April 13th, 2018

FORMULA GROWTH LIMITED

Formula Growth Alpha Fund

First Quarter 2018 Investment Results

Highlights:

- During the first quarter of 2018, the FG Alpha Fund had a net return of US$ +0.9% while the total return ("TR") of the S&P 500, the Russell 2000 and the HFRI EMN were US$ -0.8%, US$ -0.1%, and US$ -0.8% respectively;
- The FG Alpha Fund generated a positive return in the first quarter and maintained a negative correlation of -0.4 to the S&P 500 TR. Since inception of the strategy the correlation of the FG Alpha Fund to the S&P 500 TR is 0.2;
- Throughout the 6 year history of the FG Alpha strategy the annualized return has been US$ +8.9% per year, with an annualized volatility of 7.0%.

Dear Investors,

During the first quarter of 2018, the FG Alpha Fund had a net return of US$ +0.9% while the total return ("TR") of the S&P 500, the Russell 2000 TR, and the HFRI Equity Market Neutral ("EMN") were US$ -0.8%, US$ -0.1%, US$ -0.8% respectively. Throughout the first quarter, the Fund maintained a negative correlation to the U.S. equity market (daily correlation of -0.4 to the S&P 500 TR) and, more importantly, a daily correlation of -0.5 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$ +8.9% per year, with an annualized volatility of 7.0% and a low daily correlation to the S&P 500 TR of 0.2.

The first quarter of 2018 began with the U.S. equity markets roaring higher, just as they did in 2017. The S&P 500 TR had been increasing for 15 consecutive months and such a streak had not occurred since 1935. The Index's annualized volatility of 3.9% in 2017 was also much lower than its historical average of approximately 14%. U.S. equity fund flows were positive for almost every month in 2017 as investors wished to increase their exposure to equities. Investors "Fear of Missing Out" was apparent in January 2018 as equity fund flows registered at an all time monthly high.

As February began, the Fund maintained a negative net exposure to the market as we felt that investor complacency and optimism, coupled with high valuations, could disappoint equity investors. In fact, the U.S. equity markets recorded a steep decline in early February as an acceleration in average hourly wages triggered fears of steeper interest rate hikes than were anticipated. The sell-off was accelerated by short-volatility investment products that were forced to unwind positions while systematic trading strategies increased the U.S. equity losses.

As corporate results were released for the fourth quarter of 2017 and macroeconomic indicators remained stable, the U.S. equity market bounced back but inflation fears lingered. March experienced further volatility, on the back of trade war concerns and regulation in the technology market, notably hurting the beloved "FAANG" stocks. President Trump's protectionism position fueled fears of retaliatory measures by other countries, especially by China, that vowed to target key U.S. exports. In sum, there is little doubt that volatility is back to the U.S. equity market. As an indication, there are already more days in Q1 2018 where the S&P 500 was down by at least 1% versus the entire year of 2017.

Q1 Review: Fund Positioning & Quarterly Attribution

Our stock picking in the first quarter allowed us to mitigate losses and generate profits from the volatility in the U.S. equity markets. The FG Alpha Fund's Q1 performance was broad-based and can be attributed to many sectors. The Fund maintained a negative net average exposure of -2.6% and a net beta of -0.02 throughout the quarter. The gross exposure of the Fund was stable at around 140% throughout the period; reflecting a healthy level of idea flow in the higher volatility environment. For Q1, our Alpha long positions contributed a gross return of +0.9%, our Alpha short positions detracted marginally and our portfolio hedges contributed +0.7%.

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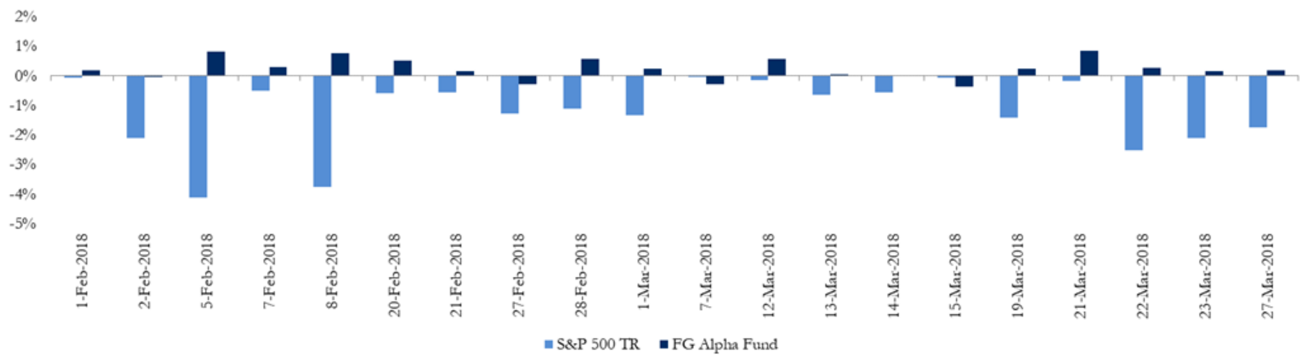
The FG Alpha strategy aims to maintain a low correlation to the U.S. equity markets. Correlation, a statistical measure of how two securities move in relation to each other, is most appreciated when equity markets yield a negative return. Consequently, our view is that incorporating an investment strategy that can generate gains in a negative equity environment (i.e. zero or negative correlation) can add value to an investor's portfolio. The FG Alpha strategy was uncorrelated to the U.S. equity markets during the down days of February and March allowing for a positive return while equity markets suffered. Below is the net performance of the Fund on days where the S&P 500 produced a negative return:

