

NOTICE TO UNITHOLDERS OF FORGE FIRST LONG SHORT TRUST AND FORGE FIRST MULTI STRATEGY TRUST

Forge First Asset Management Inc. (“**Forge First**”) is the manager and trustee of Forge First Long Short Trust and Forge First Multi Strategy Trust (the “**Funds**”). You are receiving this notice because you currently hold units of one or both of the Funds.

Effective January 3, 2019, amendments to National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) came into force which brought certain types of alternative mutual funds previously sold by way of a long form prospectus under National Instrument 81-104 *Commodity Pools* within NI 81-102 and permits such funds to offer their securities under a simplified prospectus. Forge First proposes to prospectus-qualify the Funds, and thus bring them under the NI 81-102 regime applicable to alternative mutual funds.

To effect this change, Forge First proposes to amend and restate the master declaration of trust dated as of May 1, 2014 (the “**Declaration of Trust**”) governing the Funds to reflect certain operational changes required under NI 81-102 and to conform the Declaration of Trust to industry practice for a NI 81-102 fund. In accordance with Section 11.2 of the Declaration of Trust, Forge First may only amend the Declaration of Trust by providing affected unitholders with at least 60 days’ notice of such change.

The following is a summary of the significant changes that will be made to the Declaration of Trust of the Funds:

- Units of the Funds will be redeemable on any day the Toronto Stock Exchange is open for business, and redemption proceeds will be paid within two business days of receiving a completed redemption request
- Each Fund will start calculating its net asset value on each business day
- Unitholders of each Fund will be entitled to vote on certain matters prescribed by section 5.1 of NI 81-102

You may request a copy of the draft amended and restated declaration of trust by contacting Forge First at (416) 687-6772, or by email at info@forgefirst.com www.forgefirst.com.

Each Fund currently invests substantially all of its assets in a specified underlying fund (each, an “**Underlying Fund**”). As the Underlying Funds will not be prospectus-qualified, each Fund will be prohibited from investing in the relevant Underlying Fund under NI 81-102. As a result, the investment objective of each Fund will be amended to permit the Funds to invest directly in securities and to comply with the NI 81-102 rules applicable to alternative mutual funds. The Funds will also be renamed as follows:

Current Name		New Name
Forge First Long Short Trust	Will be renamed	Forge First Long Short Alternative Fund
Forge First Multi Strategy Trust	Will be renamed	Forge First Conservative Alternative Fund

Forge First anticipates the investment objectives of the Funds will be amended as follows, subject to regulatory approval:

Fund	Current Investment Objective	New Investment Objective
Forge First Long Short Trust (to be renamed Forge First Long Short Alternative Fund)	The investment objective of the Fund is to generate above average capital appreciation. While our diversified portfolio and active shorting strategy to hedge risk should help mitigate volatility, the focus of LS Trust is to deliver returns in excess to market indices.	<p>The investment objective of the Fund is to provide a positive net total return, regardless of market conditions or general market direction, with low correlation to North American equity and credit markets. The Fund will use alternative investment strategies, such as equity long/short, pairs trading, arbitrage trading, thematic trading, the use of derivatives for leverage and/or borrowing for investment purposes, and seek to achieve its objectives by investing primarily in equities, ETFs, fixed income and listed options in North American markets.</p> <p>The Fund's aggregate gross exposure to short selling, cash borrowing and derivatives used for leverage must not exceed 300% of its net asset value, calculated on a daily basis. During normal market conditions, the Fund's expected range of aggregate gross exposure is 100% to 150% times its net asset value.</p>
Forge First Multi Strategy Trust (to be renamed Forge First Conservative Alternative Fund)	The investment objective of the Fund is to provide consistent long-term capital appreciation and to provide holders of Units with an attractive risk-adjusted rate of return with less volatility than traditional equity markets and low correlation to major equity markets.	<p>The investment objective of the Fund is to generate consistent risk adjusted net returns over the long-term with low correlation to North American equity and credit markets. The Fund will use alternative investment strategies, such as equity long/short, pairs trading, arbitrage trading, thematic trading, the use of derivatives for leverage and/or borrowing for investment purposes, and seek to achieve its objectives by investing primarily in equities, ETFs, fixed income and listed options in North American markets.</p> <p>The Fund's aggregate gross exposure to short selling, cash borrowing and derivatives used for leverage must not exceed 300% of its net asset value, calculated on a daily basis. During normal market conditions, the Fund's expected range of aggregate gross exposure is 100% to 175% times its net asset value.</p>

As a consequence of the investment objective change, each Fund will redeem its investment in the applicable Underlying Fund “in kind”, resulting in the Fund directly investing in the portfolio securities previously owned by the Underlying Fund.

The changes described above will take effect on or about the close of business on March 29, 2019 (the “**Effective Date**”).

NO ACTION IS REQUIRED ON YOUR PART

Forge First believes that these changes are in your best interest. As a result of these changes, you will gain daily liquidity for your investment in the Funds instead of the current monthly liquidity. In addition, prospectus-offered funds provide greater transparency into the holdings of the funds.

As a result of coming under the NI 81-102 regime, the investment objectives and strategies of each Fund will have to change. However, there will be no material change in how the Funds are managed.

Also, once brought under the NI 81-102 regime, the Funds will continue to qualify as mutual fund trusts. Accordingly, they are treated in the same manner for tax purposes, and are qualified investments for registered plans. Therefore, if your investment was held in a registered plan before the Effective Date, it will continue to be held in a registered plan after the Effective Date.

Forge First will bear all of the Fund expenses incurred to implement the above changes.

IF YOU DO NOT WISH TO KEEP YOUR INVESTMENT IN THE FUNDS

If you do not wish to remain invested in the Funds following the changes described above, you may instead redeem your units with no penalty on February 28 or March 29. The tax consequences of any redemption will be as described in the offering memorandum you received when you invested in the Fund.

NOTE

Note: The tax information in this Notice is general in nature only and relevant if you are a Canadian resident holding your investment as capital property and is not intended to be, nor should be treated as, legal or tax advice. It is not exhaustive of all possible tax consequences. **Unitholders should consult their own tax advisors about their particular circumstances.**

CONTACT US

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