SIMPLIFIED PROSPECTUS FOR ALTERNATIVE MUTUAL FUNDS

January 11, 2019

OFFERING CLASS B, F, AND O UNITS OF:

VERTEX LIQUID ALTERNATIVE FUND

OFFERING CLASS B AND F UNITS OF:

VERTEX LIQUID ALTERNATIVE FUND PLUS
VERTEX CANADIAN EQUITY ALPHA FUND
VERTEX U.S. EQUITY ALPHA FUND
VERTEX BOND ALPHA FUND

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise. None of the securities described in this document nor the Funds are registered with the United States Securities and Exchange Commission.

TABLE OF CONTENTS

INTRODUCTION

This document contains selected important information about the Funds to help you make an informed investment decision and to help you understand your rights as an investor.

Throughout this simplified prospectus:

- ***We***, ***us***, ***our*** and ***Manager*** refers to Vertex One Asset Management Inc. ("**Vertex One**")
- ***Fund*** or ***Funds*** refers to one or more of the Vertex alternative mutual funds listed on the front cover of this document
- ***You*** and ***your*** refers to everyone who invests in the Funds
- ***Unit*** or ***Units*** refer to a unit or units of the Funds
- ***Unitholders*** refers to owners of units of the Funds
- ***Class*** or ***Classes*** refers to one or more classes of units of the Funds
- ***Dealer*** refers to the company where your registered representative works
- ***Registered representative*** refers to the representative registered in your province or territory who advises you on your investments
- ***Trustee*** refers to the trustee of the Funds, being CIBC Mellon Trust Company
- ***Agent Lender*** refers to the agent lender of the Funds, being The Bank of New York Mellon

This document is divided into two parts. The first part, from pages 1 to 29, contains general information applicable to all of the Funds. The second part, from pages 29 to 53, contains specific information about each of the Funds described in this document.

Additional information about each Fund is available in the following documents:

- the annual information form
- the fund facts document
- the most recently filed annual financial statements
- any interim financial report filed after those annual financial statements
- the most recently filed annual management report of fund performance ("**MRFP**")
- any interim MRFP filed after the annual MRFP

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling toll free at 1-866-681-5787 or by contacting your registered representative.

These documents are also available on the Vertex One website at www.vertexone.com or by contacting us by e-mail at invest@vertexone.com. These documents and other information about the Funds are also available at www.sedar.com.

WHAT IS A MUTUAL FUND
AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

What is a mutual fund?

When you invest in a mutual fund, you pool your cash to make investments with many other people. On behalf of everyone who contributes, professional money managers use the cash to buy many different securities. These securities form the mutual fund's investment portfolio.

Mutual funds own different types of investments, depending on their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

The cash you contribute to a mutual fund buys you a number of units in the mutual fund and everyone who contributes to a mutual fund is called a unitholder. You share the mutual fund's income, expenses and capital gains or losses in proportion to the number of units you own, except with respect to class specific expenses.

A mutual fund may issue units in one or more classes. A class of units may be viewed as a subdivision of the mutual fund for certain purposes (e.g., calculation of management fees), but for other purposes (e.g., investment activity and common expenses) the mutual fund remains undivided. See page 16, *Purchases, Switches and Redemptions – Classes of Units,* for more information.

In Canada, a mutual fund can be established either as a mutual fund trust or as a mutual fund corporation. Each Fund described in this simplified prospectus is established as a trust.

What are the advantages of investing in a mutual fund?

Investing in a mutual fund has several advantages over investing on your own in individual stocks, bonds and money market instruments:

- *Professional money management* – Professional advisors have the skills, tools and the time to perform research and to make decisions about which investments to buy, hold or sell.
- *Diversification* – Investment values are always changing. Owning several investments can improve long-term results as the ones that increase in value can compensate for those that do not.
- *Liquidity* – Units may be redeemed at any time. In some cases this may result in a short-term trading fee.
- *Record-keeping and reporting* – Records of your interest are kept and you are sent financial statements, tax slips and receipts when required by applicable law.

What are the general risks of investing in a mutual fund?

Risk is the chance that your investment may not perform over a certain time period. There are different degrees and types of risks however, in general, the more risk you are willing to accept as an investor, the higher the potential returns and the greater the potential losses.

Units of the mutual funds are purchased and sold at the relevant class net asset value ("**NAV**") per unit. The NAV of the Funds, and the price of the Units, will fluctuate on a daily basis with changes in the market value of the particular Fund's investments. The values may change for a variety of reasons, including, but not limited to, changes in interest rates, economic conditions, market activity and company news. As a result, the value of your investment in a Fund may be more or less when you redeem it than when you purchased it.

