

**ANNUAL INFORMATION FORM**

**OFFERING OF CLASS B AND CLASS F UNITS OF:**

**VERTEX VALUE FUND  
VERTEX ENHANCED INCOME FUND  
VERTEX GROWTH FUND**

**August 25, 2011**

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

## TABLE OF CONTENTS

INTRODUCTION .....	1
NAME, FORMATION AND HISTORY OF THE FUNDS .....	1
INVESTMENT RESTRICTIONS AND PRACTICES.....	2
General Investment Practices.....	2
DESCRIPTION OF SECURITIES OFFERED BY THE FUNDS.....	2
Distribution Rights.....	3
Liquidation Rights .....	3
Redemption.....	3
Reclassifications .....	3
Voting Rights.....	3
NET ASSET VALUE .....	4
Calculation of Net Asset Value.....	4
Valuation of Securities and Liabilities.....	5
PURCHASES, SWITCHES AND REDEMPTIONS .....	7
Buying Units.....	7
Switches .....	8
Redeeming Units.....	8
RESPONSIBILITY FOR FUND OPERATIONS .....	10
The Manager .....	10
Brokerage Arrangements .....	11
The Trustee .....	12
Custodian .....	12
Auditors .....	12
Record-keeper.....	12
CONFLICTS OF INTEREST.....	12
Principal Holders of Securities .....	12
Affiliated entities .....	13
PROMOTER.....	13
FUNDS GOVERNANCE.....	13
Derivative Instruments.....	14
Repurchase and reverse repurchase agreements .....	15
Securities lending.....	15
Risk Management .....	15
Policies on Securities Lending, Repurchase and Reverse Repurchase Transactions .....	15
Short Term Trades .....	15
Short Selling Risk Management .....	16
Independent Review Committee.....	17
PROXY VOTING POLICIES AND PROCEDURES.....	19
Proxy Voting Record .....	20
INCOME TAX CONSIDERATIONS .....	21
Taxation of the Funds .....	21
Taxation of the Unitholders .....	21

REMUNERATION OF DIRECTORS, OFFICERS, IRC AND TRUSTEE .....	23
MATERIAL CONTRACTS .....	23
OTHER MATERIAL INFORMATION.....	24
AUDITORS' CONSENT.....	25
CERTIFICATE OF THE VERTEX VALUE FUND, VERTEX ENHANCED INCOME FUND AND VERTEX GROWTH FUND AND OF VERTEX ONE ASSET MANAGEMENT INC. AS MANAGER.....	26
CERTIFICATE OF THE PROMOTER OF THE FUNDS.....	27

## INTRODUCTION

In this *pro forma* annual information form,

- **We** or **us** refers to Vertex One Asset Management Inc. (“Vertex One”), the manager of the Funds
- **You** refers to the registered or beneficial owner of a unit of a Fund, as the context requires
- **Funds** refers to the Vertex Value Fund, the Vertex Enhanced Income Fund and the Vertex Growth Fund offered under the simplified prospectus and this annual information form, and **Fund** means any one of them
- **Class B** refers to the Class B units offered by the simplified prospectus
- **Class F** refers to the Class F units offered by the simplified prospectus
- **Unit** or **units** refer to a unit or units of the Funds
- **Unitholders** refer to owners of units of the Funds
- **Dealer** refers to the company where your registered representative works
- **Registered representative** refers to the representative registered in your province or territory who advises you on your investments

This annual information form contains information about the Funds and is meant to supplement the information contained in the simplified prospectus. Additional information about each Fund will be available in the Funds’ management reports of fund performance and financial statements. You can get a copy of these documents, when available, at no cost, at your request by calling us at 1-866-688-6757, or from your dealer, or by email at [invest@vertexone.com](mailto:invest@vertexone.com). You may also find these documents and other information about the Funds at [www.vertexone.com](http://www.vertexone.com) or at [www.sedar.com](http://www.sedar.com).

## NAME, FORMATION AND HISTORY OF THE FUNDS

Each Fund is a mutual fund trust established under the laws of the Province of British Columbia. The Funds were formed pursuant to a master trust agreement dated September 14, 2009 between Vertex One, in its capacity as manager, and RBC Dexia Investor Services Trust, in its capacity as trustee (the “Trustee”), as amended and restated on April 30, 2010 (the “Amended and Restated RBC Dexia Trust Agreement”) as it may be further amended from time to time.

Vertex One is the manager and the portfolio adviser of the Funds. The principal place of business of the Funds and Vertex One is Suite 1920 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. The registered office of Vertex One is Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

The Funds have filed a simplified prospectus with the securities regulatory authorities in each of the Provinces and Territories of Canada, other than Quebec.

## **INVESTMENT RESTRICTIONS AND PRACTICES**

Each of the Funds is subject to certain standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102. This legislation is designed, in part, to ensure that the investments of the Funds are diversified and relatively liquid and to ensure the proper administration of the Funds. Each of the Funds is managed in accordance with these investment restrictions and practices.

The Vertex Growth Fund is permitted to engage in short selling as a result of special exemptive relief obtained from the applicable Canadian securities regulators from the provisions of National Instrument 81-102 which prohibits short selling. The relief imposes limits and conditions on the Vertex Growth Fund's short selling activities. See *Fund Governance – Short Selling Risk Management* on page 16.

A change to the fundamental investment objectives of the Funds cannot be made without obtaining unitholder approval. Vertex One may change the Funds' investment strategies from time to time at its discretion.

Units of the Funds are qualified investments under the Tax Act for Registered Retirement Savings Plans ("RRSPs"), Registered Retirement Income Funds ("RRIFs"), Registered Disability Savings Plans ("RDSPs"), Deferred Profit Sharing Plans ("DPSPs"), Registered Education Savings Plans ("RESPs") and Tax Free Savings Accounts ("TFSA").

### **General Investment Practices**

Each of the Fund's assets may be invested in such securities as Vertex One, as the portfolio manager of the Funds sees fit, provided such investments do not contravene any investment restrictions or practices adopted, and the Funds may retain all or part of their assets in cash or cash equivalents. The proportion of each Fund's investment in any type or class of security or country may vary significantly.

Each of the Fund's assets will be invested in various asset classes as determined by Vertex One in accordance with that Fund's mandate.

In anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes, for rebalancing purposes or for purposes of a merger or other transactions, any of the Funds may temporarily hold all or a portion of their assets in cash, money market instruments, securities of affiliated money market funds, bonds or other debt securities. As a result, the Funds may not be fully invested in accordance with their fundamental investment objectives.

The simplified prospectus of the Funds contains detailed descriptions of the investment objectives, strategies and fund risks for each of the Funds.

## **DESCRIPTION OF SECURITIES OFFERED BY THE FUNDS**

The Funds may have an unlimited number of classes of units and may issue an unlimited number of units of each class. The Funds currently offer the following classes of Units:

**Class B:** Class B Units are available to all investors. When you invest in Class B Units of a Fund, you may choose the initial sales charge or low-load sales charge option. Your dealer can help you decide which option is right for you. If you choose the initial sales charge option, your registered representative may charge you a front-end sales charge, which may be negotiated between you and your dealer, in the range of 0% to 2% of the amount you are investing. If you choose the low-load sales charge option, you

do not pay a commission on the purchase of a Class B Unit. However, if you sell your Class B Units within three years of purchase, Vertex One will deduct the sales charge from your redemption proceeds (3% if redeemed within the first 18 months of purchase or 2% if redeemed during the second 18 months of purchase).

