FORMULA GROWTH LIMITED

Formula Growth Alpha Fund

Fourth Quarter 2017 Investment Results

Highlights:

- During the fourth quarter of 2017, the FG Alpha Fund had a net return of US$ -2.1% while the total return ("TR") of the S&P 500, the Russell 2000 TR and the HFRI EMN were US$ +6.6%, US$ +3.3%, and US$ +1.0% respectively;
- In 2017, the FG Alpha Fund had a net return of US$ +3.9% while the S&P 500 TR, the Russell 2000 TR and the HFRI EMN were US$ +21.8%, US$ +14.6%, and US$ +3.8% respectively;
- Throughout the 6 year history of the FG Alpha strategy the annualized return has been US$ +9.1% per year, with an annualized volatility of 7.1% and a low daily correlation to the S&P 500 TR of only 0.2.

Dear Investors,

During the fourth quarter of 2017, the FG Alpha Fund had a net return of US$ -2.1% while the total return ("TR") of the S&P 500, the Russell 2000 TR, and the HFRI Equity Market Neutral ("EMN") were US$ +6.6%, US$ +3.3%, US$ +1.0% respectively. For the full year of 2017, the FG Alpha Fund had a net return of US$ +3.9% while the S&P 500 TR, the Russell 2000 TR and the HFRI EMN were US$ +21.8%, US$ +14.6%, and US$ +3.8% respectively. Throughout 2017, the Fund maintained a slightly negative correlation to the U.S. equity market (daily correlation of -0.03 to the S&P 500 TR) and, more importantly, a daily correlation of -0.04 during the negative return days of the S&P 500 TR illustrating the Fund's capacity to make money when the U.S. equity market is down. Throughout the 6 year history of the FG Alpha strategy the annualized return has been US$ +9.1% per year, with an annualized volatility of 7.1% and a low daily correlation to the S&P 500 TR of only 0.2.

Despite tightened monetary policy and stretched equity valuations, the S&P 500 TR generated in 2017, for the first time since 1958, positive returns during every month and a positive return for the 9th consecutive year. 2017 saw synchronized global growth acceleration, strong and consistent returns in risky assets, and historically low market volatility. The S&P 500 TR annualized volatility was 3.9% last year, much lower than its historical average of approximately 14%. For the period, technology was the strongest sector (up almost +40%) but other sectors such as consumer discretionary, materials, industrials, healthcare and financials were also very strong. The more defensive sectors such as utilities, telecommunications and REITs were positive but weaker while the energy sector was the only sector that posted a negative return. Unemployment fell to the lowest level since 2000, S&P 500 earnings per share rose, business investment accelerated, and the recent tax plan reducing corporate tax rates to 21% were key elements that contributed to the strong U.S. equity market return for the year.

<u>Q4 Review: Fund Positioning & Quarterly Attribution</u>

Our stock picking in the fourth quarter was subpar, giving back some of the positive performance accumulated in the first nine months of 2017. The reason for our Q4 underperformance is quite simple – bad stock picking or, in other words, negative alpha on both the long and short side. Q3 company earnings saw some of our long positions reporting delays and/or negative short term specific news causing these stocks to fall by -15% to -30% generating losses to the Fund. At the same time, some of our short positions that announced neutral or poor quarterly earnings still rallied along with the market causing further losses to the portfolio. As the portfolio underperformed on both the long and short side, we spent most of our time validating our understanding of the situations with management teams and with our information network. For the most part we concluded that our investment thesis were not broken. The Q4 underperformance was broad based with no individual risk management breaches observed (beta and dollar exposures were in line, no stock breached stop losses, factor biases were negligible, etc.). Accordingly, we strategically added to some of our investments during the quarter leading to an increase in both the net dollar exposure and the gross dollar exposure of our Fund at year end. While the month of December saw some losing positions begin to bounce back we are confident that our portfolio has material unrealized alpha still to be generated in 2018.

