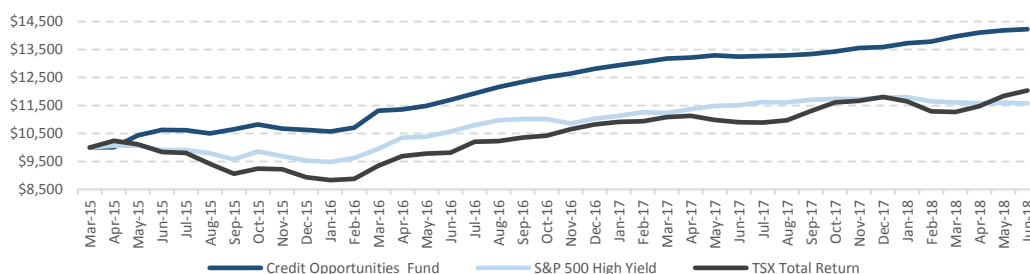


The Funds primary objective is to generate absolute returns with an emphasis on capital preservation and low correlation to traditional equity and fixed income markets. The fund invests in market neutral credit strategies including: Pending Maturities, Near Money Convertible Arbitrage, Corporate Actions, Reorganizations, & Capital Structure Arbitrage. The portfolio uses low leverage and low duration to limit interest rate risk and corporate credit risk.

Summary of Returns Inception Date: April 2015 – B Class Units Net of all fees

	YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD *	INCEP**
CREDIT	2018	0.97%	0.42%	1.33%	0.97%	0.59%	0.29%							4.65%	42.27%
CREDIT	2017	0.93%	0.86%	1.00%	0.23%	0.62%	-0.32%	0.11%	0.21%	0.38%	0.69%	0.94%	0.24%	6.06%	
CREDIT	2016	-0.53%	1.25%	5.70%	0.34%	1.16%	1.93%	1.95%	1.87%+	1.52%	1.36%	1.06%	1.37%	20.58%	
CREDIT	2015	-	-	-	0.14%	4.21%	1.87%	-0.10%	-1.14%	1.45%	1.60%	-1.40%	-0.37%	6.30%	
SP500 HY--	2018	0.14%	-1.28%	-0.33%	-0.15%	0.05%	-0.22%							-1.78%	15.73%
TSX ***	2018	-1.39%	-3.02%	-0.16%	1.82%	3.12%	1.69%							1.94%	20.36%



Portfolio Metrics

Category	% of Portfolio
Deal Type:	
Pending Maturities	53.55%
Near Money Convertibles	15.91%
Corporate Actions	6.83%
Reorganization	9.15%
Cap Structure Arb:	14.57%

Industry Overview:

Auto Manufacturer	5.85%
Banks	10.23%
Biotechnology	7.07%
Consumer	16.11%
Diversified	17.60%
Engineering	3.54%
Electric	2.96%
Mining	10.00%
Oil&Gas	19.08%
Technology	7.56%

The Fund returned 1.85% in the second quarter bringing the Funds total return to 4.65% for 2018 vs 1.94% for the TSX Total Return.

During the quarter the Fund continued its focus on event driven credit opportunities primarily investing in both merger arbitrage and yield-to-call strategies. One investment of note on the merger arbitrage front was the Caisse de dépôt et placement du Québec acquisition of Student Transportation Inc. (STB) for \$7.50 USD per common share announced on February 28th. STB had 2 series of converts outstanding maturing June 2019 and September 2021. The converts had a make-whole feature that triggered in the event of a change of control which effectively reduced conversion price of both series of converts. Due to the added complexity from the make-whole feature, HGC was able to invest in both series of converts at an attractive 25% annualized return. This was in comparison to the sub 10% annualized return on the STB equity consideration which featured considerable more downside in the event of a deal break.

The Fund participated in various yield-to-call investments during the quarter, one of which being an investment in the Calfrac Well Services Ltd. (CFW) 7.5% December 2020 Senior Unsecured Notes. On May 9, 2018 CFW announced a \$650 million USD offering of Senior Notes with the intention of calling and repaying the 7.5% December 2020 Senior Unsecured as well as repaying a portion of the outstanding Second Lien debt. The offering was inline with managements stated goals of pro-active capital management and extended the \$600 million USD 2020 maturity through to 2026. CFW launched a tender for 2020 Senior Unsecured Notes at a price of 101.37 expiring end of May. HGC took a position in the 2020 Senior Unsecured debt and generated a relatively low risk ~7% annualized return.

The Fund continues to employ low use of leverage and further continues to focus on identifying short duration, event driven credit opportunities.

Regards,

Dave Heden

NSN PCFUCT6K50XUPerformance Statistics			
Ann. Return since Inception	11.46%	Average Monthly Return	0.92%
Positive Months	85%	Highest Monthly Return	5.70%
Sharpe Ratio (Annual)	2.40	Largest Draw Down	-1.40%

Portfolio Analytics at Month End	
Duration (Average Years to Maturity)	2.86
Net Long Exposure	123%
Leverage (debt:equity)	26%

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* Performance returns are of the lead series of Class S unit from inception to July 2016.

+Performance returns from August 2016 are the lead series of Class B units.

** Inception April 2016

*** S&P/TSX Comp Total Return Index - The TSX Total Return Index is a widely-known equity index of Canadian large-cap companies. Reference to the indexes does not imply that HGC will achieve returns similar to the indexes.

--SP500HY - S&P 500 High Yield Corporate Bond Index Total Return, a subindex of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with a high-yield rating. Reference to the indexes does not imply that HGC will achieve returns similar to the indexes.

++ Fund returns for the first 6 months were estimated on a monthly basis, however overall figures were confirmed by our fund administration during first NAV completion at the 6 month mark.

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. Performance data is historical, and is not indicative of future performance. Volatility and correlation are calculated from monthly returns. The Fund's investment strategy has remained the same since inception. The HGC Funds are currently open to Canadian investors who meet certain eligibility requirements. Please contact HGC Investment Management to request the offering documents.