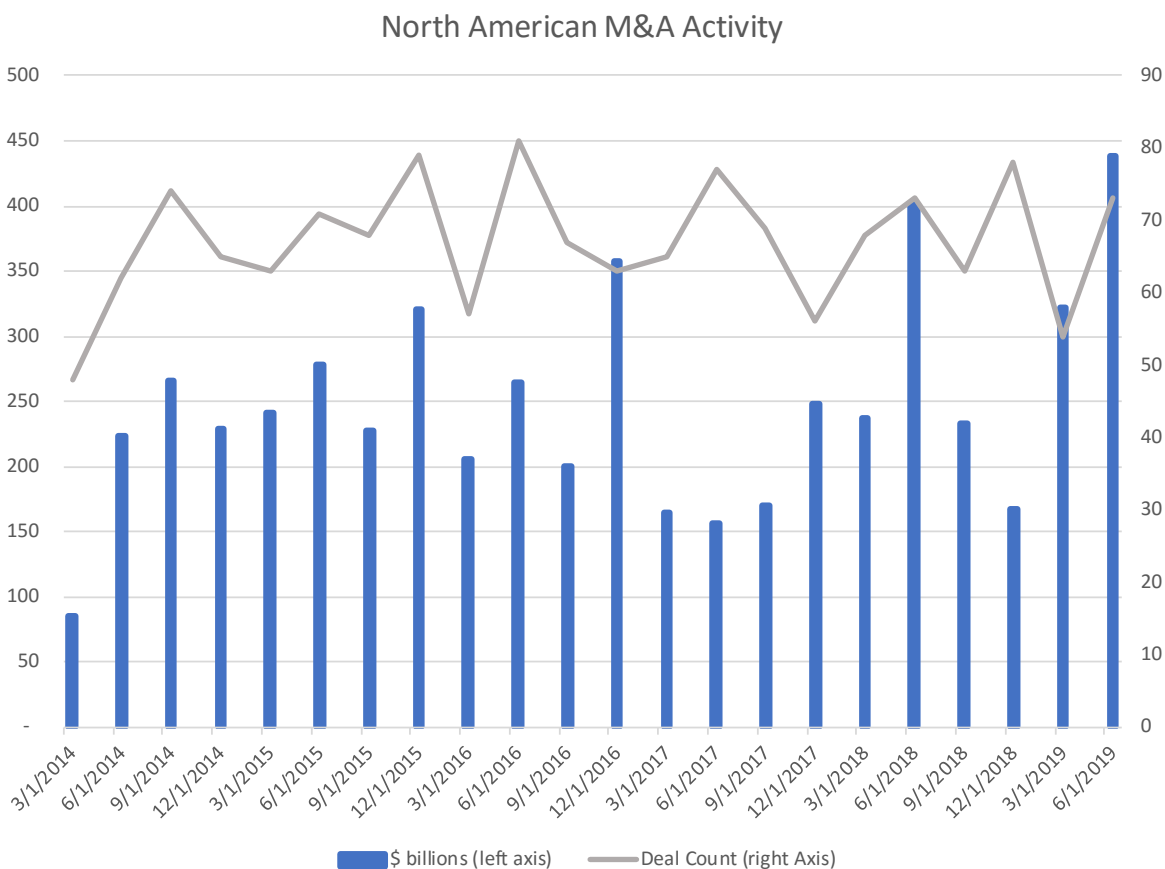


**VERTEX ARBITRAGE FUND**  
**VERTEX ARBITRAGE FUND PLUS**  
Second Quarter Report, 2019

For the second quarter of 2019, the Vertex Arbitrage Fund returned +0.41% and the Vertex Arbitrage Fund Plus returned +0.75% net.

Merger arbitrage performance was relatively subdued for the second quarter of 2019, primarily due to the continuation of several of the key macroeconomic themes that we saw emerge early in the year. These themes – US/China trade disputes, an unpredictable Trump administration, and Q4 2018 market volatility – also contributed to a quiet start to the year for deal activity overall. While the markets have strongly rebounded following last year’s Q4 declines, investors are still facing heightened trade tensions and uncertain geopolitical dynamics looking ahead. Nevertheless, dealmakers (CEOs) are learning to live with these concerns and are beginning to move forward with deals. While deal volume has been relatively constant (between 60 and 80 deals per quarter), the second quarter of 2019 was record-setting from the perspective of deal value (The dollar value of deals).