Periods of weak stock picking have occurred in the past and can happen regardless of the direction of the overall market. To analyze the quality and consistency of our stock picking we monitor two statistics: the batting average and the slugging average. The batting average is the percentage of profitable positions during a given period (number of profitable positions divided by the

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total number of positions). Since inception, the FG Alpha Fund has maintained an average batting average of over 62%. The slugging average is a calculation revealing if we make more money when we have winning positions than when we have losing positions (average gain on profitable positions divided by the average losses of losing positions). Proper risk management including cutting losing positions is key to maintaining a strong slugging average. Since inception, our slugging average has been 1.3x meaning that on average we make 30% more on winning positions than on losing positions. The quality of our stock picking over the history of the FG Alpha Fund has been fairly consistent but can go through periods of underperformance similar to what we just experienced in Q4. As an example, the table below is an illustration of the FG Alpha Fund historical quarterly stock picking statistics. Since inception, the FG Alpha Fund has lost money in only 5 of 24 quarters (red circles below). In all 5 of the periods, our batting average was below 55% and our slugging average was below 1.0x.

FG Alpha Fund performance vs historical Batting & Slugging average

2012	Q1	Q2	Q3	Q4	2012
Formula Growth Alpha Fund	15.1%	-4.8%	2.2%	8.8%	21.9%
Batting Average (% profitable positions)	65%	48%	70%	68%	67%
Slugging Average (Avg winners/Avg loser)	2.3	0.6	0.9	1.8	1.5

2013	Q1	Q2	Q3	Q4	2013
Formula Growth Alpha Fund	0.8%	2.4%	4.4%	3.9%	11.9%
Batting Average (% profitable positions)	57%	62%	61%	60%	62%
Slugging Average (Avg winners/Avg loser)	1.5	0.9	2.3	1.9	1.9

2014	Q1	Q2	Q3	Q4	2014
Formula Growth Alpha Fund	5.3%	4.9%	-1.5%	-5.6%	2.7%
Batting Average (% profitable positions)	63%	62%	54%	44%	56%
Slugging Average (Avg winners/Avg loser)	1.4	1.9	0.5	0.7	1.0

2015	Q1	Q2	Q3	Q4	2015
Formula Growth Alpha Fund	4.0%	2.5%	-1.1%	1.5%	7.1%
Batting Average (% profitable positions)	58%	54%	45%	62%	60%
Slugging Average (Avg winners/Avg loser)	2.1	1.4	0.9	0.8	1.2

2016	Q1	Q2	Q3	Q4	2016
Formula Growth Alpha Fund	0.9%	0.3%	5.6%	1.4%	8.4%
Batting Average (% profitable positions)	58%	65%	68%	59%	65%
Slugging Average (Avg winners/Avg loser)	1.4	1.8	1.0	1.4	1.1

2017	Q1	Q2	Q3	Q4	2017
Formula Growth Alpha Fund	1.9%	2.4%	1.6%	-2.1%	3.9%
Batting Average (% profitable positions)	59%	56%	59%	53%	63%
Slugging Average (Avg winners/Avg loser)	1.2	1.1	1.3	0.8	0.9

*batting average = % of profitable positions in a given period
**slugging average = average gain of winning positions / average loss of losing positions in a given period

As shown above, in times when our stock picking has had a more difficult period, we have tended to bounce back with above average stock picking statistics with reversion to our long term average. In other words, it has in the past been a good time to increase one's investment in the FG Alpha Fund after a poor stock picking period. Although there are no guarantees, we believe that this time will be no different.

During the fourth quarter, the FG Alpha Fund maintained a negative net average exposure of -7.3% and a net beta of 0.0. As we added to long positions during the quarter, the gross exposure of the Fund grew to 138.7% from 120.4% at the beginning of the quarter and our net exposure increased to -6.3% from -11.4%. For Q4, our Alpha long positions contributed a net return of +0.9%, our Alpha short positions cost -1.3% and our portfolio hedges cost -1.7%.

2017 Review: Fund Positioning & Attribution

During 2017, the FG Alpha Fund maintained a negative net average exposure of -9.3% and a net beta of 0.0. The gross exposure of the Fund was on average 122% in 2017 and ended the year at 138.7%. For the year, our Alpha long positions contributed a net return of +7.4%, our Alpha short positions cost -1.5% and our portfolio hedges cost -2.0%. Our team had numerous winning positions in 2017 and many were discussed in our prior letters: Air Canada contributed 128bps, Builders Firstsource +85bps, Ferroglobe +79bps, Mobileye +65bps, Digimarc +60bps, Helmerich & Payne +55bps, Triumph Group +55bps, Trican Well Service +45bps, etc. The fourth quarter saw several of our positions suffer from, in our opinion, unjustified reactions to their quarterly results. Although we lost money on these positions, we took the opportunity to selectively add to our investments at very advantageous prices. Some examples are listed below.

