

# 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)
10.09%	677.42%	67.19%	6.90%

## 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

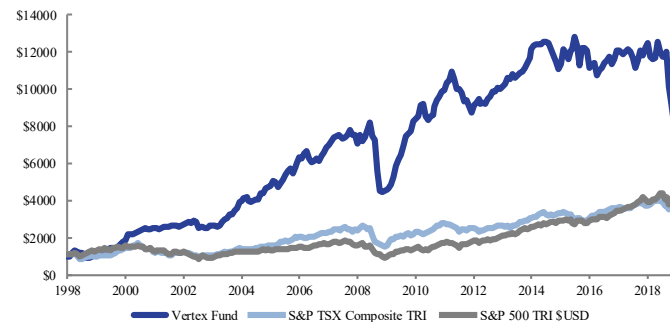
The portfolio has an event-driven focus, wherein catalysts are identified that will likely have an impact on a company's stock price or capital structure. Throughout an economic cycle, different strategies will provide more favourable risk/reward trade-offs, permitting opportunities for reallocating 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	-9.30%	-6.35%	-3.06%
Year to date	-5.24%	10.73%	13.36%
1 year	-37.94%	3.78%	3.03%
3 year	-11.03%	11.72%	7.62%
5 year	-8.90%	9.66%	4.98%
10 year	2.85%	13.95%	7.56%
15 year	4.61%	8.40%	7.33%
Since Inception	10.09%	6.96%	6.17%
Cumulative Return	677.42%	320.30%	301.81%

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



### Calendar Year Returns

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Vertex Fund</b>	-5.24%	-32.98%	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%
<b>S&amp;P 500 (\$USD)</b>	10.73%	-4.38%	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%
<b>S&amp;P/TSX</b>	13.36%	-8.89%	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%

<b>Firm Assets</b>	\$824 Million
<b>Fund Assets</b>	\$181 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) 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>	\$43.4457
<b>NAVPU - Class B</b>	\$6.1493
<b>NAVPU - Class F</b>	\$41.2732

**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.

**Commentary**

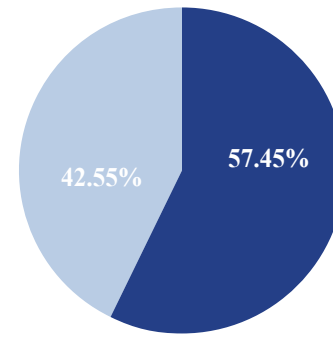
After the beating our equity funds took in the fourth quarter of 2018, our phones have not been this busy since the financial crisis of 2008. As long-time investors might recall, the Vertex Fund's 2008 Q4 Report was aptly titled Annus Horribilis. It once again seems appropriate to quote Queen Elizabeth II, as the tail end of 2018 was indeed "Annus Horribilis". That being said, aspects of 2019 are also beginning to look a lot like 2009.

In early 2009, we significantly reduced the portfolio's M&A exposure in favor of high-yield debt. Similarly, we have seen some interesting opportunities emerge in the high-yield space in the first quarter of 2019, leading us to reduce our M&A exposure.

While equity markets have mostly rebounded after the difficult end to 2018, one massive opportunity has remained in the form of high-yielding equities. Unlike in 2009 where we saw opportunity in acquiring the debt of bankrupt banks, we believe that the opportunity today lies in high quality, blue-chip equities. These companies – most of whom offer decades of steady dividend growth – have seen their valuations cut deeply enough with their dividend yields well above 5%.

Today, as in 2009, we continue to maintain a nimble and long-term investment perspective as we strive to build a resilient and unique portfolio. As always, we appreciate your support and invite you to contact our team with any questions about your investments.

**Geographic Allocation**



■ Canada ■ United States

	Fund	S&P 500	TSX TRI
Std. Deviation	16.67%	14.96%	14.45%
Sharpe Ratio	0.52	0.36	0.36

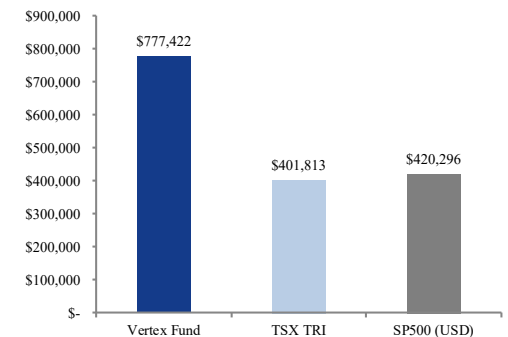
rf = LIBOR, 1M, USD

	Relative to S&P TSX	Relative to S&P 500
Monthly Alpha	0.44%	0.56%
Annualized Alpha	5.40%	6.90%
Beta	0.76	0.56
Correlation	0.66	0.50

**Net Strategy Allocations**

Strategy	Long	Short	Net
Long/Short	64.72	-0.06	64.66
Merger Arbitrage	17.96	0.00	17.96
High Yield	21.62	0.00	21.62
Private	7.66	0.00	7.66
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	-5.53	-5.53
<b>Total</b>	<b>111.96</b>	<b>-5.59</b>	<b>106.37</b>

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



**15-Year, Historical Monthly Performance**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Jan	0.27%	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%
Feb	2.02%	-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%
Mar	1.91%	-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%
Apr	0.21%	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%
May	-9.30%	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%
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%	
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%	
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%	
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%	
Oct	-15.41%	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%	
Nov	-9.53%	-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%	
Dec	-10.84%	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%	
Year	-5.24%	-32.98%	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%

**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. 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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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.