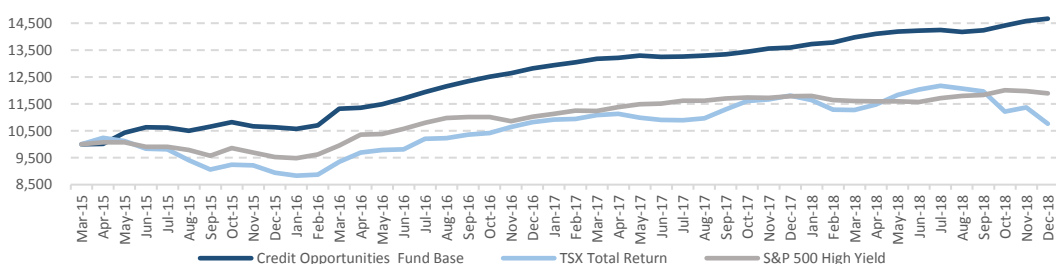


The Funds primary objective is to generate absolute returns with an emphasis on capital preservation and low correlation to traditional equity and fixed income markets. The fund invests in market neutral credit strategies including: Pending Maturities, Near Money Convertible Arbitrage, Corporate Actions, 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%	0.15%	-0.55%	0.42%	1.32%	1.12%	0.60%	7.89%	46.68%
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%	1.23%	0.67%	0.34%	1.47%	-0.23%	-0.73%	0.93%	18.93%
TSX ***	2018	-1.39%	-3.02%	-0.16%	1.82%	3.12%	1.69%	1.15%	-0.82%	-0.89%	-6.27%	1.39%	-5.40%	-8.89%	7.57%



Portfolio Metrics

Category	% of Portfolio
Deal Type:	
Pending Maturities	24.33%
Convertible Arb	50.77%
Corporate Actions	15.32%
Reorganization	5.39%
Cap Structure Arb:	4.19%
Industry Overview:	
Basic Materials	4.22%
Communications	10.31%
Consumer, Cyclical	0.00%
Consumer, Non-cyclical	16.49%
Diversified	0.00%
Energy	26.75%
Financial	4.91%
Industrial	26.85%
Technology	0.00%
Utilities	10.47%

The Fund returned +3.07% in the second quarter compared with -10.11% for the TSX Total Return.

During the quarter the Fund realized substantial returns from both the event-driven credit and convertible arbitrage strategies. Two investments of note, both on the event-driven front, were Ensigns hostile takeover of Trinidad Drilling and the definitive announcement of the AGT Food and Ingredients Management Buyout.

On August 30th Ensign mailed its formal offer to acquire Trinidad for \$1.68 per share in cash by way of a hostile takeover. Trinidad’s board of directors unanimously determined that Ensign’s offer was not in the best interest of shareholders, thereby rejecting the offer and simultaneously initiating a formal process to seek alternative proposals. On October 5th Precision Drilling (PD) emerged as a white knight for Trinidad as the two companies announced a friendly deal whereby Precision would acquire Trinidad in an all-stock transaction. In spite of the friendly transaction being announced, Ensign chose not to withdraw the \$1.68 cash offer. The Fund purchased the outstanding Trinidad debt at a discount to the 101 change of control that would be triggered no matter which bidder ultimately won out. In the end Trinidad shareholders chose to tender their shares into the higher Ensign offer and Ensign was able to gain majority control of the company, triggering the 101 change of control and allowing the Fund to generate an attractive 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

Performance Statistics				Portfolio Analytics at Month End		Contact
Ann. Return since Inception	10.75%	Average Monthly Return	0.86%	Duration (Average Years to Maturity)	2.22	HGC Investment Management Inc. 366 Adelaide St West #601 Toronto, ON Tel: (647) 776.2189 blindros@hgcinvest.com
Positive Months	84%	Highest Monthly Return	5.70%	Net Long Exposure	67%	
Sharpe Ratio (Annual)	2.33	Largest Draw Down	-1.40%	Leverage (debt:equity)	3%	

* 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.