Tutor Perini Corporation (NYSE: TPC)

Tutor Perini provides general contracting, construction management, and design services for private and public clients primarily in the United States. We added Tutor in the portfolio during Q3 as we liked the name for various reasons. To begin, Tutor had seen a significant increase in their backlog during 2017, primarily in the highest margin civil segment which provides good revenue visibility and a positive margin mix shift going forward. In addition, the outlook for civil spending over the next 3 years looked very favorable at the state level with already approved increases over the coming years. We believed infrastructure would be an important topic at the federal level during 2018 providing further upside if approved. TPC would also benefit significantly from lower taxes as they currently pay close to a 40% tax rate, adding almost 20% to net earnings. Finally, the valuation of Tutor was the lowest in the group with significant room to expand. Unfortunately, TPC missed Q3 earnings expectations and lowered guidance due to a push out of a large project into 2018 from 2017. Despite the news we remain very bullish about their 2018 prospects for new awards. We met with the management team in New York a month later and remain confident in our outlook. As the stock sold off we took the opportunity to double the position. TPC detracted -11 bps from the Formula Growth Alpha Fund in 2017.

Evolent Health Inc. (NYSE: EVH)

Evolent Heath is a company that helps U.S. Healthcare providers transition to a world of “value based” care. In the past, the U.S. healthcare system had insurance payers and the government compensating hospitals on a per procedure basis regardless of the success or follow up care of the procedures. For example, if a patient had several infections following a surgery, the incremental cost to the system could be 3-5X higher than the original cost of the surgery. This cost, borne by the payer and the government, should not be rewarded as a new procedure. The healthcare system should instead incentivize the best performing providers in terms of outcome of original procedures. Evolent is a leading healthcare consultant providing the healthcare system operators with technology, data, analytics and tools to optimize healthcare outcomes.

Currently 10% of all health care costs are on some type of value based payment plan, it could increase to as much as 30% in the next 5 years and over 50% in the long-term. EVH post IPO traded at 4X sales due to a very large end market opportunity and solid 20% + organic growth. Recently, with the change in administration in Washington, the end markets for healthcare were in flux as they waited to see if new legislation would affect the industry. This caused a slowdown in the new sales pipeline for EVH and Wall Street became concerned with a potential slow down in growth. As a result, the stock fell from a high of $27.50 to the $18 range where we started building a position. Despite reporting very strong Q3 results and an upbeat outlook, the market instead chose to focus on two recent acquisitions questioning whether the company was pivoting from its main strategy. The stock was pummeled to a low of $10.50 a share. Our view was a confluence of tax loss selling and frustration from investors that participated in a recent financing at $20 a share led to the emotional sell-off. At the lows the stock was trading at 1X sales while the group trades anywhere from 2.5X to 4X. We added aggressively in the sell-off as we feel the long term growth outlook is very strong and the valuation is compelling. EVH detracted -44 bps from the FG Alpha Fund in 2017.

TreeHouse Foods Inc. (NYSE: THS)

TreeHouse Foods (THS) is the largest producer of private label foods in the US. We established a position in the early 2017 based on the thesis that THS would continue to benefit from the private label secular trend taking shelf space away from branded products, the integration of their acquisition of the #2 private label player (Ralcorp was acquired in 2016) lifting margins, and the narrowing valuation gap versus peers to its historical level. The shift to private label (similar to Loblaw's President's Choice) from branded is the largest secular trend in the relatively stagnant food industry growing at 3.5% annually versus 0.4% for brands taking around 50bps of market share per year.