Aided by this rejuvenated deal flow, we took the opportunity to reduce our excess cash position from Q1, and established meaningful positions in several exciting new deals:

***Anadarko Petroleum Corp. / Occidental Petroleum Corp.***

In May, Occidental won a bidding war against Chevron for the acquisition of Anadarko. The merger, which includes a financing deal with Warren Buffet's Berkshire Hathaway, is expected to close in the second half of 2019.

***Medidata Solutions / Dassault Systèmes***

French software company, Dassault Systèmes, announced the all-cash acquisition of New York-based Medidata Solutions – a provider of SaaS-based clinical development software – this June. The merger is set to strengthen Dassault's position in the life sciences sector and is expected to close in the fourth quarter of 2019 (subject to regulatory approvals).

***Allergan PLC / AbbVie Inc.***

The cash and stock acquisition of Allergan, the maker of Botox, represents the second-largest merger in the pharmaceutical industry announced so far this year (the largest being Bristol-Myers Squibb's acquisition of Celgene).

The domestic M&A space remained relatively quiet this quarter, with the exception of several deals in the Canadian airline sector. The first of these, the friendly, leveraged buyout of WestJet Airlines by Onex Corp., is relatively straightforward from a regulatory perspective. As such, we feel comfortable having some exposure to the deal, although we remain mindful of the large downside. The second significant announcement in the Canadian aerospace sector this quarter – the acquisition of Transat AT by Air Canada – does have potential upside from third party bidders. However, the regulatory risk arising from the Competition Bureau review is enough to keep us on the sidelines.

Our SPAC strategy continues to chug along as mandated, with a number of de-SPAC announcements made during the quarter. Most notably, Pivotal Acquisition Corp. – led by Jonathan Ledecy, majority owner of the New York Islanders – announced a definitive transaction just four months after IPO, making it one of the fastest turnarounds in SPAC history. Much like a merger arbitrage deal closing quickly, our internal rate of return benefits significantly from an accelerated time frame. In the case of Pivotal, our IRR is well over 30% leading to attractive gains for the portfolio.

The strong risk-adjusted returns from SPACs has naturally led to an inflow of capital into the space. As a result, we have seen underwriters and sponsors react by proposing terms that are less attractive to unitholders. For the first time we are seeing SPACs offering just one-quarter of a warrant per unit (one-half is more typical, with very high profile and seasoned SPAC sponsors maybe getting away with one-third of a warrant). As a result, we expect to be less active in the IPOs of these SPACs with less attractive terms.

As always, we welcome any questions or comments.

**VERTEX ARBITRAGE FUND** (Class F returns as at June 28, 2019):

Net Asset Value	1 Month	3 Month	Year to Date	1 Year	2 Year <sup>+</sup>	3 Year <sup>+</sup>	Since Inception <sup>+</sup>						
<b>\$ 10.8900</b>	-0.10%	0.41%	1.16%	2.39%	2.17%	3.33%	3.56%						
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	0.22%	0.11%	0.41%	0.40%	0.11%	-0.10%							<b>1.16%</b>
2018	0.20%	0.27%	-0.37%	0.39%	0.88%	0.74%	-0.09%	0.44%	0.48%	0.05%	0.45%	-0.11%	<b>3.37%</b>
2017	0.32%	0.61%	0.17%	0.68%	0.41%	0.46%	0.28%	0.21%	0.28%	0.18%	-1.24%	0.14%	<b>2.52%</b>
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%	<b>5.27%</b>
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%	<b>2.60%</b>
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%	<b>3.92%</b>
2013											0.59%	0.78%	<b>1.38%</b>

**Portfolio Exposure:**

% Long	% Short	% Net
82.1	-20.6	61.6

**VERTEX ARBITRAGE FUND PLUS** (Class F returns as at June 28, 2019):

Net Asset Value	1 Month	3 Month	6 Month	Year to Date	Since Inception <sup>+</sup>								
<b>\$11.0832</b>	-0.21%	0.75%	2.31%	2.31%	5.41%								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	0.47%	0.18%	0.89%	0.81%	0.15%	-0.21%							<b>2.31%</b>
2018	0.46%	0.57%	-0.79%	0.75%	1.75%	1.44%	-0.22%	0.90%	0.93%	0.10%	0.92%	-0.27%	<b>6.69%</b>
2017			0.43%	1.28%	0.91%	0.99%	0.47%	0.51%	0.58%	0.40%	-2.30%	0.32%	<b>3.60%</b>

**Portfolio Exposure:**

% Long	% Short	% Net
165.1	-40.9	124.1

\*Note: VAF Plus inception date is February 28, 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.