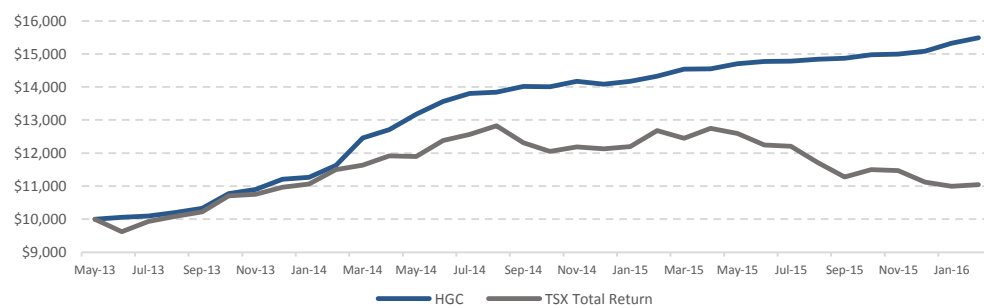


The HGC Arbitrage Fund LP (the "Fund") is a Merger Arbitrage fund which targets over 70% exposure to definitive deals. The Fund specializes in the North American small and mid-cap market. The balance of the portfolio is invested in other short term alpha events such as spin-offs, financings and alpha 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% | 1.11% | | | | | | | | | | | 2.72% | 54.89% |
| 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 | -0.17% | 0.59% | | | | | | | | | | | 0.42% | 8.56% |
| TSX *** | 2016 | -1.17% | 0.47% | | | | | | | | | | | -0.71% | 10.43% |



The Fund returned +1.11% in February vs. +0.47% for the TSX Total Return.

A transaction to highlight in the month was American aerospace and manufacturing giant Honeywell taking over Cambridge, Ontario based space hardware maker Com Dev International (TSX:CDV), in a \$455-million deal that saw the Canadian company spin off its exactEarth subsidiary. Com Dev manufactures & sells devices such as transponders used in satellites, their hardware is found on 80 per cent of all commercial communication satellites. From a trading perspective, what was interesting about this particular deal was the exactEarth spinco. We were able to buy CDV while simultaneously selling the spinco that we would receive in the transaction, locking in a 3-4% nominal spread, which translated to an annualized return of greater than 20%.

As mentioned in the previous month's letter, the fund has re-deployed a large percentage of its capital from the January deal closings and is currently in 24 merger arbitrage positions utilizing 23% leverage.

Regards,

Dave Heden

| Portfolio Metrics | |
|----------------------------|----------------|
| Category | % of Portfolio |
| Deal Type: | |
| Definitive Merger Arb | 100.00% |
| Hostile Deals | 0.00% |
| Spin Offs | 0.00% |
| Alpha Shorts | 0.00% |
| Pairs | 0.00% |
| Industry Overview: | |
| Basic Materials | 1.53% |
| Communications | 30.68% |
| Consumer, Cyclical | 1.70% |
| Consumer, Non-cyclical | 6.94% |
| Diversified | 17.51% |
| Energy | 0.03% |
| Financial | 12.84% |
| Industrial | 0.00% |
| Technology | 5.69% |
| Utilities | 23.08% |
| Liquidity Overview: | |
| 1 Day | 78.15% |
| 1 - 5 Day | 21.85% |
| 5 - 10 Day | 0.00% |
| 10 Day + | 0.00% |
| Private | 0.00% |

| Performance Statistics | | | |
|-----------------------------|--------|------------------------|--------|
| Ann. Return since Inception | 17.25% | Average Monthly Return | 1.35% |
| Positive Months | 94% | Highest Monthly Return | 7.14% |
| Negative Months | 6% | Lowest Monthly Return | -0.59% |
| Largest Draw Down | -0.59% | Sharpe Ratio (Monthly) | 0.88 |

| Portfolio Analytics at Month End | |
|----------------------------------|-------|
| Duration (Average Days to Close) | 37.56 |
| Percent in Large Cap (+\$1B) | 49.5% |
| Leverage (debt:equity) | 8.2% |
| Net Long Exposure | 25% |

| Contact |
|---|
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* 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 & Liquidity 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.