**Class F:** Class F Units are available to all investors. Your dealer must have obtained the consent of Vertex One to offer Class F Units. There is no sales charge on the purchase or redemption of a Class F Unit, but your dealer may separately negotiate fees with you.

The minimum purchase amount for Class B units and Class F Units is \$5,000 or such lesser amount as Vertex One in its sole discretion may accept.

Without your consent or notice to you, Vertex One may establish additional classes of units of the Funds and may determine the rights as between those classes.

### **Distribution Rights**

All Unitholders of the Funds participate in distributions and each class of the Funds ranks equally with the other classes of the Funds in the payment of such distributions. Each class of the Funds is entitled to its share of adjusted net income of the Funds. Adjusted net income is a Fund's net income adjusted for specific expenses of the Fund attributable to that class. To the extent that distributions made during a year exceed the net income and net realized capital gains available for distributions which are allocated amongst classes as described above, such distributions may include a return of capital. Distributions will be made at the times set forth in the simplified prospectus in respect of the Funds. Distributions to Unitholders of the Vertex Value Fund and Vertex Growth Fund are required to be automatically reinvested in additional units of the same class. Distributions to Unitholders of the Vertex Enhanced Income Fund may be paid in cash at the option of the Unitholder. For information about how distributions can affect your taxes, see *Income Tax Considerations* on page 21.

### **Liquidation Rights**

A class of a Fund will generally be entitled to a distribution in the event of dissolution of that Fund. The distribution is equal to that class's share of the net assets of the Fund after adjustment for expenses of the Fund attributable to the class.

### **Redemption**

All Units of the Funds are redeemable on the basis as described under *Redeeming Units* on page 8.

### **Reclassifications**

You can reclassify from one class of Units to another class of Units within a Fund provided that you meet certain criteria that may be established by Vertex One as manager of that Fund to hold such other class. Reclassifications from class to class within a Fund are not considered a sale for tax purposes.

### **Voting Rights**

Each holder of a whole Unit of a Fund is entitled to one vote at all meetings of that Fund except meetings at which the holders of another class have a right to vote separately as a class.

- The Funds do not hold regular meetings. Unitholders are permitted to vote on all matters that require unitholder approval under National Instrument 81-102.

The rights and conditions attaching to the units of the Funds may be modified only in accordance with the provisions attaching to such units set forth in the Amended and Restated RBC Dexia Trust Agreement of the Funds.

You will receive notice in advance of any significant proposed changes in a Fund in which you are a unitholder, except for routine administrative or compliance changes that would not have an adverse monetary impact on your investment.

## **NET ASSET VALUE**

### **Calculation of Net Asset Value**

The Unit price of each class of the Funds is called the net asset value (“NAV”) per Unit of such class. RBC Dexia Investor Services Trust (“RBC Dexia”) calculates the Unit price of each class of the Funds by:

- adding up the assets of the Fund and determining the share of the class
- subtracting the proportionate share of the class of the aggregate amount of expenses common to all classes
- subtracting the expenses of the Fund that are specific to the class
- dividing by the number of Units of the class held by Unitholders

When you buy, sell or switch Units of the Funds, the price per Unit is the next NAV per Unit RBC Dexia calculates after receiving your order.

We usually calculate the NAV of each class of the Funds at the end of each business day. A business day is any day that the Toronto Stock Exchange (“TSX”) is open. If your buy, switch, or sell order is received before 4 p.m. Toronto time on a business day, it will be processed based on the NAV calculated that day. If your order is received after 4 p.m. on a business day, it will be processed on the next business day based on that day’s NAV. If the TSX’s trading hours are shortened on a given day or for other regulatory reasons, we may change the 4 p.m. deadline.

Under National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“NI 81-106”), the net assets of a fund must be calculated in accordance with Canadian generally accepted accounting principles (“GAAP”) for the purposes of the fund’s financial statements. Canadian GAAP requires that the fair value of actively traded securities held by a fund should be valued at the bid price for long positions and ask price for short positions, instead of the close price or last sale price of securities for the day. In accordance with recent amendments to NI 81-106, the fair value of a security used to determine the unit value of a Fund’s securities for purchases and redemptions will be based on the valuation principles set out below, which are not the same as Canadian GAAP requirements. Hence the reported value of securities held by a Fund in the annual and interim financial statements may be different from the unit value.

## Valuation of Securities and Liabilities

In calculating the NAV, each of the Funds values its assets as described below. We may deviate from these valuation practices in circumstances where this would be appropriate, for example, if a Fund has suspended the determination of its NAV.

- liquid assets (which term includes cash on hand or on deposit, bills and demand notes, accounts receivable, prepaid expenses, cash dividends (including unpaid but declared dividends provided that the record date for such dividends is on or before the date of determination of the NAV) and interest accrued and not yet received) will be valued at their full face amount unless RBC Dexia determines that any such deposit, bill, demand note, accounts receivable, prepaid expense, cash dividend or interest amount is not worth the full face value, in which event the value shall be the fair value as determined by RBC Dexia;
- securities, including index futures or index options, listed on a stock exchange or traded on an over-the-counter market will be valued at the closing sale price or, if there is no closing sale price, the average of the closing bid and closing asked price or lacking any recent sales or any record thereof, the latest available sale price or latest available bid price all as reported by any report in common use;
- securities and other assets for which market quotations are not readily available will be valued at the lesser of their fair market value (determined on the basis of such price or yield equivalent quotations or arm's length transaction or on such other appropriate basis), as determined by RBC Dexia, and their historical cost, provided that if a higher price is established for such securities and other assets as a result of an arm's length transaction, the value of such securities and other assets held by a Fund may be revalued to reflect such price;
- the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by a Fund or by a Fund's predecessor in title or by law shall be the lesser of (i) the value thereof based on reported quotations in common use; and (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that a Fund's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- the value of any security which is a debt instrument shall be the average of the closing bid and ask prices. The value of any security which is a debt obligation and which, at the time of acquisition, had a remaining term to maturity of one year or less, shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition. For the purposes of the foregoing, interest accrued will include amortization over the remaining term to maturity of any discount or premium from face value of an obligation at the time of its acquisition;
- long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- where a clearing corporation option, option on futures or over-the-counter option is written, the premium received by a Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV of a Fund. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at their current market value;

- the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at the valuation time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- all property of a Fund valued in a foreign currency and all liabilities and obligations of a Fund payable by a Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources; and
- the liabilities of a Fund shall be deemed to include all liabilities of the Fund of whatsoever kind and nature except liabilities represented by outstanding Units and, for greater certainty but without limitation, include:
  - (i) all bills, notes and accounts payable;
  - (ii) all administrative expenses accrued, including fees payable to Vertex One;
  - (iii) all obligations for the payment of money or property, including distributions of net income and net realized capital gains, if any, declared accrued or credited to Unitholders but not yet paid on the day before the day as of which the Unit value is being determined; and
  - (iv) all allowances authorized or approved by the Fund for taxes (if any) or contingencies.

The value of any security or property to which, in the opinion of RBC Dexia, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as provided, or for any other reason) shall be the fair value thereof determined in such manner as RBC Dexia from time to time provides.

