

# THE VERTEX FUND

**VERTEX ONE**  
Asset Management Inc.

- An Authentic Alternative -

|                        |                         |                         |   |
|------------------------|-------------------------|-------------------------|---|
| Since Inception Return | Total Cumulative Return | Percent Positive Months | Annualized Alpha (Return above S&P 500) |
| 12.79%                 | 1102.29%                | 67.74%                  | 9.44%                                   |

## Investment Objectives

The principal objective is the growth of capital in excess of benchmarks and to preserve capital throughout an economic cycle. The management team takes an opportunistic approach to investing while employing a broad range of strategies to diversify the portfolio and drive results on a consistent basis.

## Investment Strategy

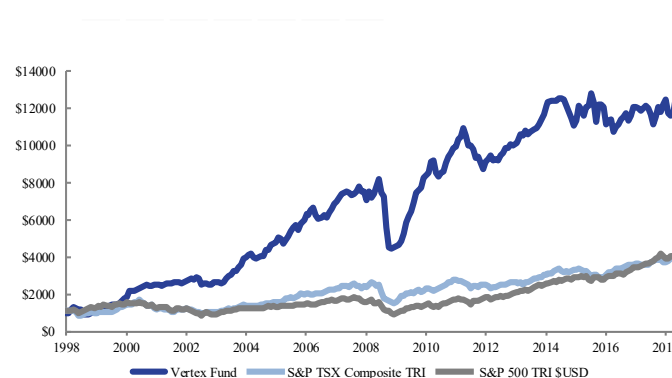
The portfolio has an event-driven focus, wherein catalysts are identified that will likely have an impact on a company's stock price or capital structure. Throughout an economic cycle, different strategies will provide more favourable risk/reward trade-offs, permitting opportunities for reallocating capital. Fundamental analysis is the cornerstone of the team's skill set, but the investment strategies include: merger arbitrage, convertible arbitrage, high yield debt, capital structure arbitrage, fundamental longs, shorts, options and other special situations.

## Performance (Net of all fees and include reinvested distributions)

### Comparison to Benchmarks

|                   | Fund     | S&P 500 TRI (\$USD) | S&P/TSX Composite TRI |
|-------------------|----------|---------------------|-----------------------|
| 1 month           | 2.14%    | 0.57%               | -0.89%                |
| Year to date      | -1.79%   | 10.56%              | 1.36%                 |
| 1 year            | 3.92%    | 17.91%              | 5.87%                 |
| 3 year            | 2.10%    | 17.31%              | 9.70%                 |
| 5 year            | 1.84%    | 13.95%              | 7.80%                 |
| 10 year           | 7.91%    | 11.97%              | 6.30%                 |
| 15 year           | 9.06%    | 9.65%               | 8.18%                 |
| Since Inception   | 12.79%   | 7.42%               | 6.28%                 |
| Cumulative Return | 1102.29% | 338.89%             | 294.33%               |

### Growth of \$1,000 Since Inception



## Calendar Year Returns

|                            | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   | 2012   | 2011    | 2010   | 2009   | 2008    | 2007  | 2006   | 2005   | 2004   | 2003   |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|-------|--------|--------|--------|--------|
| <b>Vertex Fund</b>         | -1.79% | 1.55%  | -0.07% | 8.67%  | -5.09% | 16.47% | 14.78% | -11.70% | 19.46% | 84.18% | -40.25% | 9.99% | 14.72% | 27.12% | 20.20% | 48.91% |
| <b>S&amp;P 500 (\$USD)</b> | 10.56% | 21.83% | 11.96% | 1.38%  | 13.69% | 32.39% | 16.00% | 2.11%   | 15.06% | 26.46% | -37.00% | 5.49% | 15.79% | 4.91%  | 10.88% | 28.68% |
| <b>S&amp;P/TSX</b>         | 1.36%  | 9.10%  | 21.08% | -8.32% | 10.55% | 12.99% | 7.19%  | -8.71%  | 17.61% | 35.05% | -33.00% | 9.83% | 17.26% | 24.13% | 14.48% | 26.72% |