Your investment is not guaranteed – The full amount of your investment in the Funds is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

To withdraw your investment, you simply redeem your Units at the prevailing class NAV per Unit. Under exceptional circumstances, a mutual fund may not allow you to redeem your units. See *Purchases, Switches and Redemptions – How to Redeem Units of the Funds – Redemption suspensions* on page 16 for details.

What are the specific risks of investing in a mutual fund?

In addition to the general risks of mutual fund investing, each mutual fund carries specific risks depending on its particular investments and strategies. Below, we describe the specific risks that can affect the value of your investment in the Funds.

Each investor has a different tolerance for risk. Some investors are significantly more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals.

Investment in the Funds is speculative due to the nature of the Funds' business and involves certain risk factors. There is no guarantee that an investment in the Funds will earn any positive return in the short or long term and investors must be able to bear the risk of a complete loss of their investment. The following risks should be carefully evaluated by prospective investors.

Each Fund is considered an "alternative mutual fund" meaning that under National Instrument 81-102 *Investment Funds* ("**NI 81-102**"), it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, the ability to invest up to 100% or more of its NAV in physical commodities, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and ability to use leverage with gross aggregate exposure to borrowing, short selling and specified derivatives up to 300% of its NAV, among other things. For most information regarding the risks associated with these strategies, please see "Concentration Risk", "Commodity Risk", "Derivatives Risk", "Leverage Risk" and "Short Selling Risk" below.

Concentration Risk

Each Fund may concentrate its investments in a relatively small number of securities, certain sectors or specific regions or countries. This may result in higher volatility, as the value of the fund will vary more in response to changes in the market value of these securities, sectors, regions or countries. Each of the Funds is subject to certain standard investment restrictions and practices contained in securities legislation, including NI 81-102. The Funds are subject to increased concentration risk as they are permitted to invest up to 20% of their NAV in the securities of a single issuer.

Credit Risk

Credit risk is comprised of default risk, credit spread risk, downgrade risk and collateral risk.

- **Default risk** is the risk that the issuer will not be able to pay the obligation, either on time or at all. Generally, lower quality debt securities involve a greater risk of default on interest and/or principal payments.

- **Credit spread risk** is the risk that there will be an increase in the difference between the interest rate of an issuer's bond and the interest rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between these interest rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of debt securities.

- **Downgrade risk** is the risk that a specialized credit rating agency, such as DBRS (Dominion Bond Rating Services), Standard & Poor's or Moody's Investors Services, will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those debt securities.

- **Collateral risk** is the risk that the value of any assets securing an issuer's obligation may be deficient or difficult to liquidate. As a result, the value of those debt securities may decline significantly in value.

Each can have a negative impact on the value of a debt security.

Leverage Risk

The Fund may leverage its investment positions by borrowing funds. Leverage increases both the potential return and the risk of loss on any investment position. The Funds are subject to a gross aggregate exposure limit of 300% of their NAV which is the sum of its derivative (excluding hedging activity), shorting, and borrowing activities measured on a daily basis. This will operate to limit the extent to which the Funds are leveraged.

Commodity Risk

If any of the Funds invest in natural resource companies or in income or royalty trusts based on commodities, such as oil and gas, it will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move dramatically in short periods of time. In addition, new discoveries or changes in government regulations can affect the price of commodities. The Funds are permitted to invest up to 100% of their NAV in physical commodities.

Currency Risk

The Funds' assets and liabilities are valued in Canadian dollars. When a Fund buys foreign securities, however, they are purchased with foreign currency. The U.S. dollar and the Euro, for example, both fluctuate in value against the Canadian dollar. An unfavourable move in the exchange rate for either currency may reduce, or even eliminate, any return on an investment priced in that currency. The opposite can also be true, as a Fund can benefit from changes in exchange rates.

The Funds may own securities denominated in foreign currencies. Vertex One will have the discretion to decide the extent to which the currency risk may be hedged back to the Canadian dollar. See *Derivative Risk* below.

In addition to the exchange rate risk, there is also a risk that certain foreign governments may restrict the ability to exchange currencies. Our ability to make distributions or process redemptions assumes the continuing free exchange of the currencies in which the Fund is invested.

Cybersecurity Risk

As the use of technology has become more prevalent in the course of business, the Funds have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a Fund to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause a Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to a Fund's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of a Fund's third party service providers (e.g., administrators, transfer agents, custodians and sub-advisers) or of issuers that a Fund invests in can also subject a Fund to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Funds have established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Funds do not directly control the cyber security systems of issuers or third party service providers.

