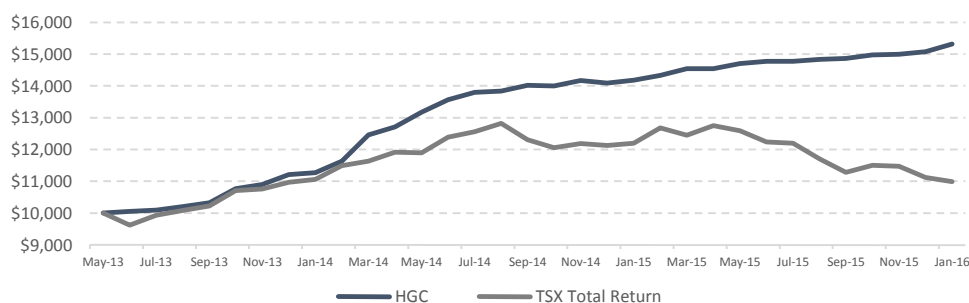


The HGC Arbitrage Fund LP (the "Fund") is a Merger Arbitrage fund which targets over 70% exposure to definitive deals. The Fund specializes in the North American small and mid-cap market. The balance of the portfolio is invested in other short term alpha events such as spin-offs, financings and alpha shorts. Other primary objectives of the Fund are short duration (quick portfolio turnover) and high liquidity. The Fund seeks to further returns through actively trading deal spreads both long and short.

Summary of Returns Inception Date: June 12, 2013 – Net of all fees

| | YEAR | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YTD * | INCEP** |
|----------|------|--------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|--------|--------|---------|
| HGC LP | 2016 | 1.59% | | | | | | | | | | | | 1.59% | 53.19% |
| HGC LP | 2015 | 0.64% | 1.07% | 1.51% | 0.01% | 1.06% | 0.51% | 0.03% | 0.39% | 0.20% | 0.71% | 0.18% | 0.54% | 7.06% | |
| HGC LP | 2014 | 0.54% | 3.19% | 7.14% | 1.97% | 3.68% | 2.95% | 1.75% | 0.30% | 1.28% | -0.11% | 1.19% | -0.59% | 25.66% | |
| HGC LP | 2013 | | | | | | 0.52% | 0.39% | 1.09% | 1.23% | 4.29% | 1.19% | 2.86% | 12.10% | |
| HFRI**** | 2016 | 0.19% | | | | | | | | | | | | 0.19% | 8.34% |
| TSX *** | 2016 | -1.17% | | | | | | | | | | | | -1.17% | 9.91% |



The Fund returned +1.59% in January vs. -1.17% for the TSX Total Return.

The portfolio was extremely active in January as a large number of our deals closed or cleared their final transaction hurdles in the month. Royal Dutch Shell's cash and share offer for BG Group (British Gas) was voted through on January 27th by 83% of shareholders. The successful vote tightened the spread materially, and the fund profitably exited the position ahead of the announced February closing date.

Another highlight in the month was Warren Buffett's Berkshire Hathaway closing its all-cash acquisition of Precision Castparts (PCP), a worldwide manufacturer of complex metal components and products. The fund initially entered this position in late September at close to a 10% annualized return and grew in size throughout the transaction process given the track record of the exceptionally strong buyer.

With the recent number of deals closing in such a short time period the fund is opportunistically re-deploying capital.

Sincerely,

Dave Heden

| Performance Statistics | | | | Portfolio Analytics at Month End | | Contact |
|-----------------------------|--------|------------------------|--------|----------------------------------|-------|--|
| Ann. Return since Inception | 17.34% | Average Monthly Return | 1.35% | Duration (Average Days to Close) | 11.56 | HGC Investment Management Inc. 366 Adelaide St West #601 Toronto, ON Tel: (647) 776.2198 blindros@hgcinvest.com |
| Positive Months | 94% | Highest Monthly Return | 7.14% | Percent in Large Cap (+\$1B) | 45% | |
| Negative Months | 6% | Lowest Monthly Return | -0.59% | Leverage (debt:equity) | 51% | |
| Largest Draw Down | -0.59% | Sharpe Ratio (Monthly) | 0.88 | Net Long Exposure | 49.5% | |

* Performance returns are of the lead series of Class A units

** Inception June 12, 2013

*** S&P/TSX Comp Total Return Index - The TSX Total Return Index is a widely-known equity index of Canadian large-cap companies. Investing in US and Canadian equities long and short is the primary strategy for HGC as part of the merger arbitrage strategy but HGC does not invest in all or necessarily any of the securities that compose the market indexes. Reference to the indexes does not imply that HGC will achieve returns similar to the indexes.

**** Hedge Fund Research Inc. : Merger Arbitrage Index - Performance is subject to minor variances due to independent Manager trailing reporting

++ Duration is calculated without including SPAC positions

+ Please see disclaimer at end of presentation for further information on performance.

IMPORTANT: This document is for information purposes only and does not constitute an offering memorandum. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. The 2014 results are unaudited and are based on our best estimates at the times of this report per our third party fund administrator. Performance data is historical, and is not indicative of future performance. Volatility and correlation are calculated from monthly returns. Sharpe ratio is hypothetical and is calculated using monthly standard deviation and domestic 90-day Treasury bill. + The HGC Arbitrage Fund LP was managed by Radiant Investment Management Ltd. from June 12, 2013 to December 31, 2013 and by HGC Investment Management Ltd. thereafter. The Fund's investment strategy has remained the same since inception. The HGC Fund are currently open to Canadian investors who meet certain eligibility requirements. Please contact HGC Investment Management to request the offering documents.