Our THS position was moderately sized (75 bps) coming into the fourth quarter. THS then reported its Q3 results lowering guidance while simultaneously announcing the resignation of their relatively short tenured COO sending the stock down significantly. The company disclosed an inability in the short term to pass along input cost increases to their customers and lingering issues integrating the Ralcorp assets into their ERP system. Sell side analysts threw in the towel and a number downgraded the stock on concerns that the industry would remain irrationally competitive well into the future forecasting that the current margin levels would persist in perpetuity. At a price of $43 the stock was trading at 9.5x free cash flow, 7.5x EBITDA and it had never been cheaper historically. While the market's pessimism was understandable, the business had historically shown periods of short term weakness followed by periods of normalization and we thought this time would not be different. After meeting with the company management and speaking with a number of their competitors at a private label trade show we perceived the current issues to be transitory and we aggressively added to our position. THS detracted -29 bps from the Formula Growth Alpha Fund in 2017.

Intuitive Surgical Inc. (NASDAQ: ISRG)

For the last 15 years, Intuitive Surgical has been the market leader in robotic surgery enjoying a quasi monopoly in the space. We had followed the company off and on for the past 10 years and while we liked the company, we felt that their key end markets in the U.S. (urology and gynecologic surgical procedures) were approaching maturity leading to difficulties in maintaining the over 15% organic growth rate the market was expecting going forward. Meanwhile, the stock has traded well beyond its 10 year high valuation and recently reaching 30X 2018 EBITDA and 12X 2018 enterprise value to revenues. We initially shorted the stock in the low $300's with a view that, for the first time in its history, ISRG would have to start worrying about competition in 2018. Small capitalization competitor TransEnterix (TRXC) received FDA approval in mid-2017 and two of the largest medical device companies in the world, Medtronic (MDT) and Johnson and Johnson (JNJ) in partnership with Google, plan to enter the market in 2018 and 2019 respectively. We feel that new competitors will cause investors to re-think the large valuation being placed on ISRG along with slowing end markets could cause significant multiple contraction for the company. During Q3, the company reported a decent quarter which caused the stock to run from $350 a share to over $400 where we added to our short position. ISRG detracted -16 bps from the Formula Growth Alpha Fund in 2017.

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The end of 2017 marks the 6th anniversary of the FG Alpha strategy. In establishing the FG Alpha strategy, the idea was to offer our clients a lower volatility and lower correlation vehicle in a world where traditional non-correlated asset classes such as fixed income were generating very low yields. Our approach was to maintain the investment style that Formula Growth successfully implemented over the past 58 years by performing rigorous bottom-up stock picking and harvesting the returns of small and mid cap U.S. companies. Our objectives were threefold: target a net annualized return of 5% to 7%, offer returns that are less correlated to the U.S. equity market and protect capital in difficult equity markets. We feel to have delivered on all of these objectives. As we enter our 7th year of managing the FG Alpha Fund, we recognize a need to continuously improve and are determined to build upon the solid foundation we have built.

1. Since inception, the FG Alpha Fund has had no negative years and generated an annualized net return of +9.1% surpassing our objective of 5-7% per year. Our annualized return has outperformed our peers as illustrated by the HFRI EMN index (+3.8%) and bonds as expressed by the JPM GABI (+1.5%).

2. A low correlation to U.S. equity indices is important as it provides diversification benefits to clients. The FG Alpha Fund strives to achieve low correlation to U.S. equities by maintaining a low dollar exposure, a low beta exposure and by controlling other relevant risk factors. Since inception of the strategy the daily correlation to the S&P 500 TR is 0.2.

3. Finally, the third objective of the Fund is to protect capital in periods of equity market corrections. While the FG Alpha Fund has not yet experienced a formal market crisis, the U.S. equity market has proven to be volatile over the past 6 years with many difficult months. If we define a "bad month" for the U.S. equity market as a month when the S&P 500 TR or the Russell 2000 TR lost more than 1%, there were 22 bad months for the equity market since we launched the strategy. The FG Alpha Fund was positive during more than half of these months, once again reflecting a correlation of close to zero to U.S. Equity indices. Also, the Fund was very effective at protecting capital when stocks were down with a net cumulative return of -1% compared to -72% for the Russell 2000 TR over the same period of those 22 "bad months".

