

# 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)
13.41%	1124.23%	68.20%	10.18%

## 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

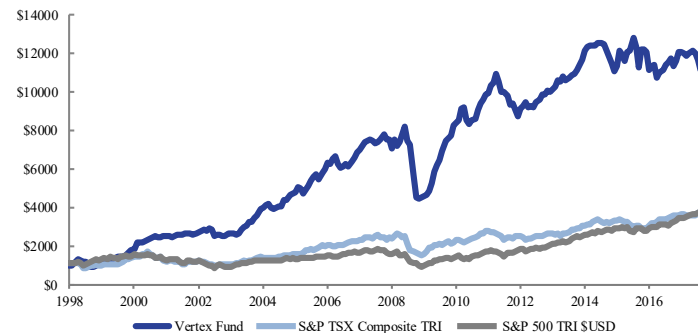
The portfolio has an event-driven focus, wherein catalysts are identified that will likely have an impact on a company's stock price or capital structure. Throughout an economic cycle, different strategies will provide more favourable risk/reward trade-offs, permitting opportunities for reallocating 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	3.71%	1.11%	1.20%
Year to date	1.55%	21.83%	9.10%
1 year	1.55%	21.83%	9.10%
3 year	3.32%	11.41%	6.59%
5 year	4.04%	15.79%	8.63%
10 year	4.97%	8.50%	4.65%
15 year	10.81%	9.92%	9.02%
Since Inception	13.41%	7.17%	6.45%
Cumulative Return	1124.23%	296.96%	289.02%

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



## Calendar Year Returns

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Vertex Fund</b>	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%	-2.44%
<b>S&amp;P 500 (\$USD)</b>	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%	-22.10%
<b>S&amp;P/TSX</b>	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%	-12.44%

<b>Firm Assets</b>	<b>\$1.34 Billion</b>
<b>Fund Assets</b>	<b>\$483 Million</b>
<b>Type of Fund</b>	<b>Opportunistic</b>
<b>RSP Eligible</b>	<b>Yes</b>
<b>Pricing Schedule</b>	<b>Monthly</b>
<b>Offer Document</b>	<b>Offering Memorandum</b>
<b>Lock up</b>	<b>No</b>
<b>Redemption Fee</b>	<b>On DSC Class</b>
<b>High water mark</b>	<b>Yes</b>
<b>Performance Fee</b>	<b>20% of the amount above the high water mark</b>
<b>Management Fee</b>	<b>B: 2% F: 1%</b>
<b>Fund Codes</b>	<b>VRT 301(F), VRT 302(B) VRT 303(DSC)</b>
<b>Administration/Trustee</b>	<b>CIBC Mellon</b>
<b>Prime Broker</b>	<b>TD Securities Inc.</b>
<b>Auditor</b>	<b>PriceWaterhouseCoopers</b>
<b>Inception Date</b>	<b>February 6, 1998</b>
<b>NAVPU - Class A</b>	<b>\$68.4153</b>
<b>NAVPU - Class B</b>	<b>\$9.8315</b>
<b>NAVPU - Class F</b>	<b>\$64.9952</b>

**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**

Samuel Beckett's play from the 1950's, Waiting for Godot, is what our investment results have felt like this year. The anticipation is there, but we've yet to be rewarded with our repositioned portfolio. Over the last 6 months the Vertex Fund hasn't seen much love in terms of flat returns – though our 1 Year return still shows a strong 7.84%.

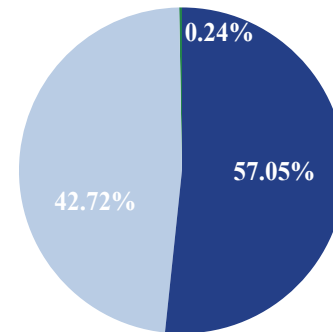
We have converted our largest position, Franco Nevada warrants, to common shares. Franco now holds a more modest weight of 4% within the portfolio. On a delta basis, the Vertex Fund's new largest position is AIG warrants, though the actual weight in the portfolio is slightly less than 5%. Since its bankruptcy during the financial crisis, AIG International Group has had its share of CEOs. Apart from one CEO who unfortunately died prematurely, none have truly understood the company in which they steered, until now. Brian Duperreault became the new president and CEO of AIG in May of 2017. In only the first few weeks of his position he followed through with buying five million dollars worth of shares in AIG (in addition to the options he received in his remuneration package). Like Jamie Dimon's prescient purchase of J.P. Morgan's shares near the bottom, we like CEOs who eat their own cooking. With a stock that currently trades at around \$65, which is \$35 below its \$100 book value. We believe the company will earn \$10 per share by 2019, so a 12x multiple on those earnings will lead to an AIG stock price such that the AIG warrants we own will triple in value over the next two years.

**15-Year, Historical Monthly Performance**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Jan	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%	1.82%
Feb	-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%	0.96%
Mar	-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%	3.26%
Apr	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%	-2.13%
May	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%	4.23%
Jun	-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%	-2.23%
Jul	-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%	-11.93%
Aug	-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%	4.01%
Sep	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%	-0.94%
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%	-1.54%
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%	-1.90%
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%	5.16%
Year	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%	-2.44%

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.

**Geographic Allocation**



■ Canada ■ EUR ■ United States

	Fund	S&P 500	TSX TRI
Std. Deviation	16.10%	14.90%	14.60%
Sharpe Ratio	0.77	0.44	0.44

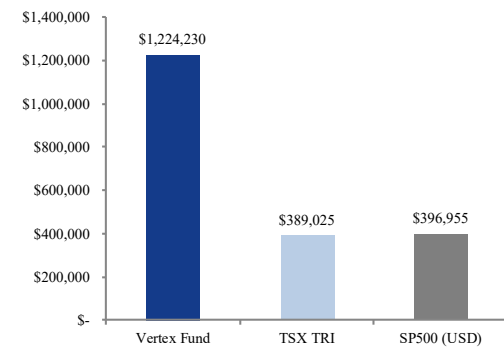
rf = LIBOR, 1M, USD

	Relative to S&P TSX	Relative to S&P 500
Monthly Alpha	0.67%	0.80%
Annualized Alpha	8.38%	10.18%
Beta	0.74	0.53
Correlation	0.68	0.49

**Net Strategy Allocations**

Strategy	Long	Short	Net
Long/Short	95.46	-0.50	94.96
Merger Arbitrage	5.62	-0.25	5.37
High Yield	6.89	0.00	6.89
Private	6.18	0.00	6.18
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	-2.81	-2.81
Total	114.15	-3.56	110.59

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



**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 six 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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