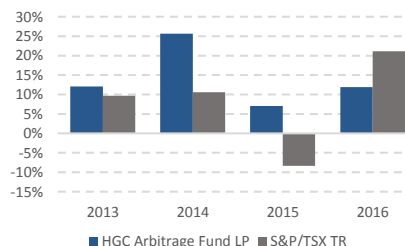
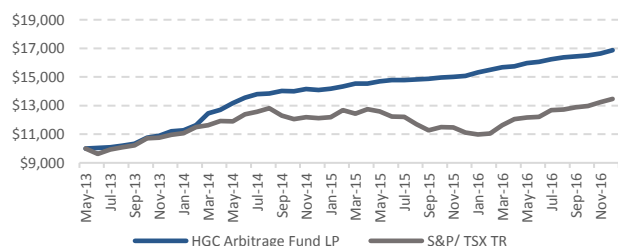


The HGC Arbitrage Fund LP (the "Fund") is a Merger Arbitrage fund which targets over 70% exposure to definitive deals. The Fund specializes in the North American small and mid-cap market. Other primary objectives of the Fund are short duration (quick portfolio turnover) and high liquidity. The Fund seeks 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%	1.25%	0.36%	1.48%	0.57%	1.06%	0.89%	0.39%	0.38%	0.80%	1.42%	11.88%	68.71%
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	-0.18%	0.31%	0.58%	-1.02%	0.72%	-0.29%	0.69%	0.83%	0.41%	-0.68%	0.91%	1.45%	3.77%	12.22%
TSX ***	2016	-1.17%	0.47%	5.28%	3.68%	1.00%	0.34%	3.91%	0.27%	1.22%	0.62%	2.19%	1.66%	21.08%	34.66%



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:	
Category	% of Portfolio
Basic Materials	2.18%
Communications	2.01%
Consumer, Cyclical	3.05%
Consumer, Non-cyclical	1.18%
Diversified	47.91%
Energy	6.20%
Financial	9.81%
Industrial	0.00%
Technology	5.51%
Utilities	22.16%

Liquidity Overview:	
Category	% of Portfolio
1 Day	84.04%
1 - 5 Day	9.38%
5 - 10 Day	6.59%
10 Day +	0.00%
Private	0.00%

The Fund returned +1.42% in December vs. +1.66% for the TSX Total Return.

2016 was a consistent year for the Fund as we participated in a active Canadian market. Performance was generated relatively evenly across our three main strategies: Traditional Merger Arbitrage, SPACs and Subscription Receipts. While the Fund strives to return 7-9% net of fees on an annualized basis, we were able to take advantage of an attractive Canadian deal environment which led to a return of 11.88% for the year.

From a geographical perspective, the Fund was over-weight Canada throughout the year, essentially the opposite of 2015. Our preference is to play in Canada as there is less spread compression by large U.S arbitrage shops, and spreads tend to trade slightly wider.

With respect to Traditional Merger Arbitrage, we took advantage of consolidation in the gold space in the beginning of the year as we participated in seven transactions prior to the end of July. SPACs were the theme for the back half of the year as the Fund allocated more capital to existing positions as they got closer to the announcement deadline for qualifying transaction. The most consistent trade throughout the year was Subscription Receipts, highlighted back in March by the largest bought deal in Canadian history at \$4.2 billion by TransCanada Corp. We played a total of 19 Subscription Receipts transactions which assisted in the Fund maintaining its position of one of the lowest volatility funds in the country.

Regards,

Dave Heden & Sean Kallir

Performance Statistics				Portfolio Analytics at Month End		Contact
Ann. Return since Inception	15.71%	Average Monthly Return	1.23%	Duration (Average Days to Close)	26.4	HGC Investment Management Inc. 366 Adelaide St West #601 Toronto, ON Tel: (647) 776.2189 blindros@hgcinvest.com
Positive Months	95%	Highest Monthly Return	7.14%	Percent in Large Cap (+\$1B)	41%	
Negative Months	5%	Lowest Monthly Return	-0.59%	Leverage (debt:equity)	22%	
Largest Draw Down	-0.59%	Sharpe Ratio (Monthly)	0.91	Net Long Exposure	59%	

* 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 – Global index of investment managers that use merger arbitrage as a primary strategy .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.