For the purpose of determining NAV at any time, Units of a Fund subscribed for will be deemed to be outstanding as of the time a subscription for Units is received by or on behalf of the Fund and the amount received or receivable by the Fund therefor will be deemed to be an asset of the Fund. Units, an application for redemption of which has been received by a Fund, will be deemed to be outstanding until (and not after) the close of business on the day as of which the NAV thereof is determined for the purpose of a redemption and thereafter, until paid, the NAV of such Units will be deemed to be a liability of the Fund.

For the purpose of the issuance and the redemption of Units of a Fund and for any distribution to Unitholders, the price, value or amount distributed by or paid to or by the Fund will be in Canadian funds and for the purpose of all necessary conversions of funds from foreign to Canadian currency, the rate of exchange obtained from the best available sources will be used.

## **PURCHASES, SWITCHES AND REDEMPTIONS**

### **Buying Units**

You can buy Class B Units or Class F Units of the Funds through your dealer or other distributor approved by Vertex One. You can buy them any time, and there is no limit to the number of Units you can buy. Your dealer, or other approved distributor, will forward your completed purchase order to Vertex One for processing:

- on the business day on which your order is received if it is received before 4 p.m. Toronto time on that day, or
- on the following business day in all other cases.

Whenever practicable, your dealer, or other approved distributor, is required to send your purchase order as soon as possible. It is the responsibility of your dealer, or other approved distributor, to send orders in a timely manner. Your dealer, or other approved distributor, is responsible for any costs associated with sending orders. All orders must be placed through FundServ.

When you buy Units of the Funds, your dealer or the record-keeper will send you a confirmation notice, which is proof of your purchase. The purchase price per class of Units is based on the NAV per Unit next determined after your completed order is received.

**Class B Units sales charges** — For Class B Units, the sales charges your investment professional receives depends on how you invest in the Funds. The sales charge compensates your registered representative for the advice and service your registered representative provides to you.

#### *Low-load sales charge option*

If you choose the low-load sales charge option, you do not pay a commission when you purchase Class B Units of a Fund. The entire amount of your purchase goes toward your investment and we pay your dealer a commission directly.

If you sell your Class B Units within three years of buying them, Vertex One will deduct the sales charge from your redemption proceeds as a percentage of the cost of your Class B Units.

However, you will not pay a low-load sales charge on:

- units you hold for three years or more,
- cash distributions, or
- units received from reinvested distributions.

See *Redeeming Units – Low-load sales charge option* on page 9 for details of the low-load sales charge schedule.

### *Minimum Investment*

The minimum initial investment in the Funds is \$5,000 Canadian. We may waive the minimum initial investment amount in certain circumstances, such as related party accounts. Generally, each additional investment must be at least \$2,000 Canadian, save for certain circumstances in the discretion of Vertex One.

### *The regulatory rules for buying*

Here are the rules for buying Class B units or Class F Units. These rules were established by securities regulatory authorities:

- The Trustee must receive payment for the purchase of Units within three business days of receiving the order.
- If the Trustee does not receive payment within three business days, we are required to sell your Units at the close of business on the next business day. If the proceeds are greater than the payment you owe, the Fund keeps the difference. If the proceeds are less than the payment you owe, your dealer, or other approved distributor, is required to pay the Fund the difference, and may in turn collect this amount from you.
- We have the right to refuse any order to buy Units within one business day of receiving it. If we reject your order, we will return your money immediately, without interest.

## **Switches**

### *Switching Between Funds*

A switch involves moving money from one Fund to another Fund. Switching between Funds involves selling Units in your original Fund and buying new Units of one of the other Funds. You can switch from Class B and Class F Units of a Fund to the same class of Units of another Fund.

We do not charge you a fee on a switch. Your dealer, or other approved distributor, may charge you a fee to switch Units from one Fund to another Fund. The Fund may also charge you a short-term trading fee if you switch your Units within 90 days of buying them. See “Fees and expenses payable directly by you” in the simplified prospectus.

### *Switching Between Classes*

Switching between classes within the Funds is called a reclassification. When you reclassify Units, the value of your investment won't change, but the number of Units you hold will change. This is because each class has a different unit price. In general, a reclassification is not considered a sale for tax purposes. Your dealer may switch your Class B Units purchased under the low-load sales charge option into Class B Units under the initial sales charge option. However, we do not initiate any such switches.

## **Redeeming Units**

You can redeem your Units by contacting your dealer, or other approved distributor through whom you purchased your Units, who will forward your order for processing:

- on the business day on which your redemption order is received if it is received before 4 p.m. Toronto time on that day, or

- on the following business day in all other cases.

The redemption price of the Units is based on the NAV per Unit of the Fund, next determined after we receive your completed redemption order. When you redeem your Units, you receive the proceeds of your redemption in cash.

*The rules for redemption*

Here are the rules for redeeming Units:

- The Trustee will pay the proceeds of the sale to you. The Trustee makes payments by cheque or wire payment, within three business days of receiving a complete sale order.
- You pay no sales charge when you redeem Series F Units of a Fund. Vertex One may charge a short-term trading fee if you redeem or switch your Units within 90 days of buying them. Please see *Purchases, Switches and Redemptions* on page 7 of this AIF.

***Low-load sales charge option***

You will pay a sales charge if you choose to buy Class B Units under the low-load sales charge option and you redeem your Class B Units within three years of buying them. The charge is based on the original cost of your units and how long you held them. Vertex One deducts the charge from the value of the units you redeem as a percentage of the cost of your Class B Units.

The table below shows the low-load sales charge schedule:

	<b>Low-load sales charge option</b>
<b>If you redeem</b>	<b>you pay</b>
during the first 18 months	3.0%
during the second 18 months	2.0%
thereafter	nil

*Suspension of Right of Redemption*

The law allows us to suspend your right to redeem Units when:

- normal trading is suspended on an exchange on which securities are listed and traded, or on which permitted derivatives are traded, if those securities or derivatives represent more than 50% by value, or underlying market exposure, of the total assets of a Fund without allowance for liabilities and if those securities or derivatives are not traded on any other exchange that represents a reasonable practical alternative for that Fund; or
- permission from securities regulatory authorities is received.

While your right to redeem Units is suspended, we won't accept orders to buy Units of the Funds. You may withdraw your redemption order before the end of the suspension period. Otherwise, we'll redeem your Units at the next price calculated after the suspension period ends.

## RESPONSIBILITY FOR FUND OPERATIONS

### The Manager

Vertex One, a corporation incorporated under the laws of Canada with offices located at 1920 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3, is the manager of the Funds. The website address is [www.vertexone.com](http://www.vertexone.com) and the e-mail address is [invest@vertexone.com](mailto:invest@vertexone.com).

Vertex One is responsible for providing or arranging for each of the Fund's investment management, marketing and distribution of Units. Vertex One is currently the portfolio manager of each of the Funds.

A change in the manager of the Funds (other than to an affiliate of Vertex One) may be made only with the approval of the Unitholders of the Funds and of the securities regulatory authorities.

### *Directors, Officers and Portfolio Managers of Vertex One Asset Management Inc.*

The names, municipalities of residence and principal occupations of the directors, officers and portfolio managers of Vertex One during the last five years are as follows:

<b>Name and Municipality of Residence</b>	<b>Position With Vertex One</b>	<b>Principal Occupation Within the Five Preceding Years</b>
John Thiessen Vancouver, BC	Director and Managing Director	Director of Vertex One since November, 1997.
Matthew Wood, Vancouver, BC	Director and Managing Director	Director of Vertex One since November, 1997.
Jeffrey McCord North Vancouver, BC	Director and Managing Director	Director of Vertex One since January, 1998.
Tim Logie Vancouver, BC	Portfolio Manager	Portfolio Manager of Vertex One since 2001.

