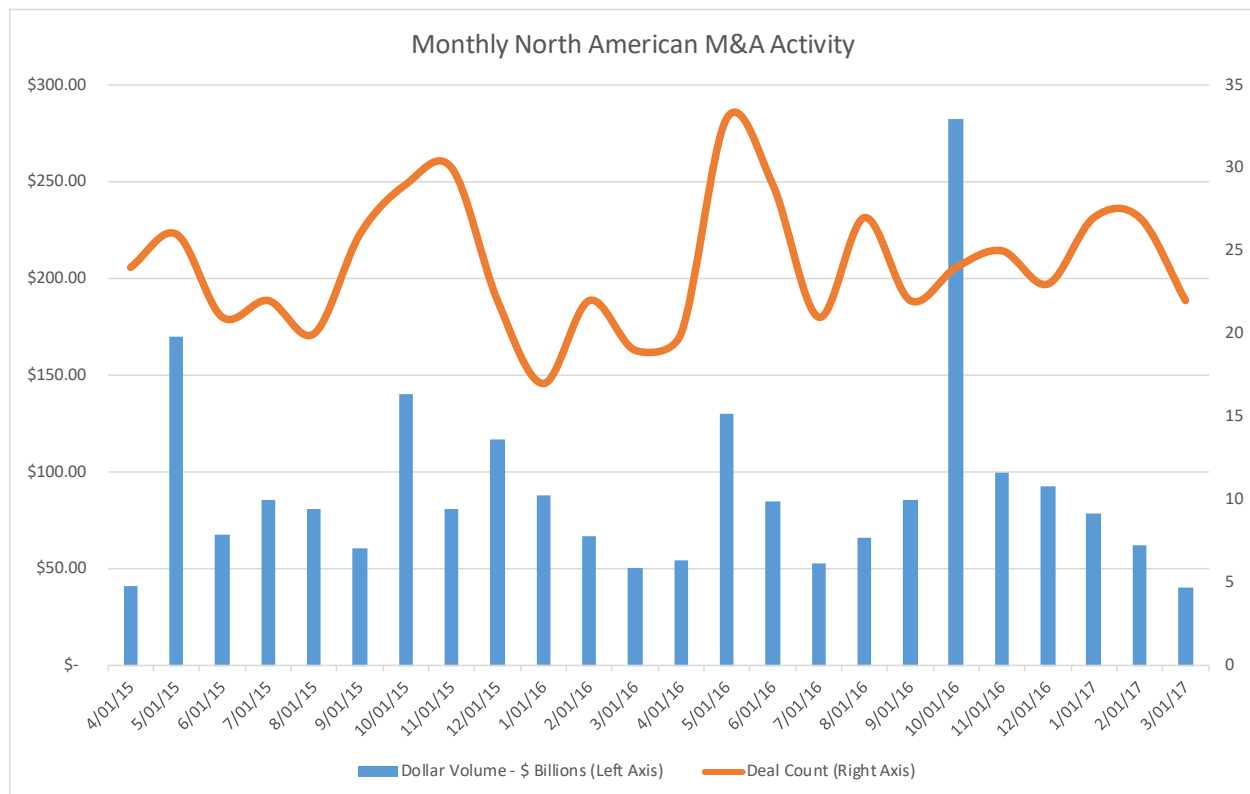


VERTEX ARBITRAGE FUND
VERTEX ARBITRAGE FUND PLUS
First Quarter Report, 2017

This quarter we launched the Vertex Arbitrage Fund Plus (VAF Plus), which invests in the same deals as the Vertex Arbitrage Fund (VAF), but uses leverage to target twice the return (less the cost of leverage).

VAF is an excellent bond alternative offering higher after-tax returns with little interest rate risk. In a similar vein, we see VAF Plus serving as an equity alternative: comparable long-run returns to stocks, with little market correlation and significantly less volatility. Of course, there are no free lunches – the return of VAF is doubled, but so is the risk. We’ve often discussed that our approach to risk management is driven by limiting position sizes, such that a deal break would lead to no more than a 1-2% loss to the fund’s NAV. Accordingly, with VAF Plus this risk tolerance is doubled to a 2-4% NAV loss. The cost of leverage is currently just under 1%: this will vary with the Bank of Canada overnight rate and the Fed Funds target rate. Please call our Sales team with any questions on this new product.

We have had modest expectations for deal flow following the election of President Trump. With a slew of proposed tax and regulatory changes, we felt many CEOs would be inclined to shelve large acquisitions until they had a clearer picture out of Washington. We’ve been somewhat surprised that the pace of deal flow has remained relatively unchanged. The number of deals is consistent with past trends and while the dollar volume has been declining, it is not inconsistent with recent history.



