

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) |
| 10.68% | 755.34% | 67.32% | 7.42% |

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

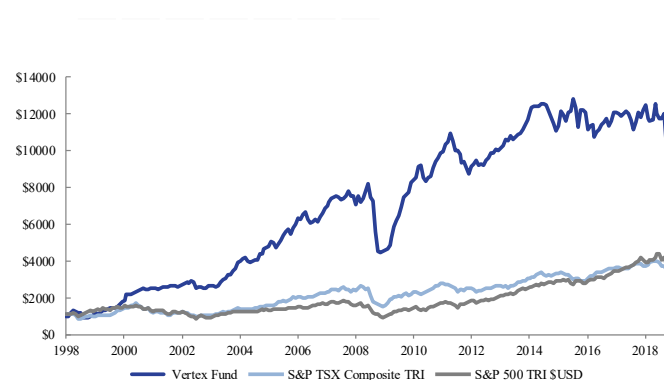
The portfolio has an event-driven focus, wherein catalysts are identified that will likely have an impact on a company's stock price or capital structure. Throughout an economic cycle, different strategies will provide more favourable risk/reward trade-offs, permitting opportunities for reallocating 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 | 1.91% | 1.94% | 1.01% |
| Year to date | 4.26% | 13.65% | 13.29% |
| 1 year | -26.33% | 9.50% | 8.11% |
| 3 year | -9.08% | 13.51% | 9.26% |
| 5 year | -7.17% | 10.91% | 5.44% |
| 10 year | 5.78% | 15.92% | 9.49% |
| 15 year | 4.90% | 8.57% | 7.20% |
| Since Inception | 10.68% | 7.15% | 6.22% |
| Cumulative Return | 755.34% | 331.35% | 301.58% |

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 |
|----------------------------|--------|---------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|-------|--------|--------|--------|
| Vertex Fund | 4.26% | -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% |
| S&P 500 (\$USD) | 13.65% | -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% |
| S&P/TSX | 13.29% | -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% |

| | |
|-------------------------------|---|
| Firm Assets | \$887 Million |
| Fund Assets | \$211 Million |
| Type of Fund | Opportunistic |
| RSP Eligible | Yes |
| Pricing Schedule | Monthly |
| Offer Document | Offering Memorandum |
| Lock up | No |
| Redemption Fee | On DSC Class |
| High water mark | Yes |
| Performance Fee | 20% of the amount above the high water mark |
| Management Fee | B: 2% F: 1% |
| Fund Codes | VRT 301(F), VRT 302(B) VRT 303(DSC) |
| Administration/Trustee | CIBC Mellon |
| Prime Broker | TD Securities Inc. |
| Auditor | PriceWaterhouseCoopers |
| Inception Date | February 6, 1998 |
| NAVPU - Class A | \$47.8003 |
| NAVPU - Class B | \$6.7779 |
| NAVPU - Class F | \$45.4104 |

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.

Fourth Quarter Commentary

2018 had the appearance of a relatively uneventful year until October arrived like an uninvited guest. The perceived effects of eight interest rate hikes over a two-year period, combined with the Federal Reserve reducing its balance sheet by \$50 Billion-per-month, initiated a massive global sell-off. These were not new data points but once paired with an unpredictable trade-war it enacted fear-driven selling.

Each major selloff that we have had in the Vertex Fund in its 20 years (1998, 2008, and now 2018) has led us to the same conclusion: Merger Arbitrage (M&A). And after each selloff, the Fund has produced its best results (+69.25% in 1999, +84.18% in 2009, and TBD).

Our overweighting in energy was the biggest factor in our underperformance in 2018, particularly in the fourth quarter. We remain extremely bullish on these positions with our companies still cash flow positive at these lower oil prices. Even after the recession of 2008, global oil demand increased and the recent announcements from OPEC and the Alberta Government stepping-in to bring back order to the supply chain, reassures our optimism for 2019.

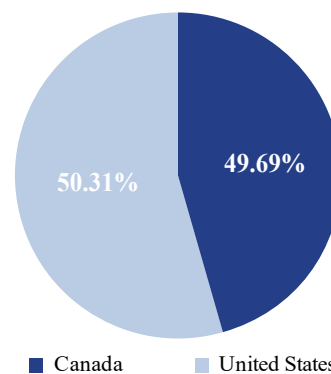
The other noteworthy weight in the portfolio is Special Purpose Acquisition Companies (SPAC's) which now sit at over 20% of our portfolio, led primarily by Chamath Palihapitiya's Social Capital Hedosophia. We recently spoke to management and we expect a deal to be announced in the first quarter of 2019.

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 | 0.46% | 1.18% | -5.59% | -3.07% | 0.22% | -0.93% | -2.47% | 4.51% | 0.80% | 8.07% | 2.09% | 2.09% | 1.56% | 1.52% | -4.36% | -4.11% |
| 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% | |
| 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 | 4.26% | -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% |

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 from 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 ■ United States

| | Fund | S&P 500 | TSX TRI |
|----------------|--------|---------|---------|
| Std. Deviation | 16.59% | 14.92% | 14.47% |
| Sharpe Ratio | 0.55 | 0.37 | 0.36 |

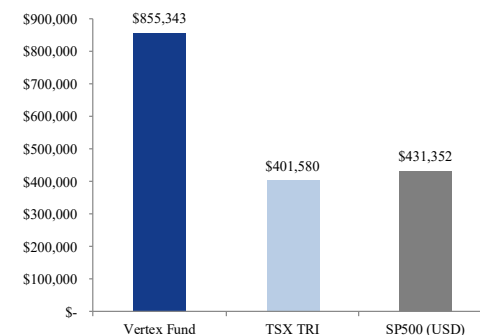
rf = LIBOR, 1M, USD

| | Relative to S&P TSX | Relative to S&P 500 |
|------------------|---------------------|---------------------|
| Monthly Alpha | 0.48% | 0.60% |
| Annualized Alpha | 5.94% | 7.42% |
| Beta | 0.76 | 0.55 |
| Correlation | 0.66 | 0.49 |

Net Strategy Allocations

| Strategy | Long | Short | Net |
|------------------------|--------|-------|--------|
| Long/Short | 69.63 | -1.20 | 68.43 |
| Merger Arbitrage | 25.23 | -3.17 | 22.06 |
| High Yield | 9.76 | 0.00 | 9.76 |
| Private | 6.90 | 0.00 | 6.90 |
| 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 | -3.68 | -3.68 |
| Total | 111.52 | -8.05 | 103.47 |

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. 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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