**John Thiessen.** Mr. Thiessen is a founder and a director of Vertex One Asset Management Inc. Mr. Thiessen has significant experience in the investment field with more than 23 years of equity, fixed income and arbitrage experience. Mr. Thiessen began his career with the Alberta Treasury Investment Management Division, moving on to a position as an investment officer with National Trust. He was a portfolio manager with HSBC Asset Management before forming Vertex One. Mr. Thiessen holds the professional designation of Chartered Financial Analyst (CFA) and is a member of the Institute of Chartered Financial Analysts.

**Matthew Wood.** Mr. Wood is a founder and a director of Vertex One Asset Management Inc. Mr. Wood has over 22 years of experience in dealing with equities, fixed income and derivatives. He began his career as an analyst, and subsequently became a financial advisor with Royal Trust. He was a portfolio manager with HSBC Asset Management before forming Vertex One. Mr. Wood holds the professional designation of Chartered Financial Analyst (CFA) and is a member of the Institute of Chartered Financial Analysts.

**Jeffrey McCord.** Mr. McCord is a founder and a director of Vertex One Asset Management Inc. He is a member of the investment committee and is responsible for business development and the operation of Vertex One. He began his investment career as a financial advisor with Canada Trust and subsequently became responsible for managing high net-worth clients at HSBC Asset Management. Mr. McCord has over 23 years of investment and business experience. He is a graduate of the University of Manitoba and holds his CSC designation from the Canadian Securities Institute.

**Tim Logie.** Mr. Logie joined Vertex One in 2001. He started his career in the Property and Casualty actuarial field before completing an MBA and moving into derivative trading at TD Securities in Toronto. While at TD Securities, Mr. Logie worked with Bond Options and Interest Rate Derivatives before becoming TD Securities' Energy Derivative trader. He is responsible for Vertex One's trading as well as portfolio management and investment analysis. Mr. Logie is a member of Vertex One's investment committee and holds the professional designation of CFA, is a member of the Institute of Chartered Financial Analysts.

### **Brokerage Arrangements**

Vertex One makes the decisions regarding the execution of portfolio transactions for the securities held by the Funds, including selecting the market and dealer and negotiating commissions, where applicable. Vertex One seeks to obtain prompt execution of orders on favourable terms. To the extent that executions, services and prices offered by more than one dealer are comparable, Vertex One may, in its discretion, allocate brokerage transactions for other securities to compensate brokerage firms for general investment research, statistical and other similar services that benefit the Funds and the Unitholders.

Vertex One uses certain brokerage fees otherwise payable as soft dollars to purchase research to support its investment decision-making process. Vertex One does not use soft dollars for any purpose other than for research services which are determined to be in the best interests of the Unitholders of the Funds. Soft dollars represent a very modest amount of Vertex One's overall trading commissions, and the annual soft dollar budget is reviewed and approved by Vertex One's compliance officer. Vertex One monitors trade executions to ensure that all commissions, including soft dollar arrangements, are at competitive levels to satisfy its requirement to seek the best execution for all trades.

Brokerage transactions involving the client brokerage commission of the Funds have been or might be directed to a dealer in return for the provision of any goods and services, by the dealer or by a third party. When selecting brokerage firms for these transactions, Vertex One considers a variety of criteria. Allocation of trades to the various brokerage firms is monitored against the qualitative and quantitative criteria Vertex One uses for this purpose. Price (commission rate) and broker activity are among the criteria used. No affiliated entities were used for brokerage arrangements. To date, other than order execution, the only goods and services that have been provided by the brokerage firms have been research services. Research invoices are paid with the commissions from the trades executed through Commission Direct and Brockhouse Coopers. The research paid for using soft dollar commissions is purchased only when the portfolio advisor determines that the research adds value to the portfolio management process.

Since the date of the last annual information form, the only brokerage transactions involving the client brokerage commissions of the Funds that have been directed to a dealer in return for provisions of goods or services, other than order execution, have been research services. No affiliated entity has provided any goods or services, including research services, to Vertex One.

Other than order execution, transactions involving the client brokerage commissions of the Funds have been or might be directed to a dealer in return for the provision of any good or services by the dealer or by

a third party, which in the case of the Funds consists only of research services. The name of the dealers will be provided upon request by contacting Vertex One at 604-681-5787.

### **The Trustee**

RBC Dexia is the trustee of the Funds pursuant to the Amended and Restated RBC Dexia Trust Agreement. RBC Dexia also provides other services to the Funds, including portfolio valuation and trust accounting.

### **Custodian**

RBC Dexia is the custodian of the Funds. As custodian, RBC Dexia receives and holds all cash, portfolio securities and other assets of the Funds for safekeeping. Under the terms of the Amended and Restated RBC Dexia Trust Agreement and subject to applicable laws, the custodian may appoint one or more sub-custodians to effect portfolio transactions outside of Canada.

### **Auditors**

The auditors conduct an audit of the annual financial statements of the Funds in accordance with generally accepted auditing standards. The auditors of the Funds are PricewaterhouseCoopers LLP, Toronto, Ontario.

### **Record-keeper**

RBC Dexia is the record-keeper for each the Funds. As such, RBC Dexia is responsible for keeping a register of all Fund investors at its Toronto offices. Vertex One and RBC Dexia have entered into an amended and restated valuation and record keeping services agreement in connection with these services.

## **CONFLICTS OF INTEREST**

### **Principal Holders of Securities**

As of the date of this annual information form, Matthew Wood, John Thiessen and Jeffrey McCord each own 33% of the voting securities of Vertex One.

The following table sets out the persons or companies who, as at July 29, 2011, are owners of record of or who, to the knowledge of Vertex One own beneficially, directly or indirectly, more than 10% of the Units of the Funds.

<b>Name of Fund and Class of Units</b>	<b>Holder of Units</b>	<b>Type of Ownership</b>	<b>Number of Units</b>	<b>Percentage of Issued and Outstanding Units of Class</b>
Vertex Value Fund – Class F	Vertex One Rocky Mountain Investment Management Ltd. <sup>(1)</sup>	Direct Direct	111,543.669 448,098.972	6.63% 26.62%
Vertex Enhanced Income Fund – Class F	none			

Name of Fund and Class of Units	Holder of Units	Type of Ownership	Number of Units	Percentage of Issued and Outstanding Units of Class
Vertex Growth Fund – Class F	John Thiessen JT Charitable Trust <sup>(2)</sup>	Direct Beneficial	227,990.653 104,213.438	7.42% 3.39%

(1) Rocky Mountain Investment Management Ltd. is a holding company beneficially owned by Matthew Wood.

(2) JT Charitable Trust is a trust of which John Thiessen is the sole trustee.

As of July 29, 2011, Vertex One holds 111,543.669 Class F units of the Vertex Value Fund. Vertex One does not hold units of either the Vertex Enhanced Income Funds or the Vertex Growth Fund.