|                               |   |
|-------------------------------|---|
| <b>Firm Assets</b>            | \$1.22 Billion                              |
| <b>Fund Assets</b>            | \$364 Million                               |
| <b>Type of Fund</b>           | Opportunistic                               |
| <b>RSP Eligible</b>           | Yes   |
| <b>Pricing Schedule</b>       | Monthly                                     |
| <b>Offer Document</b>         | Offering Memorandum                         |
| <b>Lock up</b>                | No  |
| <b>Redemption Fee</b>         | On DSC Class                                |
| <b>High water mark</b>        | Yes   |
| <b>Performance Fee</b>        | 20% of the amount above the high water mark |
| <b>Management Fee</b>         | B: 2% F: 1%                                 |
| <b>Fund Codes</b>             | VRT 301(F), VRT 302(B)<br>VRT 303(DSC)      |
| <b>Administration/Trustee</b> | CIBC Mellon                                 |
| <b>Prime Broker</b>           | TD Securities Inc.                          |
| <b>Auditor</b>                | PriceWaterhouseCoopers                      |
| <b>Inception Date</b>         | February 6, 1998                            |
| <b>NAVPU - Class A</b>        | \$67.1891                                   |
| <b>NAVPU - Class B</b>        | \$9.5784                                    |
| <b>NAVPU - Class F</b>        | \$63.8303                                   |

### Portfolio Manager John Thiessen

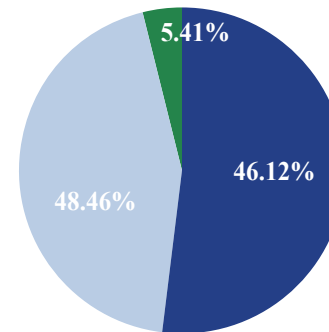
Mr. John Thiessen is a founding partner and director of Vertex One Asset Management. Mr. Thiessen has overall responsibility for the investment and trading decisions affecting the Vertex Fund. He has operated as the lead manager of the Vertex Fund since its inception on February 6, 1998. Mr. Thiessen has significant investment experience with over 25 years of equity, fixed income and arbitrage investing. Mr. Thiessen holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute and CFA Society of Vancouver.

### Second Quarter Commentary

History is a great lesson for Economics and you have to remember the past if you are going to have a future. Ironically, the Democrats have been the government of free enterprise and the Republicans have been more protectionist. The Left Wing has become Right Wing and the Right is Left (think "1984" Mr. George Orwell). These days people can't remember the headlines from last week as they are too focused on the next tweet to carry their worries forward from yesterday. The truth is becoming harder to find in these interesting times. It was just months ago that Brexit was going to be the road map for other European Countries to leave the EU. Now the facts seem to suggest the complete opposite and that a disaster is in the making for the U.K.

This past quarter our returns have been more volatile, as our oil and gas stocks are starting to react to the price of oil doubling. With over 40% of our portfolio in energy related stocks, our portfolio will move with the tide of oil prices. Global demand keeps growing in excess of 1% annually while most majors have not materially increased their budgets for capital expenditures in exploration over the past four difficult years. Global supply/demand deficits may start to surface if geopolitics escalate. Demand in India and China for oil is growing faster than production can keep up, and incremental demand in the rest of the world is also positive. Our two largest holdings still remain Lilis Energy and Petrosale Resources. They are the cheapest names relative to their growth rates in North America.

### Geographic Allocation



■ Canada ■ EUR ■ United States

|                | Fund   | S&P 500 | TSX TRI |
|----------------|--------|---------|---------|
| Std. Deviation | 16.01% | 14.75%  | 14.39%  |
| Sharpe Ratio   | 0.71   | 0.42    | 0.39    |

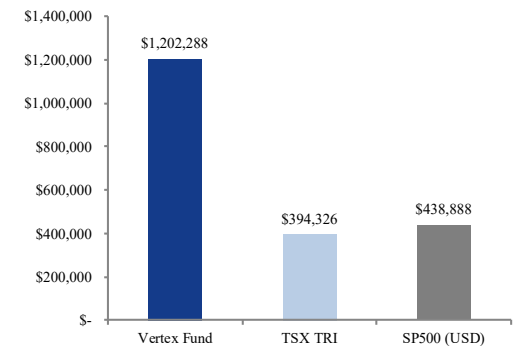
rf = LIBOR, 1M, USD

|                  | Relative to S&P TSX | Relative to S&P 500 |
|------------------|---------------------|---------------------|
| Monthly Alpha    | 0.64%               | 0.75%               |
| Annualized Alpha | 7.92%               | 9.44%               |
| Beta             | 0.74                | 0.53                |
| Correlation      | 0.67                | 0.48                |

### Net Strategy Allocations

| Strategy               | Long   | Short | Net    |
|------------------------|--------|-------|--------|
| Long/Short             | 87.46  | -1.71 | 85.75  |
| Merger Arbitrage       | 11.25  | 0.00  | 11.25  |
| High Yield             | 8.28   | -0.03 | 8.25   |
| Private                | 7.13   | 0.00  | 7.13   |
| Capital Structure Arb. | 0.00   | 0.00  | 0.00   |
| Convert Arbitrage      | 0.00   | 0.00  | 0.00   |
| Spin Out               | 0.00   | 0.00  | 0.00   |
| Other Special Sits     | 0.00   | 0.00  | 0.00   |
| Outright Shorts        | 0.00   | -1.66 | -1.66  |
| Total                  | 114.12 | -3.40 | 110.72 |