Derivative Risk

Derivatives may be used to limit or hedge potential losses associated with currencies, stock markets and interest rates. Derivatives may also be used for non-hedging purposes: to reduce transaction costs, achieve greater liquidity, leverage, and create effective exposure to financial markets, or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:

- The hedging strategy may not be effective.
- There is no guarantee a liquid market will exist when a Fund wants to buy or sell the derivative contract.
- A large percentage of the assets of a fund may be placed on deposit with one or more counterparties as margin, which exposes the underlying fund to the credit risk of those counterparties.
- There is no guarantee that an acceptable counterparty will be willing to enter into the derivative contracts.
- The counterparty to the derivative contract may not be able to meet its obligations. A Fund may engage in derivatives trades with certain counterparties that do not have a "designated rating" under NI 81-102, which may increase the risk that such counterparty may fail to perform its obligations, resulting in a loss to a Fund.

- The exchanges on which the derivative contracts are traded may set daily trading limits, preventing the Fund from closing out a particular contract.

- If an exchange halts trading in any particular derivative contract, a fund may not be able to close out its position in that contract.

- The price of a derivative may not accurately reflect the value of the underlying security or index.

Arbitrage Risk

Arbitrage investing involves the risk that an expected corporate transaction will not be consummated as expected and the Fund will experience a loss.

Hedging Risk

Merger transactions frequently include the issuance of stock by the acquirer with a fixed ratio of shares for each share of the target company. To the extent the Manager does not hedge using precisely this ratio the Fund will be exposed to unintended gains or losses. Furthermore, some transactions do not have a fixed ratio and require an assessment by the Manager of the correct correlation which may prove to be inaccurate and lead to imperfect hedging.

SPAC Risk

The Funds may invest a portion of its assets in the stock, warrants, and other securities of special purpose acquisition companies ("**SPACs**") or similar special purpose entities that raise funds for the sole purpose of seeking potential acquisition opportunities. All assets (net of operating expenses) of the SPAC are invested in government securities, money market fund securities and/or cash until an acquisition is completed. Once the SPAC identifies a transaction, common holders have the right to vote on the transaction and also to decide whether to roll their equity in the transaction or redeem shares for their pro rata share of the escrow account holdings. Should the SPAC be unable to complete an acquisition that meets its defined requirements within a pre-established period of time, the invested funds are returned to the entity's shareholders. SPACs may have specific risks, including increased volatility, associated with the regions or industries for which they pursue an acquisition. Since a SPAC is a new entity created for the purpose of acquiring another company or entity, it may have limited or no business operating history; this makes the pricing and liquidity of the security dependent on management's ability to source and complete a profitable acquisition. Furthermore, these securities may trade in the over-the-counter market which may have associated issues with price sourcing and illiquidity.

Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. Mutual funds that purchase equities become part owners in these companies. The price of a stock is influenced by the company's performance outlook, market activity and the larger economic picture. When the economy is expanding, the outlook for many companies will generally be good and the value of their stocks should rise. The opposite may also be true. Usually, the greater the potential reward, the greater the risk.

For small companies, start-ups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. The share price of such companies is often more volatile than the share price of larger, more established companies. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance.

Investing in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, carry varying degrees of risk depending on the sector and the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors. Certain convertible securities may also be subject to interest rate risk.

Foreign Market Risk

The Funds may invest in securities sold outside Canada and the U.S. The value of foreign securities, and the NAV of a particular Fund, may fluctuate more than Canadian and U.S. investments because:

- Companies outside Canada and the U.S. may not be subject to the same regulations, standards, reporting practices and disclosure requirements that apply in Canada and the U.S.
- Some foreign markets may not be as well regulated as Canadian and U.S. markets and their laws might make it difficult to protect investor rights.
- Political instability, social unrest, diplomatic developments or political corruption in foreign countries could affect securities held by a fund.
- There is a chance that foreign securities may be highly taxed or that government-imposed exchange controls may prevent a fund from taking money out of the country.
- In addition, changes to foreign currency exchange rates will affect the value of securities held by a fund. See *Currency Risk* above.

Government Regulation Risk

Government policies or regulations are more prevalent in some sectors, such as health sciences or telecommunications, than in others, and if a fund invests in these sectors, it may be affected when these regulations or policies change.

Fund of Fund Risk

The Fund may invest in, or obtain derivative exposure to, other mutual funds and/or exchange-traded funds. This exposes the Fund to the risks associated with the underlying fund(s).

Interest Rate Risk

Fixed-income securities, which include bonds, treasury bills and commercial paper, pay a fixed rate of interest. Each Fund may have an allocation to fixed income securities and the value of the fixed income securities will rise and fall as interest rates change. This will impact the NAV of the particular Fund. Fixed income securities generally pay interest based on the level of rates at the time the securities were issued.