As of July 29, 2011, the directors and senior officers of the Manager hold, directly or indirectly, in the aggregate: (a) 42.85% of the outstanding units of the Vertex Value Fund; (b) 0.25% of the outstanding units of the Vertex Enhanced Income Fund; (c) 11.61% of the outstanding units of the Vertex Growth Fund; (d) 100% of the outstanding securities of the Manager; and (e) no outstanding voting or equity securities of any person or company that provides services to the Funds or the Manager.

As of July 29, 2011, the Trustee does not hold, directly or indirectly, any voting or equity securities of any of the Funds, the Manager or any person or company that provides services to the Funds or the Manager.

As of July 29, 2011, the members of the Independent Review Committee do not hold, directly or indirectly, any voting or equity securities of any of the Funds, the Manager or any person or company that provides services to the Funds or the Manager.

### **Affiliated entities**

No person or company that is an affiliate of Vertex One provides services to the Funds.

Vertex One owns 25% of ZLC Investment Management Inc., a portfolio manager. Approximately 90% of the assets managed by ZLC Investment Management Inc. are invested in units of other funds managed by Vertex One.

### **PROMOTER**

Vertex One is the promoter of the Funds.

### **FUNDS GOVERNANCE**

Each of the Funds is structured as a trust and is governed by the Amended and Restated RBC Dexia Trust Agreement. The duties of each of the trustee and the manager of each of the Funds are separately set out in the Amended and Restated RBC Dexia Trust Agreement, with Vertex One, as manager, having responsibility for arranging for investment management, marketing and the offering of units. The board of directors of Vertex One is responsible for the compliance by Vertex One with the terms of the Amended and Restated RBC Dexia Trust Agreement and the requirements of relevant legislation applicable to investment management, marketing and the offering of Units.

Vertex One has established appropriate policies, procedures and guidelines to ensure the proper management of the Funds. The systems implemented monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Funds while ensuring compliance with regulatory and corporate requirements.

Vertex One markets the Funds to dealers. In doing so, Vertex One requires its employees involved in the marketing function to become knowledgeable regarding regulatory limitations and requires marketing material to be reviewed by the compliance officer.

### **Derivative Instruments**

The Funds may only invest in or use derivative instruments that are consistent with the investment objectives of the Funds. Investing in and using derivative instruments are subject to certain risks. The Funds may only make use of “specified derivatives” within the meaning of Canadian securities regulatory requirements, which include clearing corporation options, futures contracts, options on futures, over-the-counter options, forward contracts, debt-like securities and listed warrants. The Funds may invest in or use such specified derivatives for hedging purposes and for non-hedging purposes as permitted by Canadian securities regulators if cash and securities are set aside to cover the positions. Each Fund may only invest in or use derivative investments that are consistent with the investment objectives of the Fund.

The Funds may use derivatives with the intention to offset or reduce a risk associated with an investment or group of investments. These risks include currency value fluctuations, stock market risks and interest rate changes. In addition, the Funds may use derivatives rather than direct investments to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes. The Funds may seek to enhance the returns to the Funds through the use of derivatives, including by seeking to reduce the potential for loss or by accepting a more certain lower return rather than seeking a less certain higher potential return. Derivatives may be used by the Funds to position themselves so that they may profit from declines in financial markets.

The Funds may also: (i) write exchange or over-the-counter put or call options if the Funds hold and continue to hold, as long as the position remains open, an equivalent quantity of the underlying interest, or a right or obligation to acquire or sell, as the case may be, such underlying interest, together with any required amount of cash or securities; and (ii) use for non-hedging purposes futures, forward contracts and debt-like securities that have a component that is a long position in a forward contract if cash and securities are set aside to cover the positions.

Derivatives will not be used:

- for speculative trading
- to create a portfolio with leverage
- to purchase for non-hedging purposes options, options on futures, listed warrants and debt-like securities that have an options component if, after making the purchase, more than 10% of the net assets of the Funds (taken at market value at the time of such purchase) would consist of these instruments.

Other than the foregoing, the Funds have not adopted any written policies or procedures setting out the objectives and goals for derivatives trading, or any formal risk management procedures.

### **Repurchase and reverse repurchase agreements**

The Funds may enter into repurchase agreements, provided that not more than 50% of the net assets of the Funds may be at risk under these repurchase agreements unless Canadian securities regulatory authorities allow the Funds to invest in a greater amount. Through a repurchase agreement, a Fund sells a security at one price and concurrently agrees to buy it back from the buyer at a fixed price. Investments in repurchase agreements may be subject to certain risks. In the event of bankruptcy of the other party to the repurchase agreement, the Funds could experience delays in receiving payment. However, we attempt to minimize the risk of loss to the Funds by having risk management policies.

### **Securities lending**

Securities lending involves lending for a fee portfolio securities held by the Funds for a set period of time to willing, qualified borrowers who have posted collateral. The Funds intend to enter into securities lending arrangements from time to time to the extent permitted. In lending their securities, the Funds are subject to the risk that the borrower may not fulfill its obligations, leaving the Funds holding collateral worth less than the securities they have loaned, resulting in a loss to the Funds. In the event of bankruptcy of the other party to the repurchase agreement, the Funds could experience delays in receiving payment. However, we attempt to minimize the risk of loss to the Funds by having risk management policies.

### **Risk Management**

Various measures to assess risk are used including mark to market security valuation, fair value accounting and monthly reconciliations of security positions and weekly reconciliations of cash positions. Compliance monitoring of the Funds' portfolio is ongoing. The Funds are priced daily which ensures that performance accurately reflects market movements.

### **Policies on Securities Lending, Repurchase and Reverse Repurchase Transactions**

The Funds may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions to earn additional income. The Funds may enter into these transactions only as permitted under securities law. For details about how the Funds may engage in these transactions see "*Securities Lending, Repurchase and Reverse Repurchase Transaction Risk*" in Part B of the Simplified Prospectus. The risks associated with these transactions will be managed by requiring that the Funds enter into such transactions with well established Canadian and foreign brokers, dealers and institutions. Each day, the Funds will determine the market value of both the securities loaned under a securities lending transaction or sold under a repurchase transaction and the cash or collateral held for such transactions. If on any day the market value of the cash or collateral is less than 102% of the market value of the security sold (for a repurchase transaction), cash loaned (for a reverse repurchase transaction) or security loaned (for a securities lending transaction) on the next day the counterparty will be required to provide additional cash or collateral to the Funds to make up the shortfall. Each Fund cannot lend more than 50% of the total value of its assets through securities lending or repurchase transactions. The Funds will review at least annually the policies and procedures described above to ensure that the risks associated with securities lending, repurchase and reverse repurchase transactions are being properly managed. There are no written policies or procedures that set out the objectives, goals or risk management measures related to securities lending, repurchase and reverse repurchase transactions.

### **Short Term Trades**

The interest of Fund investors and the Funds' ability to manage its investments may be adversely affected by excessive short-term trading because, among other things, these types of trading activities can dilute

the value of Fund securities, can interfere with the efficient management of the Funds' portfolios and can result in increased brokerage and administrative costs. The Funds have no written policies or procedures for monitoring, detection or deterrence of short-term trades of mutual fund securities by investors, except in relation to requests for redemption.

If you redeem your Units within 90 days of purchase, you will pay a short-term trading fee of 2.0% of the NAV of the Units being redeemed. This amount is charged on behalf of, and is paid to, the relevant Fund.

