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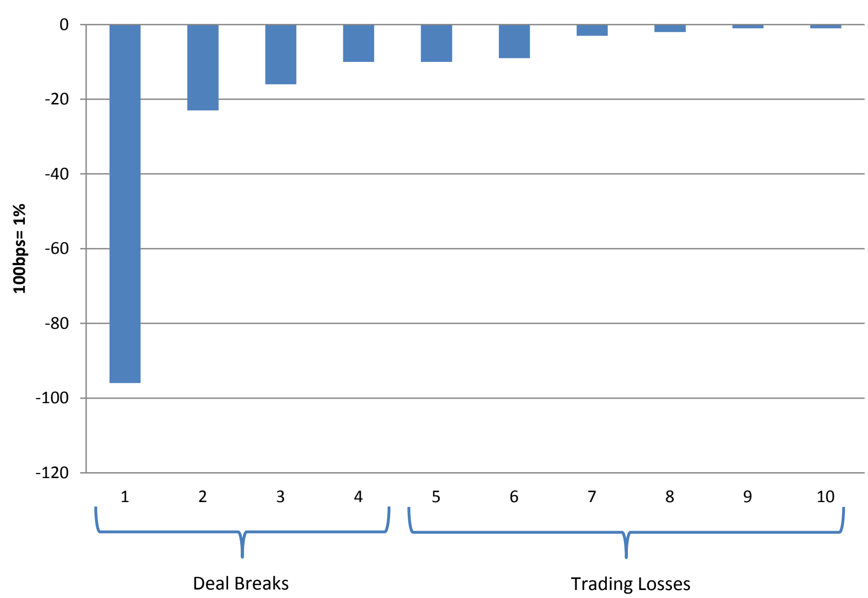
VERTEX ARBITRAGE FUND

Fourth Quarter Report, 2014

The Vertex Arbitrage Fund finished its first full calendar year with a return of 3.90% (Class F). We were satisfied with the result in what was as a volatile year for the general markets. The fund has posted only one down month (-0.28% in October) in 14 months of operation. The objective for this fund is not to make a top return list but to conservatively deliver predictable, absolute returns. This is accomplished through careful risk management and a market-neutral investment strategy.

The break of the $100 billion merger between Shire and AbbVie dominated an eventful quarter for our arbitrage strategies. Generally speaking, the failure of one merger has little impact on other mergers as the risks are deal-specific. However, the Shire deal was the largest merger failure in history and had broader repercussions across the merger arbitrage universe as investors de-risked their arbitrage portfolios. Coincidentally, the deal collapsed in the midst of the mid-October market swoon where we saw the highest implied market volatility since 2011. The good news was we had a relatively small exposure to the Shire deal and were able to deploy available capital at extremely attractive risk-adjusted rates of return during this period of dislocation.

The fund was invested in 115 arbitrage positions over the course of the year. We had positive results in 105 of these situations (or 91%), highlighting the consistent and repeatable nature of our returns. We did lose money in 10 positions; 4 were broken deals and 6 were "trading losses" where we put on spreads and unwound them at wider levels for small realized losses. In terms of basis point losses to the fund (100 basis points = 1%), the 10 losers were as follows:



As illustrated, the largest loss was the Shire deal at 96bps (0.96% loss to the fund). We mention this to underscore just how little risk is taken (1 meaningful loss out of 115 positions) to produce our attractive return stream. At all times the portfolio is well-diversified to limit the impact of any potential deal failure.

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Further, the (unaudited) daily volatility of the fund is low, with 89% of days having a P&L move of between -0.20% and +0.20% (compared to just 35% of days for the S&P 500). The beta to the S&P 500 using daily observations was 0.05.

The pace of deal activity continued to improve in the fourth quarter. Notably, we are seeing more mid-cap mergers (roughly $2-15 billion) which allows for a broad portfolio of liquid situations. Merger activity has been dominated by the US while Canada has been relatively quiet. The arbitrage portfolio is currently fully-invested in approximately 35 positions (but using no leverage). As we highlighted in our first year anniversary Live from the Desk email in November, looking forward the return environment in arbitrage is currently excellent. Spreads are considerably wider than a year ago and there are a multitude of attractive deals in which to put capital to work.

At year-end, the fund distributed capital gains and income totalling 1.99% of the NAV.

PERFORMANCE (Class F returns as at December 31, 2014)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**
2014	0.27%	0.39%	0.43%	0.64%	0.04%	0.64%	0.26%	0.07%	0.10%	-0.28%	0.68%	0.60%	3.90%
2013											0.59%	0.78%	1.38%*

Returns are net of all fees and include reinvested distributions.

*Return does not represent a full calendar year. Advertised performance is based on Class F shares. Returns are net of all fees. Important information about the Fund is contained in the Offering Memorandum which should be read carefully before investing. You can obtain an offering memorandum from Vertex One Asset Management Inc. The Offering Memorandum for Vertex One Asset Management Inc.'s investment funds does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The indicated rates of return are the historical compounded returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently and past performance may not be repeated.