Net performance of the FG Alpha Fund when U.S. stock indices lose had a "bad" month

	S&P 500 TR	Russell 2000 TR	JPM GABI	FG Alpha
April 2012	-0.6%	-1.5%	1.2%	-1.6%
May 2012	-6.0%	-6.6%	-0.8%	-1.5%
July 2012	1.4%	-1.4%	1.1%	0.1%
October 2012	-1.8%	-2.2%	-0.1%	0.9%
June 2013	-1.3%	-0.5%	-1.1%	1.1%
August 2013	-2.9%	-3.2%	-0.5%	1.1%
January 2014	-3.5%	-2.8%	1.2%	1.6%
April 2014	0.7%	-3.9%	1.1%	1.4%
July 2014	-1.4%	-6.1%	-0.8%	-1.3%
September 2014	-1.4%	-6.0%	-2.6%	-1.2%
January 2015	-3.0%	-3.2%	0.2%	0.1%
March 2015	-1.6%	1.7%	-0.8%	1.4%
April 2015	1.0%	-2.6%	0.9%	2.3%
June 2015	-1.9%	0.7%	-0.6%	-0.7%
July 2015	2.1%	-1.2%	0.4%	-1.1%
August 2015	-6.0%	-6.3%	0.3%	1.4%
September 2015	-2.5%	-4.9%	0.6%	-1.3%
December 2015	-1.6%	-5.0%	0.5%	-0.4%
January 2016	-5.0%	-8.8%	1.2%	-5.4%
October 2016	-1.8%	-4.8%	-2.6%	0.0%
May 2017	1.4%	-2.0%	1.3%	1.7%
August 2017	0.3%	-1.3%	1.0%	0.7%
Cumulative	**-35%**	**-72%**	**1%**	**-1%**

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In our opinion, how a return is generated and how much risk has been undertaken to generate a given return is often more important than the return itself. The table below demonstrates the value added of the FG Alpha strategy over the risk taken. For every year, the "Expected Return" column is obtained by the product of the Fund's "Average Net Exposure" and the "S&P 500 TR" and represents the expected return of the Fund strictly from its market exposure (i.e. market beta). For example, if a Fund is 100% invested in U.S. equities and the S&P 500 TR has a return of US$ +10%, the Fund's return coming from the market beta should in that case be US$ +10% (100% multiplied by US$ +10%). The stock picking ability of the manager (alpha) would thereafter add or detract from the US$ +10% annual return expected. The table below shows an average net exposure in 2017 of -9.3% for the FG Alpha Fund and a return of US$ +21.8% for the S&P 500 TR. On this basis the expected return of the FG Alpha strategy from the market beta should have been US$ -2% (-9.3% multiplied by +21.8%). Instead the FG Alpha strategy generated a net return of +3.9% in 2017 therefore adding +5.9% of value. We are pleased to have generated +59.4% of value-added (alpha) for our clients in the last 6 years of stock picking.

FG Alpha Fund Value Added Since Inception

Year	Avg. Net Exposure	S&P 500 TR	Expected Return	FG Alpha Fund US$	Value Added
2017	-9.3%	21.8%	-2.0%	3.9%	5.9%
2016	-6.0%	12.0%	-0.7%	8.4%	9.1%
2015	0.2%	1.4%	0.0%	7.1%	7.1%
2014	-1.7%	13.7%	-0.2%	2.7%	3.0%
2013	-1.9%	32.4%	-0.6%	11.9%	12.6%
2012	0.5%	16.0%	0.1%	21.9%	21.8%
			TOTAL:		**59.4%**

<u>Outlook</u>

As we close the books on a year where the market had no negative months and historically low volatility, we feel investor complacency and optimism coupled with high valuations could bring disappointment and make it challenging for equity investors moving forward. We expect to remain disciplined respecting our fundamental bottom-up stock picking approach. This strict price target based process keeps us conservatively postured as current market enthusiasm has stretched stock valuations at a point we believe is late in the cycle. We are comfortable in the current market environment to have portfolio protection and to be hedged. In the meantime, since our small & mid cap universe contains over 4,000 companies, we remain confident in our ability to find mispriced stocks to achieve our annual target net return of 5% to 7%.

We would like to take this opportunity to invite you to our Annual Investment Meeting taking place Thursday, February 15th. We will be sending an invitation with further details in the coming weeks.

