased to have once again rebounded quickly in Q1 for our investors.

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

Darling Ingredients Inc. (NYSE: DAR)

DAR is a company that we have followed for over 10 years at Formula Growth. Our last involvement was in the 2005 and 2006 timeframe where the stock increased in value from $4 a share to $12 a share where we exited the position. True to our process we continued to follow the company closely looking for an undervalued or overvalued opportunity, but aside from the 2008 stock market crash (where everything got undervalued) the stock consistently traded at our assessment of fair value which was between $15 and $20 a share. In 2015 the stock began to slide from $20 a share to under $10 and we resumed our work on the company. DAR runs a business that is very stable with over 70% of its revenues coming from fixed price contracts paid to collect waste products from protein manufacturers. The company had only had one negative EBITDA quarter in the last 10 years and generates consistent FCF. In 2015 the market turned decidedly negative on any company that had any association to the commodities complex and DAR's stock price, while having minimal exposures to commodities, suffered. We took advantage of this sentiment driven sell-off to build a position when the stock fell below $10 a share. Our catalysts included legislation passed in both Washington DC and California favoring the usage of animal fats (DAR's main product) in the production of Bio-Diesel. We saw this government action as a major driver of demand for DAR's products. Our analysis was pointing to 50% upside to our $15 target in 2016 and 80% upside to our 2017 target of $18. When the company reported stronger than expected Q4 results in late February the stock jumped by 25%. As the stock continued to rally above $13 a share, we have begun to take profits. The position contributed 0.6% to the Fund during the quarter.

Carmike Cinemas, Inc. (NASDAQ: CKEC)

Carmike owns and operates movie theatres in the U.S. with a focus on small to mid-sized communities. Over the years, they had benefitted from a strong movie slate, improved operations, and consolidation in the US exhibitor industry. Also, the company had completely turned around their operations under new management led by CEO David Passman. We had followed Carmike very closely for over 5 years and it was a large profit contributor for Formula Growth in 2012, 2013, and 2014. In the first half of 2014 we had exited the position as the stock was approaching our target price of $30. As we typically do, we continued to closely follow Carmike's stock and the stock market provided us with another opportunity to own Carmike in the second half of 2015. With a stock price approaching $20 we resumed our work on the company and quickly added the position to the portfolio. We further added to our position in early 2016 as our research was indicating a very strong quarterly earning announcement for the company. Soon after the announcement of a great quarter, the company was acquired by a competitor (AMC Entertainment) for $30/share. The position contributed 0.8% to the fund during the quarter.

Outlook

As the equity market was falling at the time of our last quarterly letter, we explained that our bottom up fundamental analysis pointed to a stable U.S. economy with low chances of a recession. The strong recovery since the mid quarter bottom suggests that the equity market came to the same conclusion. We expect volatility to remain high which typically leads to healthy level of mispricing and investment ideas. We are confident that the low leverage market neutral approach of the FG Alpha Fund is well positioned to generate value added returns going forward.

Formula Growth is proud to have two funds nominated at the 2016 Investors Choice Award:

Formula Growth Hedge Fund is nominated for Best North America Equity Long / Short Fund of 2015
Formula Growth Alpha Fund is nominated for Best Equity Market Neutral Fund of 2015

The annual Investors Choice Awards honor fund managers that have achieved outstanding risk adjusted absolute returns. The event is being held in NYC on April 12th, 2016 and is being broadcasted by CNBC.

Thank you for your support.

Formula Growth

Market and Beta Exposure

	Dec-31	Q1 Avg.	Mar-31	2016 Avg.
Gross Long	67.9%	61.5%	49.0%	61.4%
Gross Short	(73.9%)	(57.8%)	(58.3%)	-61.4%
Net	(6.0%)	3.7%	(9.3%)	0.0%
Total Gross	141.8%	119.3%	107.3%	122.8%
Net Beta	-0.10	-0.08	-0.10	-0.03