### **Short Selling Risk Management**

The Vertex Growth Fund has received exemptive relief from Canadian securities regulatory authorities in order to engage in short selling, subject to certain limitations and conditions as set forth therein. Short selling involves borrowing securities from a lender which are then sold in the open market (or "short sold"). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities, the Fund makes a profit for the difference (less any interest the Fund is required to pay to the lender). In this way, the Fund has more opportunities for gains when markets are generally volatile or declining.

The Vertex Growth Fund will engage in short selling only within certain controls and limitations. Securities will be sold short only for cash and the Fund will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales are effected only through market facilities through which those securities normally are bought and sold and the Vertex Growth Fund will short sell a security only if: (i) it is listed and posted for trading on a stock exchange and either the issuer of the security has a market capitalization of not less than \$100 million at the time the short sale is made or the Vertex Growth Fund has pre-arranged to borrow for the purposes of such short sale; or (ii) the securities sold short are bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada of any other province or territory of Canada or the Government of the United States of America. As well, at the time the securities of a particular issuer are sold short by the Vertex Growth Fund, the aggregate market value of all securities of that issuer sold short by the Vertex Growth Fund cannot exceed 5% of the total net assets of the Vertex Growth Fund. The Vertex Growth Fund also must place a "stop-loss" order (effectively a standing instruction) with a dealer to immediately repurchase the securities sold short if the trading price of the securities exceeds 120% (or such lesser percentage as determined by Vertex One) of the price at which the securities were sold short. The aggregate market value of all securities sold short by the Vertex Growth Fund does not exceed 20% of its total net assets on a daily marked-to-market basis. The Vertex Growth Fund may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. The Vertex Growth Fund also holds cash cover in an amount, including the Vertex Growth Fund's assets deposited with lenders, that is at least 150% of the aggregate market value of all securities it has sold short on a daily marked-to-market basis. No proceeds from short sales are used by the Vertex Growth Fund to purchase long positions other than cash cover. Where a short sale is effected in Canada, every dealer that holds Vertex Growth Fund assets as security in connection with a short sale must be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund. Where a short sale is effected outside Canada, every dealer that holds Vertex Growth Fund assets as security in connection with a short sale must be a member of a stock exchange (and, as a result, be subject to regulatory audit) and have a net worth in excess of the equivalent of \$50 million determined from its most recent audited financial statements. The aggregate assets deposited by the Vertex Growth Fund with any single dealer as security in connection with short sales will not exceed 10% of the Vertex Growth Fund's total net assets, taken at market value as at the time of the deposit. The security interest provided by the Vertex Growth Fund over any of its assets that is

required to enable the Vertex Growth Fund to effect short sale transactions must be made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions.

The Vertex Growth Fund must maintain appropriate internal controls regarding its short sales, including written policies and procedures, risk management controls and proper books and records. Any short sale by the Vertex Growth Fund is subject to compliance with the investment objectives of the Vertex Growth Fund. The Vertex Growth Fund has written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling. The Board of Directors of Vertex One is responsible for setting and reviewing the policies and procedures annually. Vertex One will review open short positions not less than once every week. The Trustee is not involved in the risk management process. Short selling will be used by the Vertex Growth Fund only as a complement to the Vertex Growth Fund's current primary discipline of buying securities with the expectation that they will appreciate in market value. The Board of Directors of Vertex One, either through standing instructions or specific instructions, is responsible for authorizing the trading and placing of limits or other controls on short selling. There are no independent individuals or groups that monitor the short selling risks. Vertex One is responsible for performing short sale risk measurement procedures for the Vertex Growth Fund in order to test the portfolio under stress conditions.

### **Independent Review Committee**

Pursuant to National Instrument 81-107 ("NI 81-107"), an Independent Review Committee ("IRC") has been established for the Funds, and is comprised of the following members, each of whom is independent from Vertex One.

<b>Name and Municipality of Residence</b>	<b>Background Information</b>
Lawrence A. Ward FCA Toronto, Ontario	<p>Mr Ward is a chartered accountant who retired as a senior partner of PricewaterhouseCoopers LLP in 2003. During his career with the firm, he served in the Toronto, London, Ontario and San Francisco offices. While in the audit practice, he worked extensively with many mutual funds and investment companies. More recently, he worked in the financial advisory practice, specializing in insolvencies and restructurings with significant responsibilities for risk management, independence and business conflict issues, particularly related to Sarbanes-Oxley, the SEC and the independence rules of the Canadian Institute of Chartered Accountants.</p> <p>Since June 2003 Mr. Ward has acted as a business and financial consultant, specializing in risk management and corporate governance. He has been active in a number of community organizations including the Sunnybrook Foundation and the Toronto Symphony Orchestra as well as serving on the boards of other not-for-profit organizations. He serves on a number of Independent Review Committees.</p>

Name and Municipality of Residence	Background Information
	<p>Mr. Ward received his B. Com in 1964 from the University of Toronto, his chartered accountant designation in 1967 and FCA in 2000.</p>
<p>John P.C. Farrell CFA Oakville, Ontario</p>	<p>Mr. Farrell is a senior Finance Professional with over 26 years experience in wealth management and investment portfolios. He retired from the position of Vice President and Chief Compliance Officer at Rockwater Asset Management Inc., in 2006. Prior to that, Mr. Farrell was the President and Chief Executive Officer of his own investment firm, Platinum Wealth Management Inc., which was acquired by Rockwater in 2002, and a Vice President at Royal Bank of Canada. Currently, he works part-time at Pro-Financial Asset Management and sits on one other Independent Review Committee.</p> <p>Mr. Farrell received his B.Comm. in Finance and Marketing in 1971 from Queen's University, an M.B.A. in International Economics in 1974 from the University of Toronto, and his Chartered Financial Analyst (CFA) designation in 1974.</p>
<p>Marie C. Rounding Toronto, Ontario</p>	<p>Marie Rounding is Counsel at Gowling Lafleur Henderson LLP where she is a member of the National Energy and Infrastructure Industry Group. Ms. Rounding currently serves as a director of Ontario Power Generation and Nova Scotia Power Inc. and has a recognized background in regulatory and administrative law. Previously, she held a number of senior positions including Chair of the Ontario Energy Board, President and Chief Executive Officer of the Canadian Gas Association, Director of the Crown Law Office, Civil Law at the Ontario Ministry of Attorney General, and Legal Director for the Ontario Ministry of Financial Institutions. She has been Chair of the board of directors of the Doctors Hospital, Canada's National Ballet School, the National Ballet School Foundation, the Canadian Association of Members of Public Utility Tribunals, the Society of Ontario Adjudicators and Regulators and serves as a director on a number of other not-for-profit boards as well as a member of several independent review committees.</p> <p>Ms. Rounding received her B.A. in 1968 from the University of Western Ontario and her LL.B. in 1975 from Osgoode Hall Law School. Ms. Rounding graduated from the Directors Education Program (February 2006) and Financial Literacy Program</p>

Name and Municipality of Residence	Background Information
	(November 2006), Institute of Corporate Directors and the Rotman School of Management Corporate Governance College and is also designated an Institute-certified director, ICD.D (November 2006).

The IRC provides independent oversight and impartial judgment on conflicts of interest involving the Funds. The IRC functions in accordance with NI 81-107. Among other things, the IRC prepares annually a report of its activities for unitholders of the Funds which is available on our website at [www.vertexone.com](http://www.vertexone.com) or, at your request, and at no cost to you, by calling toll-free at 1-866-681-5787.