FG Alpha Fund performance on days where the S&P 500 had a negative return



Estimated daily US$ returns net of fees for the negative S&P500 index days between February 1st 2018 to March 27th 2018. Past performance is not indicative of future results.

As illustrated above, the FG Alpha Fund generated a positive return almost every day the S&P 500 TR yielded negative performance. The correlation between the Fund and the S&P 500 TR was -0.4 during the first quarter; helping the Fund realize a positive return of +0.9% while the S&P 500 TR and Russell 2000 TR were negative for the period. While difficult to produce, a return stream that maintains a low correlation to equity indices can be very valuable to one's portfolio management.

Below are some examples of the FG Alpha Fund's significant contributors throughout the quarter:

Twilio Inc (NYSE: TWLO)

Twilio develops Application Programming Interfaces ("API") that allow real-time communications to be embedded into software applications. We began covering the company and conducted our initial research prior to their IPO in June 2016, which we participated in. We were initially interested in the company as they were early to penetrate a large market, had an impressive revenue growth rate, were led by an extremely capable CEO, and had more than one million developers using their platform. Our current involvement began in May 2017, when the company reported strong Q1 results but offered lower than expected forward guidance as their largest customer, Uber, had made a decision to move to a multi-vendor strategy. Our investment thesis saw TWLO as a business with very strong growth and we considered Uber as a unique situation given the next largest customer only represented 5% of revenues. We felt that the 3.7x 2019 revenue valuation was too cheap for a company growing at more than 60% after losing Uber as a customer, and estimated that it could revalue back to 5.5-6x revenue or more than $40 in 2018. We entered our position in the low to mid $20's and added over the course of the year as we had numerous interactions with the company and its competitors. In February, the company delivered positive news of strong growth and margin expansion. As the stock reached close to $40 we have substantially reduced our position but continue to hold with a price target of $45-$50 over the course of the next year. Twilio contributed 66 basis points to performance in Q1.

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Finisar Corp (FNSR)

Finisar is a leading provider of optical subsystems and components used in data communication and telecom applications. We initiated our position in April 2017, when excess inventory in the Chinese market led the whole group's returns lower. Our thesis revolved around the idea that excess inventory was transitory and that China's growth would return in 2018. In addition, FNSR was working towards qualifying for a 3D Sensing product at Apple (Face recognition on iPhone X) as well as other large projects. As the year unfolded, their core business continued to experience weakness. However, positive news was announced as Apple was committing a significant $390 million to build new capacity in Sherman, Texas to focus on 3D. Following this announcement, our view at the end of 2017 was that the core business could generate more than $1.25 of earnings power and that the 3D sensing business could contribute more than $1 to EPS in 2019. Q1 2018 was another weak quarter for the core business despite the planned large capacity expansion for Apple business. As we continue to believe in the core earnings power of the base business and the 3D opportunity, we have began to add to our position and see a pathway toward our price target of more than $25. FNSR detracted 30 basis points of return in Q1.

Specific short positions in the Recreational Vehicle ("RV") industry

We began to short select companies levered to the RV industry in 2017. The stocks stood out of the consumer discretionary sector since unlike automobiles, boats, motorcycles, or all-terrain vehicles, the unit shipments of RVs had surpassed their 2006 peak by a wide margin (504,000 vs 390,000). Moreover, the RV industry stocks had multiples of 17-20x earnings off this peak level of shipments compared with automobile manufacturers trading at 7x earnings or boat producers trading at 12x earnings. After attending the RV Industry Association Dealer show in Louisville last fall and visiting with OEMs and dealers, it became clear that strong retail sales were driven by younger buyers who were attracted to the lower priced units. After speaking with the largest provider of retail financing in the country (a bank with 25% of market share), it also became clear that these younger buyers had some help in the form of much looser credit terms. With a new pool of buyers interested and credit loose, we believe sell side analysts had the illusion of secular growth coming from the millennial demographic loving RVs. Considering the industry shipments beyond prior peak levels, rich stock valuations, and our thesis around credit availability, we began shorting specific stocks in the sector. In Q1 2018, dealer surveys began to make it clear that they had ordered aggressively above retail demand over the past six months and needed sales to accelerate meaningfully relative to peak levels reached in 2017. With the news of an overabundance of inventory, we added to our short positions. Exiting Q1, the stocks declined 25-35% after inventory concerns took their toll and we covered about two thirds of our short exposure to the trade. As the year progress, if retail sales do not pick up before the summer, we expect further downside in the industry's stock prices. These short positions contributed 96 basis points to performance in Q1.