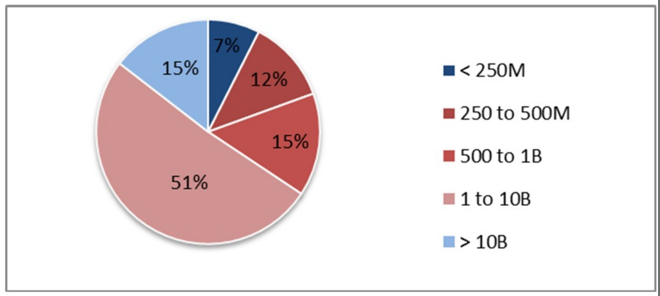
Strategy Exposure Breakdown

	Dec-31	Q1 Avg.	Mar-31	2016 Avg.
Pair Trade	4.9%	0.0%	0.0%	0.0%
Hedge	32.2%	28.3%	32.4%	28.3%
Alpha Long	60.1%	59.3%	47.9%	59.3%
Alpha Short	41.2%	14.5%	24.3%	14.5%

Number of Positions by Market Cap (Period End)

	Long	Short	Total
< 250M	8	0	8
250 to 500M	13	0	13
500 to 1B	8	2	10
1 to 10B	23	15	38
> 10B	2	4	6
Funds/ETF	0	4	4
Total	**54**	**25**	**79**

Market Cap Exposure Breakdown (Period End)



Strategy Gross Attribution

	Q1	2016
Pair Trade	0.0%	0.0%
Hedge	(0.4%)	(0.4%)
Alpha Long	2.2%	2.2%
Alpha Short	(0.4%)	(0.4%)

Strategy Gross Attribution

	2012	2013	2014	2015	2016
Pair Trade	0.4%	1.0%	0.0%	0.1%	0.0%
Hedge	(4.7%)	(12.0%)	(1.3%)	2.8%	(0.4%)
Alpha Long	28.9%	30.2%	4.6%	2.4%	2.2%
Alpha Short	1.6%	(2.2%)	0.5%	3.2%	(0.4%)

Net Sector Exposure

	Dec-31	Q1 Avg.	Mar-31	2016 Avg.
Cons. Discr.	9.0%	9.3%	4.3%	9.3%
Cons. Staples	-6.2%	-5.6%	-7.3%	-5.6%
Energy	2.9%	-0.2%	-1.2%	-0.2%
Financials	-8.4%	-4.2%	-1.1%	-4.2%
Health Care	-3.1%	-2.3%	-2.4%	-2.3%
Industrials	-2.0%	4.5%	-1.8%	4.5%
IT	2.4%	2.6%	1.2%	2.6%
Materials	0.2%	0.3%	0.3%	0.3%
Telecom.	-0.1%	-0.1%	-0.5%	-0.1%
Utilities	-0.6%	-0.5%	-0.6%	-0.5%

Sector Gross Attribution

	Jan	Feb	Mar	Q1	2016
Cons. Discr.	(1.6%)	1.3%	1.7%	1.4%	1.4%
Cons. Staples	(1.1%)	(0.6%)	1.3%	(0.4%)	(0.4%)
Energy	(0.7%)	(0.2%)	0.4%	(0.6%)	(0.6%)
Financials	(0.5%)	(0.1%)	0.0%	(0.6%)	(0.6%)
Health Care	0.0%	0.0%	(0.2%)	(0.1%)	(0.1%)
Industrials	(1.7%)	(0.5%)	2.1%	(0.1%)	(0.1%)
IT	(0.5%)	0.8%	0.2%	0.4%	0.4%
Materials	0.3%	0.8%	0.2%	1.3%	1.3%
Telecom.	0.0%	0.0%	0.0%	0.0%	0.0%
Utilities	0.0%	(0.0%)	0.0%	0.0%	0.0%

FORMULA GROWTH

Glossary of Terms

- 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

Notes & Disclaimers

- 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.
- This document is intended only for the person to whom it has been delivered by Formula Growth Ltd. This document is provided for informational purposes only, may not contain certain material information about the Fund, and is not an offer to sell or a solicitation of an offer to buy any interest or shares in the Fund. Any investment decision in connection with the Funds should be made based on the information contained in the Memoranda. This document is the property of Formula Growth ltd., is strictly confidential and may not be reproduced or redistributed nor may any of its contents be disclosed to any other person under any circumstances. This document is not intended to be, nor should it be construed as, financial, legal, tax, accounting or investment advice or recommendations.