For more information regarding our firm and products, please visit our website at www.formulagrowth.com.

On behalf of the officers and employees of Formula Growth, please allow us to take this opportunity to sincerely thank you for your continued support.

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Market and Beta Exposure

	Sep-29	Q4 Avg.	Dec-29	2017 Avg.
Gross Long	54.5%	57.8%	66.2%	56.2%
Gross Short	(65.9%)	(65.1%)	(72.5%)	(65.5%)
Net	(11.4%)	(7.3%)	(6.3%)	(9.3%)
Total Gross	120.4%	122.9%	138.7%	121.7%
Net Beta	-0.01	0.00	0.02	0.00

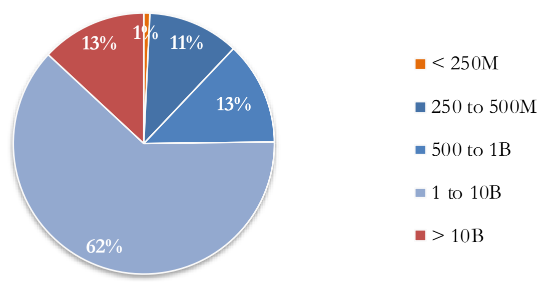
Strategy Exposure Breakdown

	Sep-29	Q4 Avg.	Dec-29	2017 Avg.
Hedge	(43.1%)	(41.6%)	(49.8%)	(41.3%)
Alpha Long	54.5%	57.9%	66.2%	56.2%
Alpha Short	(22.8%)	(23.5%)	(22.7%)	(24.2%)

Number of Positions by Market Capitalization (Period End)

	Long	Short	Total
< 250M	2	0	2
250 to 500M	9	0	9
500 to 1B	10	3	13
1 to 10B	29	19	48
> 10B	3	6	9
Funds/ETF	2	8	10
Total	**55**	**36**	**91**

Market Capitalization Exposure Breakdown (Period End)



Strategy Net Attribution*

	Q1	Q2	Q3	Q4	2017
Alpha Short	0.3%	(0.8%)	(0.4%)	(1.3%)	(1.5%)
Alpha Long	2.0%	2.5%	3.5%	0.9%	7.4%
Hedge	(0.3%)	0.7%	(1.5%)	(1.7%)	(2.0%)

Strategy Net Attribution*

	2012	2013	2014	2015	2016	2017
Alpha Short	1.7%	(0.8%)	0.6%	2.8%	(2.8%)	(1.5%)
Alpha Long	24.1%	21.2%	2.9%	2.0%	12.7%	7.4%
Hedge	(3.9%)	(8.4%)	(0.8%)	2.3%	(1.5%)	(2.0%)

Net Sector Exposure

	Sep-29	Q4 Avg.	Dec-29	2017 Avg.
Cons. Discr.	(2.9%)	(3.0%)	(2.5%)	(3.8%)
Cons. Staples	(1.3%)	0.1%	(0.5%)	(0.1%)
Energy	0.8%	0.9%	2.3%	0.7%
Financials	(4.2%)	(4.3%)	(4.8%)	(4.4%)
Health Care	(3.7%)	(3.0%)	(2.8%)	(4.0%)
Industrials	(5.4%)	(5.2%)	(3.6%)	(4.4%)
IT	3.0%	2.8%	1.3%	1.6%
Materials	3.0%	4.7%	4.7%	4.5%
Telecom.	(0.3%)	(0.2%)	(0.3%)	0.1%
Utilities	(0.5%)	(0.5%)	(0.6%)	(0.7%)
Real Estate	0.3%	0.4%	0.4%	1.1%

Net Sector Attribution

	Oct	Nov	Dec	Q4	2017
Cons. Discr.	(0.2%)	(0.1%)	0.0%	(0.2%)	(0.7%)
Cons. Staples	0.1%	(0.1%)	0.3%	0.4%	0.3%
Energy	(0.2%)	0.4%	0.2%	0.4%	(0.5%)
Financials	0.1%	(0.2%)	(0.0%)	(0.2%)	0.4%
Health Care	(0.3%)	(0.3%)	0.2%	(0.4%)	(0.1%)
Industrials	0.1%	(0.3%)	(0.0%)	(0.3%)	1.7%
IT	0.1%	(0.4%)	0.2%	(0.1%)	1.8%
Materials	(0.6%)	(0.3%)	1.0%	0.3%	2.4%
Telecom.	0.0%	0.0%	0.0%	0.0%	0.2%
Utilities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate	(0.0%)	(0.1%)	(0.1%)	(0.2%)	0.3%
Hedge	0.1%	(0.6%)	(1.0%)	(1.7%)	(2.0%)

*All attribution is based on net returns. Please see Notes & Disclaimers on page 6. Do not hesitate to contact us should you have any questions.