The Funds will pay the fees and expenses of the IRC.

### PROXY VOTING POLICIES AND PROCEDURES

Vertex One, as manager of the Funds, has established policies and procedures in relation to voting on matters for which the Funds receive, in their capacity as securityholder, proxy materials for a meeting of securityholders of an issuer.

Under the guidelines, the primary responsibility of Vertex One in respect of proxy voting is to maximize positive economic effect on each Fund's value and to protect the Fund's rights as a shareholder in the best interests of the Fund. The guidelines include discussion regarding particular matters brought to a vote but the guidelines are not exhaustive. Vertex One may depart from the guidelines on specific matters addressed in the policy where Vertex One believes it is necessary to do so in the best interests of the Fund and its securityholders.

The Funds are considered to have received a solicitation at the time it has received notice at its offices. In the event Vertex One does not receive a solicitation within sufficient time to execute a vote or the proxy is not submitted to the issuer in the time required, the Funds will not be able to vote on the matters solicited.

The policies and procedures that the Funds follow when voting proxies relating to portfolio securities are available on request, at no cost, by e-mailing us at [www.vertexone.com](http://www.vertexone.com) or by writing to us at:

Vertex One Asset Management Inc. Suite 1920 – 1177 West Hastings Street, Vancouver, British Columbia V6E 2K3.

The following are the guidelines on commonly raised matters:

- **Elections of Directors:** Unless there is a proxy fight for seats on the Board or we determine that there are other compelling reasons for withholding votes for directors, we will vote in favour of the management proposed slate of directors. We may withhold votes for directors who fail to act on key issues, who fail to regularly attend board meetings or for any director nominee deemed to be an insider who also serves on the board's audit or compensation committees.
- **Appointment of Auditors:** We believe that the company remains in the best position to choose the auditors and will generally support management's recommendation. We may vote against the appointment of auditors if the fees for non-audit related services are disproportionate to the total audit fees paid by the company or there are other reasons to question the independence of the company's auditors.

- **Changes in Capital Structure:** Changes in a company's charter, articles of incorporation or by-laws are often technical and administrative in nature. Absent a compelling reason to the contrary, we will cast our votes in accordance with the company's management on such proposals. However, we will review and analyze on a case-by-case basis any non-routine proposals that are likely to affect the structure and operation of the company or have a material economic effect on the company.
- **Corporate Restructures, Mergers and Acquisitions:** We believe proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, we will analyze such proposals on a case-by-case basis, considering also the views of the research analysts that cover the company.
- **Proposals Affecting Shareholder Rights:** We believe that certain fundamental rights of shareholders must be protected. We will generally vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights. However, when analyzing such proposals we will weigh the financial impact of the proposal against the impairment of shareholder rights.
- **Corporate Governance:** We recognize the importance of good corporate governance in ensuring that management and the board of directors fulfill their obligations to the shareholders. We favour proposals promoting transparency and accountability within a company.
- **Anti-Takeover Measures:** We believe that measures that impede takeovers or entrench management not only infringe on the rights of shareholders but may also have a detrimental effect on the value of the company. We will generally oppose proposals, regardless of whether they are advanced by management or shareholders, the purpose or effect of which is to entrench management or dilute shareholder ownership. Conversely, we support proposals that would restrict or otherwise eliminate anti-takeover measures that have already been adopted by corporate issuers.
- **Executive Compensation:** We believe that company management and the compensation committee of the board of directors should, within reason, be given latitude to determine the types and mix of compensation and benefit awards offered. Whether proposed by a shareholder or management, we will review proposals relating to executive compensation plans on a case-by-base basis to ensure that the long-term interests of management and shareholders are properly aligned. We will analyze the proposed plans to ensure that shareholder equity will not be excessively diluted, the option exercise price is not below market price on the date of grant and an acceptable number of employees are eligible to participate in such programs.
- **Social and Corporate Responsibility:** We will review and analyze on a case-by-case basis proposals relating to social, political and environmental issues to determine whether they will have a financial impact on shareholder value. We will vote against proposals that are unduly burdensome or result in unnecessary and excessive costs to the company. We may abstain from voting on social proposals that do not have a readily determinable financial impact on shareholder value.

### **Proxy Voting Record**

As manager, Vertex One will compile and maintain annual proxy voting records for each of the Funds for the annual periods beginning July 1 in a year and ending June 30 of the following year, commencing with July 1, 2009. After completion of an annual period, the proxy voting record will be made available on the Vertex One website by August 31 following the end of each annual period. Vertex One will deliver a copy of the Funds' proxy voting policies and guidelines and/or proxy voting record free of charge to Unitholders of the Funds upon request, for each request made after August 31, 2011.

## **INCOME TAX CONSIDERATIONS**

The following general summary fairly presents the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “Tax Act”), as of the date hereof, for the Funds and for holders of Units who, for the purposes of the Tax Act are resident in Canada, hold such securities as capital property and deal with the Funds at arm’s length. This summary is based upon the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance (Canada) (the “Minister”) prior to the date hereof (the “Tax Proposals”) and current published administrative and assessing policies of the Canada Revenue Agency (“CRA”). This summary does not take into account or anticipate any changes in law other than the Tax Proposals whether by legislative, administrative or judicial action, and it does not take into account provincial or foreign income tax legislation or considerations.

This summary is based on the assumption that each of the Funds will qualify as a “mutual fund trust”, as such term is defined in the Tax Act.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Therefore, prospective Unitholders are advised to consult their own tax advisers about their individual circumstances.

### **Taxation of the Funds**

Generally, the Funds will be subject to tax under Part I of the Tax Act to the extent that their income, including net taxable capital gains, is not distributed or made payable to Unitholders at the end of each calendar year. It is the intention of each of the Funds to distribute or make payable each year their net income and net realized capital gains to such an extent that it will not be liable in any year for income tax under Part I of the Tax Act (after taking into account capital losses and the capital gain refund mechanism).

All of a Fund’s deductible expenses, including expenses common to all Unit classes of the Fund and management and performance fees and other expenses specific to a particular class of a Fund, will be taken into account in determining the income or loss of a Fund as a whole and applicable taxes payable by a Fund as a whole.

The Funds are required to compute their income and gains for tax purposes in Canadian dollars and may therefore realize foreign exchange gains or losses that will be taken into account in computing their income for tax purposes.

Generally, the Funds may include gains and deduct losses on income account in connection with their derivative activities and will recognize such gains or losses for tax purposes at the time they are realized by the Funds. If derivatives are utilized as a hedge it may be on account of capital.

### **Taxation of the Unitholders**

Unitholders of the Funds are required to include in their income for tax purposes, for a particular year, the amount (computed in Canadian dollars) of net income and net taxable capital gains, if any, paid or payable to them by the Funds and deducted by the Funds in computing their income for tax purposes, whether or not reinvested in additional Units of the Funds. Any amount in excess of the net income and net realized taxable capital gains of the Funds that is paid or payable to a Unitholder in a year should not generally be included in computing such Unitholder’s income for the year. However, the payment by the Funds of such excess amount, other than as proceeds of disposition of a Unit or part thereof and other

than the portion, if any, of that excess amount that represents the non-taxable portion of net realized capital gains of the Funds, will reduce the adjusted cost base of a Unitholder's Units. If the adjusted cost base of a Unitholder's Units would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of Units and the adjusted cost base of the Units will then be increased by the amount of such gain.