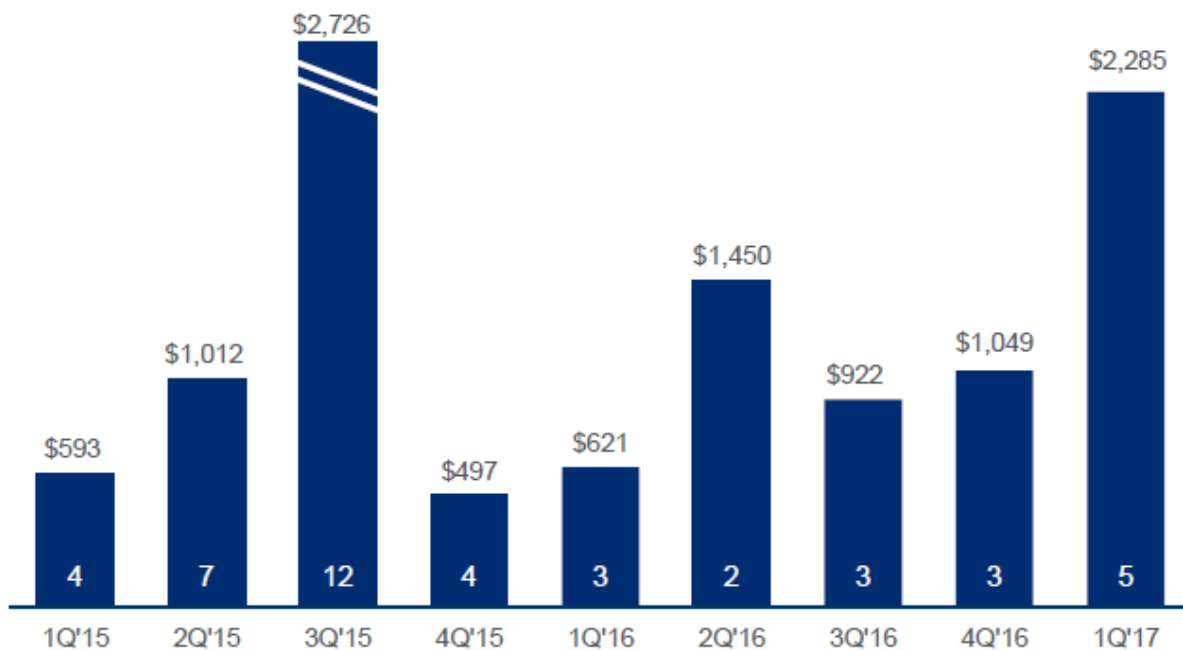
Source: Bloomberg. North American definitive deals where the target’s market capitalization is greater than US\$100 million.

With this deal flow, the portfolio has found high-quality situations in which to deploy capital. Our largest weights are NXP Semiconductors (US\$35B market cap) being acquired by Qualcomm, Reynolds American (US\$90B market cap) by British American Tobacco, Mead Johnson (\$16B market cap) by Reckitt Benckiser, and Level 3 Communications (\$21B market cap) by CenturyLink. The large spike in dollar volume displayed in October is the acquisition of Time Warner Inc. by AT&T, which is also a significant weight in our portfolio.

While M&A deal flow has been flat, SPAC issuance has been at near record levels. There were three large SPACs issued in the first quarter (Silver Run II, Kayne Anderson Acquisition, and Matlin & Partners Acquisition). We look forward to seeing the acquisition targets these high-profile investment teams can source for their SPAC unitholders.

SPAC IPO Issuance

Quarterly Issuance 2015 – Current (\$MM)



Source: Citi

With a typical opportunity set and no deal breaks, the story of the first quarter was really “business as usual” for merger arbitrage. We were happy to see that the federal budget contained no changes to capital gains treatment; our arbitrage strategy remains particularly compelling for taxable investors seeking a tax-efficient alternative to bonds (VAF) and now equities (VAF Plus).

As always, please feel free to contact us if you have any questions or concerns.

VERTEX ARBITRAGE FUND:

Net Asset Value	1 Month	3 Month	Year to Date	1 Year	2 Year ⁺	3 Year ⁺	Since Inception ⁺
\$10.7081	0.17%	1.10%	1.10%	3.83%	3.76%	3.93%	4.17%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	0.32%	0.61%	0.17%										1.10%
2016	0.60%	0.69%	1.20%	-1.29%	1.13%	-0.03%	0.20%	0.45%	0.73%	-0.17%	1.21%	0.48%	5.27%
2015	0.40%	0.52%	0.51%	-0.03%	0.91%	-2.11%	0.54%	0.24%	0.00%	0.93%	-0.25%	0.95%	2.60%
2014	0.27%	0.39%	0.43%	0.64%	0.04%	0.64%	0.26%	0.07%	0.10%	-0.28%	0.68%	0.61%	3.92%
2013											0.59%	0.78%	1.38%

Portfolio Exposure:

% Long	% Short	% Net
95.26	-23.99	71.37

VERTEX ARBITRAGE FUND PLUS:

Net Asset Value	1 Month	3 Month	Year to Date
\$10.0432	0.43%	-	0.43%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017			0.43%										0.43%

Portfolio Exposure:

% Long	% Short	% Net
155.94	-43.72	112.21

Class F returns as at March 31, 2017.

Returns are net of all fees and include reinvested distributions.

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 do 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.