Outlook

The volatile U.S. equity markets are generally a positive environment for the FG Alpha Fund's investment strategy. An attractive stock can be penalized in a down market, although its fundamentals remain intact, leading to a buying opportunity. Similarly, an expensive stock can become even more expensive for no rational reason leading to a short opportunity. As such, we will continue to utilize our fundamental bottom-up stock picking approach. In our experience, we believe that the late innings of an economic cycle typically lead to benign equity market returns and higher than usual volatility. Both of these factors tend to be favorable to our investment strategy.

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

On behalf of the team at 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

	Dec-29	Q1 Avg.	Mar-31	2018 Avg.
Gross Long	66.2%	69.4%	71.2%	69.4%
Gross Short	(72.5%)	(72.0%)	(68.5%)	(72.0%)
Net	(6.3%)	(2.6%)	2.7%	(2.6%)
Total Gross	138.7%	141.4%	139.7%	141.4%
Net Beta	0.02	-0.02	-0.05	-0.02

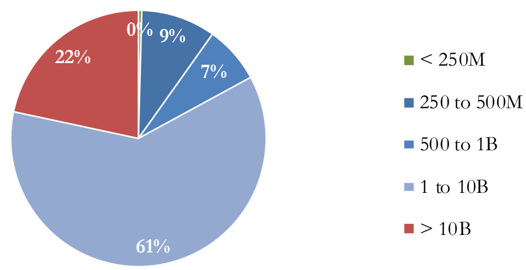
Strategy Exposure Breakdown

	Dec-29	Q1 Avg.	Mar-31	2018 Avg.
Hedge	(49.8%)	(45.5%)	(43.1%)	(45.5%)
Alpha Long	66.2%	66.1%	68.8%	66.1%
Alpha Short	(22.7%)	(22.8%)	(23.0%)	(22.8%)

Number of Positions by Market Capitalization (Period End)

	Long	Short	Total
< 250M	2	0	2
250 to 500M	11	0	11
500 to 1B	7	4	11
1 to 10B	37	18	55
> 10B	10	12	22
Funds/ETF	2	10	12
Total	**69**	**44**	**113**

Market Capitalization Exposure Breakdown (Period End)



Strategy Gross Attribution*

	Q1	Q2	Q3	Q4	2018
Alpha Short	(0.1%)				(0.1%)
Alpha Long	0.9%				0.9%
Hedge	0.7%				0.7%

Strategy Gross Attribution*

	2012	2013	2014	2015	2016	2017	2018 YTD
Alpha Short	2.0%	(1.3%)	0.8%	3.3%	(4.7%)	(3.3%)	(0.1%)
Alpha Long	28.5%	31.8%	4.1%	2.4%	21.4%	11.8%	0.9%
Hedge	(4.6%)	(12.6%)	(1.1%)	2.8%	(2.6%)	(3.8%)	0.7%

Net Sector Exposure

	Dec-29	Q1 Avg.	Mar-31	2018 Avg.
Cons. Discr.	(2.5%)	(1.8%)	(1.0%)	(1.8%)
Cons. Staples	(0.5%)	(1.2%)	(1.4%)	(1.2%)
Energy	2.3%	3.9%	3.1%	3.9%
Financials	(4.8%)	(5.8%)	(6.1%)	(5.8%)
Health Care	(2.8%)	(3.8%)	(4.7%)	(3.8%)
Industrials	(3.6%)	(1.6%)	(0.0%)	(1.6%)
IT	1.3%	2.6%	7.2%	2.6%
Materials	4.7%	6.4%	5.7%	6.4%
Telecom.	(0.3%)	(0.5%)	(0.3%)	(0.5%)
Utilities	(0.6%)	(0.9%)	(0.7%)	(0.9%)
Real Estate	0.4%	0.2%	0.9%	0.2%

Gross Sector Attribution

	Jan	Feb	Mar	Q1	2018
Cons. Discr.	0.3%	0.2%	0.1%	0.6%	0.6%
Cons. Staples	(0.1%)	(0.4%)	(0.1%)	(0.6%)	(0.6%)
Energy	(0.4%)	(0.4%)	0.6%	(0.2%)	(0.2%)
Financials	0.1%	(0.0%)	(0.1%)	(0.1%)	(0.1%)
Health Care	(0.3%)	0.3%	0.0%	(0.0%)	(0.0%)
Industrials	(0.1%)	0.3%	(0.8%)	(0.5%)	(0.5%)
IT	0.8%	0.4%	0.6%	1.8%	1.8%
Materials	0.3%	(1.4%)	0.8%	(0.3%)	(0.3%)
Telecom.	0.0%	(0.0%)	0.0%	(0.0%)	(0.0%)
Utilities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate	0.0%	(0.1%)	0.1%	0.1%	0.1%
Hedge	(1.8%)	2.2%	0.3%	0.7%	0.7%

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

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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