The Funds will designate to the extent permitted by the Tax Act the portion, if any, of the net income distributed to Unitholders as may reasonably be considered to consist of, respectively, (i) taxable dividends received by the Funds on securities of taxable Canadian corporations and (ii) net taxable capital gains of the Funds. Any such designated amount will be deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. In the case of a Unitholder who is an individual, the dividend gross-up and tax credit treatment normally applicable to taxable dividends paid by a taxable Canadian corporation will apply. An enhanced gross-up and dividend tax credit is available for certain eligible dividends paid by Canadian corporations. Capital gains designated, as such by the Funds, will be subject to the general rules relating to the taxation of capital gains, which are described below.

In the case of a Unitholder that is a corporation, amounts designated as taxable dividends will be included in computing its income but generally will also be deductible in computing its taxable income. A private corporation or a subject corporation (as defined in the Tax Act) which is entitled to deduct such dividends in computing its taxable income will normally be subject to the Part IV refundable tax under the Tax Act.

In addition, the Funds may similarly make designations in respect of their income from foreign sources so that, for the purpose of allocating any foreign tax credit to a Unitholder, the Unitholder will be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid by the Funds to that country that is equal to the Unitholder's share of the Funds' income from sources in that country.

Unitholders will be advised each year of the composition of amounts distributed to them.

The reclassification of Units of the Funds as Units of another class of the Funds will not be considered to be a disposition for tax purposes and, accordingly, the Unitholder will realize neither a gain nor a loss as a result of a reclassification. The Unitholder's adjusted cost base of the Units received for the Units of another class will equal the adjusted cost base of the latter Units.

Upon the actual or deemed disposition of a Unit of the Funds, including the redemption of a Unit by the Funds, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit of the Funds exceed (or are exceeded by) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. The portion of capital gains included in income as taxable capital gains and the portion of capital losses that are allowable capital losses is one-half, subject to and in accordance with the detailed rules of the Tax Act. Unitholders should consult their own advisors with respect to provisions of the Tax Act which reduce any such losses by the amount of certain distributions received on the investments in the Funds.

#### *Alternative Minimum Tax*

Individuals and certain trusts and estates are subject to an alternative minimum tax. Such persons may be liable for this alternative minimum tax in respect of realized capital gains and/or dividends.

### *Non-Taxable Unitholders*

In general, the amount of distributions paid or payable to a registered plan from the Funds will not be taxable under the Tax Act until it is withdrawn from the registered plan. Withdrawals from TFSA plans are not subject to tax.

A registered plan that sells or otherwise disposes of securities (other than a reclassification of securities, as discussed above) will be considered to have disposed of those securities for the purpose of the Tax Act. In general, gains from a sale will not be taxable under the Tax Act until they are withdrawn from the registered plan.

### *Qualified Investments for Registered Plans*

The Units will be considered “qualified investments” (as defined in the Tax Act) for tax deferred plans such as RRSPs, RRIFs, RDSPs, RESPs, DPSPs and TFSAs.

## **REMUNERATION OF DIRECTORS, OFFICERS, IRC AND TRUSTEE**

No remuneration, fees or reimbursement of expenses is paid by the Funds to the directors or officers of Vertex One.

Each Fund pays its share of the fees and expenses of the IRC. The members of the IRC are paid an annual membership fee as follows:

- Lawrence A. Ward FCA is paid an annual fee in the amount of \$12,000;
- John P.C. Farrell CFA is paid an annual fee in the amount of \$9,000; and
- Marie C. Rounding is paid an annual fee in the amount of \$9,000.

In addition, the Funds pay an annual secretarial fee in the amount of \$20,000 to Independent Review Inc., the entity that provides independent review committee services to the Funds.

RBC Dexia is remunerated at market rates for providing its services to the Funds and is reimbursed for expenses as they are incurred while discharging its functions as trustee and record-keeper.

## **MATERIAL CONTRACTS**

The material contracts that have been entered into by the Funds are described below. Copies of these agreements may be inspected during regular business hours on any business day at the registered office of the Funds.

1. Amended and Restated RBC Dexia Trust Agreement dated April 30, 2010, entered into by Vertex One, in its capacity as manager of the Funds, and RBC Dexia, as trustee and custodian of the Funds. See “*Responsibility for Fund Operations*”.
2. Amended and Restated Valuation and Recordkeeping Agreement dated April 30, 2010, entered into by Vertex One, in its capacity as manager of the Funds, and RBC Dexia. See “*Responsibility for Fund Operations*”.

**OTHER MATERIAL INFORMATION**

There is no other material information relating to the Funds not already disclosed herein or in the Funds' simplified prospectus.

## **AUDITOR'S CONSENT**

We have read the simplified prospectus and annual information form of the Vertex Value Fund, Vertex Enhanced Income Fund and Vertex Growth Fund (the Funds) dated August 25, 2011 relating to the issue and sale of Class B units and Class F units of each of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference, in the above-mentioned simplified prospectus of our reports to the Unitholders of each of the Funds on the statements of investments as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009 and the statements of operations and changes in net assets for the year ended December 31, 2010 and for the period September 21, 2009 (commencement of operations) to December 31, 2009. Our reports are dated March 31, 2011.

**(Signed) "PricewaterhouseCoopers LLP"**

Chartered Accountants, Licensed Public Accountants  
Toronto, Ontario  
August 25, 2011

**CERTIFICATE OF THE VERTEX VALUE FUND,  
VERTEX ENHANCED INCOME FUND AND VERTEX GROWTH FUND  
AND OF VERTEX ONE ASSET MANAGEMENT INC. AS MANAGER**

August 25, 2011

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut and do not contain any misrepresentations.

**VERTEX ONE ASSET MANAGEMENT INC.  
on behalf of the Funds and as Manager of the Funds**

*“Jeffrey McCord”*

Jeffrey McCord,  
Director, Managing Director and  
acting in the capacity as Chief  
Executive Officer

*“Matthew Wood”*

Matthew Wood,  
Director, Managing Director and  
acting in the capacity as Chief  
Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF  
VERTEX ONE ASSET MANAGEMENT INC.**

*“John Thiessen”*

John Thiessen,  
Director

**CERTIFICATE OF THE PROMOTER OF THE FUNDS**

August 25, 2011

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut and do not contain any misrepresentations.

**Vertex One Asset Management Inc.**

*“Matthew Wood”*

Matthew Wood  
Director

## **Annual Information Form**

### **Vertex Value Fund Vertex Enhanced Income Fund Vertex Growth Fund**

Additional information about the Vertex Value Fund, the Vertex Enhanced Income Fund and the Vertex Growth Fund is available in the Funds' Fund Facts, annual financial statements and annual management report of Fund performance, and interim financial statements and interim management reports of Fund performance. You can get a copy of these documents, including a statement of portfolio transactions, at no charge by contacting your registered representative or by contacting Vertex One toll free at 1-866-688-6757 or by email at [invest@vertexone.com](mailto:invest@vertexone.com).

You may also find these documents and other information about the Funds at [www.vertexone.com](http://www.vertexone.com) or at [www.sedar.com](http://www.sedar.com).

#### **Manager of the Vertex Value Fund, the Vertex Enhanced Income Fund and the Vertex Growth Fund:**

Vertex One Asset Management Inc.  
Suite 1920 – 1177 West Hastings Street  
Vancouver, British Columbia V6E 2K3