### Total Cumulative Return of \$100,000



### 15-Year, Historical Monthly Performance

|      | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   | 2012   | 2011    | 2010   | 2009   | 2008    | 2007   | 2006   | 2005   | 2004   | 2003   |
|------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|--------|--------|--------|--------|--------|
| Jan  | 1.82%  | 0.26%  | -7.42% | 2.49%  | 3.90%  | 0.84%  | 4.24%  | 0.46%   | 1.14%  | 1.73%  | -5.85%  | 2.29%  | 6.27%  | 1.54%  | 1.45%  | 1.61%  |
| Feb  | -5.55% | -0.46% | 1.56%  | 6.85%  | 1.44%  | 1.73%  | 1.90%  | 3.61%   | 1.82%  | 2.35%  | 6.67%   | 2.42%  | -0.86% | 6.28%  | 4.80%  | 0.08%  |
| Mar  | -1.39% | -1.17% | 0.34%  | -1.45% | 0.62%  | 3.13%  | 1.61%  | 1.62%   | 6.92%  | 4.00%  | -4.43%  | 2.67%  | 4.28%  | -2.02% | 0.49%  | -2.37% |
| Apr  | 0.46%  | 1.18%  | -5.59% | -3.07% | 0.22%  | -0.93% | -2.47% | 4.51%   | 0.80%  | 8.07%  | 2.09%   | 1.56%  | 1.52%  | -4.36% | -4.11% | 3.21%  |
| May  | 7.40%  | 0.86%  | 2.74%  | 3.88%  | -0.35% | 2.57%  | 0.51%  | -3.86%  | -7.25% | 11.40% | 5.42%   | 0.92%  | -6.34% | 4.09%  | -1.29% | 6.66%  |
| Jun  | -3.98% | -0.98% | 0.92%  | 0.61%  | 1.39%  | -1.86% | -0.56% | -5.23%  | -2.54% | 5.43%  | 5.28%   | -1.42% | -2.83% | 3.51%  | 0.65%  | 3.29%  |
| Jul  | -2.51% | -2.61% | 2.45%  | 5.66%  | -0.27% | 1.55%  | 3.25%  | 0.34%   | 2.42%  | 5.02%  | -9.08%  | -1.42% | 1.53%  | 5.28%  | 2.81%  | 3.77%  |
| Aug  | 0.38%  | -4.65% | 0.98%  | -3.56% | -0.33% | 1.40%  | 1.25%  | -2.00%  | 1.04%  | 6.72%  | -2.65%  | 0.79%  | 2.01%  | 4.06%  | -0.50% | 6.06%  |
| Sep  | 2.14%  | 3.70%  | 1.75%  | -8.67% | -2.72% | 0.62%  | 2.36%  | -5.03%  | 5.09%  | 7.26%  | -22.58% | 1.98%  | -2.51% | 2.05%  | 7.51%  | 0.32%  |
| Oct  |        | 4.21%  | -3.12% | 8.08%  | -2.98% | 1.53%  | 0.32%  | 0.65%   | 4.11%  | 2.39%  | -19.91% | 3.23%  | 4.95%  | -4.45% | 0.92%  | 6.08%  |
| Nov  |        | -2.09% | 2.36%  | 0.32%  | -2.45% | 2.25%  | 1.86%  | -3.54%  | 1.74%  | 1.86%  | -1.47%  | -3.29% | 2.48%  | 5.86%  | 5.55%  | 4.32%  |
| Dec  |        | 3.71%  | 3.67%  | -1.51% | -3.42% | 2.64%  | -0.23% | -3.30%  | 3.36%  | 6.89%  | 1.59%   | 0.05%  | 4.07%  | 3.19%  | 0.81%  | 7.96%  |
| Year | -1.79% | 1.55%  | -0.07% | 8.67%  | -5.09% | 16.47% | 14.78% | -11.70% | 19.46% | 84.18% | -40.25% | 9.99%  | 14.72% | 27.12% | 20.20% | 48.91% |

This statistical information is intended to provide you with information about the Vertex Fund. Advertised performance is based on Class A shares. 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.

### Corporate Profile

We are an independent investment firm that seeks to offer investors a different approach to fund management, one based on capital preservation in both good and bad markets. Through seven funds we offer investors a full spectrum of risk and return profiles, actively managed by asset class and strategy exposure. Vertex employees are collectively the largest investors across its funds.

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