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Glossary of Terms

- Alpha longs: An investment strategy which involves taking long positions in stocks that are expected to increase in value by more than 30% over approximately 12 to 18 months.

- Alpha shorts: An investment strategy which involves taking short positions in stocks that are expected to decrease in value by more than 20% over approximately 12 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.

- Correlation: Correlation in the investment industry is a statistic that measures the degree to which two securities move in relation to each other. Correlation is computed into what is known as the correlation coefficient, which has a value that must fall between -1 and 1. A perfect, positive correlation means that the correlation coefficient is exactly 1. This implies that as one security moves, either up or down, the other security moves in lockstep, in the same direction. A perfect, negative correlation of -1 means that two assets move in opposite directions, while a zero correlation implies no relationship at all.

- 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 have a positive return divided by the total number of positions we held during the period.

- Slugging average: Average contribution of positions on which we have a positive return divided by the average contribution of positions on which we have a negative return for the period.

- Upside/Downside Capture: Upside market participation since inception is calculated as the average performance of the fund when the benchmark has a positive month while the downside market participation is calculated as the average performance of the fund when the benchmark has a negative month.

- HFRI Equity Market Neutral: The HFRI Equity Market Neutral consists of funds with net equity market exposure no greater than 10% long or short on average and it is denominated in U.S. dollar.

- JPM Aggregate Global Bond Index: The JPM GABI consists of the JPM GABI US, a U.S. dollar denominated, investment-grade index spanning asset classes from developed to emerging markets, and the JPM GABI extends the U.S. index to also include multi-currency, investment-grade instruments.

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. The Formula Growth Alpha II L.P. was launched in May 2011. In January 2012, significant changes were made to the risk management and portfolio management guidelines. As risk management and portfolio management guidelines established in January 2012 are relevant only to the current strategy of the Formula Growth Alpha Fund, the statistics do not include the 2011 performance figures which are available upon request. In January 2014, the Formula Growth Alpha II Fund structure was changed from a Canadian Limited Partnership to a Canadian Mutual Fund Trust and the name of the fund was changed to the Formula Growth Alpha Fund.
- 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.
- All performance figures contained herein are unaudited estimates and subject to change. Certain information contained herein may have been provided by third party sources including Bloomberg, and, although believed to be reliable, has not been independently verified and cannot be guaranteed. Performance estimates are presented only as of the date referenced above and may have changed materially since such date.
- Market index information shown herein, such as that of the S&P 500 TR, Russell 2000 TR, JPM GABI and HFRI EMN Indices, are included to show relative market performance for the periods indicated and not as standards of comparison, since these are unmanaged, broadly-based indices which differ in numerous respects from the portfolio composition of the Fund. Market index information was compiled from sources that Formula Growth believes to be reliable. No representation or guarantee is made hereby with respect to the accuracy or completeness of such data.
- The analyses and conclusions of Formula Growth contained in this report include certain statements, assumptions, estimates and projections that reflect various assumptions by Formula Growth concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies and have been included solely for illustrative purposes. No representations, express or implied, are made as to the accuracy or completeness of such statements, assumptions, estimates or projections or with respect to any other materials herein.
- 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 be included. Performance attributions include ETFs and should be considered approximations 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 include ETFs and should be considered as approximations calculated to the best of our knowledge.
- Market Capitalization represents the relative market capitalization of long and short positions on a United States dollar adjusted basis using available sources such as Bloomberg. Exposures based on these figures do not include ETFs and should be considered as approximations calculated to the best of our knowledge.
- 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.
- 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 Formula Growth Alpha Fund.
- The Fund's 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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