Subsequent changes to the level of interest rates will then impact the price of those previously issued securities. For example, when interest rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing interest rates. Conversely, if interest rates rise, the value of an existing bond will fall. The value of debt securities that pay a floating or variable rate of interest are generally less price sensitive to interest rate changes.

Large Transaction Risk

Any large transaction made by an institutional or individual investor could significantly impact a fund's cash flow. If the investor buys large amounts of units of a particular fund, the fund could temporarily have a high cash balance. Conversely, if the investor redeems large amounts of units of a particular fund, the fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of your investment.

Large Investor Risk

Investors may make large investments in a Fund. Large purchases and redemptions may result in the Fund maintaining an abnormally high cash balance, large sales of portfolio securities, impacting market value; increased transaction costs (e.g., commissions), or capital gains being realized, which may increase taxable distributions to investors. If this should occur, returns to investors may also be adversely affected.

Derivative Agreement Risk

Regulatory changes or market conditions may, in the future, limit a Fund's ability to increase its exposure through existing derivative agreements or to enter into new derivative agreements, and may require that the Fund reduce or eliminate its existing exposure, possibly to an extent that is prohibitively expensive, in which case the Fund may determine that it is in the best interest of the Fund to terminate the derivative agreement. There is no assurance that a Fund will be able to maintain or increase its exposure under derivative agreements on acceptable terms with a counterparty or any other substitute counterparty.

Derivative Counterparty Risk

Each of the Funds will pledge cash up to the value of the amount payable by the Fund under a derivative agreement as security in order to secure its obligations under each of the derivative agreements that the Fund is a party to. The counterparty will pledge securities to the Fund (which may include units of the reference fund) or enter into another collateral arrangement to fully secure its obligations to the Fund under derivative agreements.

The Fund's counterparty credit risk is limited to an amount up to 10% of the total assets of the Fund in accordance with NI 81-102. Each counterparty will at all times be a Schedule I bank as defined in the *Bank Act* (Canada). Should the credit rating of a counterparty fall below the approved credit rating as set out in NI 81-102, the Fund has the option to terminate the transaction early.

The possibility exists that the counterparty will default on its obligations under a derivative agreement in which case the Fund will not receive delivery of units of the reference fund or the return of collateral pledged as security.

Rebalancing Risk

Rebalancing risk arises when the weights of two or more components of an overall portfolio are to be kept in a specific ratio, but the independent movement of each in the market demands that some of the components be bought or sold in order to restore the ratio back to its desired level. The greater the volatility of the components the greater the potential rebalancing required and this leads to performance degradation over time.

Liquidity Risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. Vertex One may invest in small and medium sized companies whose shares typically trade in much lower volumes than larger companies. In such cases, if Vertex One needs or wants to sell such securities promptly, Vertex One may not be able to on a timely basis. As a result, in order to sell this type of holding, a Fund may need to discount the securities from recent prices or dispose of the securities over a long period of time. Accordingly, the value of such securities is subject to greater fluctuation since they may not regularly trade.

By comparison, an illiquid asset is more difficult to convert in this manner. There can be a number of reasons that an asset or a security is not liquid. For example, some issuers may be less well known or have fewer securities outstanding. A security or asset can also be considered to be illiquid because the pool of potential buyers is smaller. Sometimes securities are restricted in the sense that resales are prohibited by a promise or agreement made by the holder of the securities.

Liquidity risk refers to the possibility that an asset is not able to be sold on an organized market for a price that approximates the amount at which we value the same asset for purposes of calculating the NAV per unit of each fund. If that were to occur, then the NAV of the units you would redeem may be lower than reasonably anticipated.

Prepayment Risk

Many types of debt securities, including some mortgage backed securities and floating rate debt instruments, allow the issuer to prepay principal prior to maturity. Debt securities subject to prepayment risk can offer less income and/or potential for capital gains.

Repurchase and Reverse Repurchase Transactions and Securities Lending Risk

Sometimes a Fund may enter into what are called repurchase transactions, reverse repurchase transactions and securities lending agreements. In a repurchase transaction, the Fund sells a security at one price to a third party for cash and agrees to buy the same security back from the same party for cash at a set price at a set future date. It is a way for the fund to borrow short-term cash and earn fees. In a reverse repurchase transaction, the Fund buys a security at one price from a third party and agrees to sell the same security back to the same party at a higher price later on. It is a way for the Fund to earn a profit (or interest) and for the other party to borrow some short-term cash. A securities lending agreement is similar to a repurchase agreement, except that instead of selling the security and agreeing to buy it back later, the Fund loans the security to a third party for a fee and can demand the return of the security at any time. While the securities are on loan, the borrower provides the Fund with collateral consisting of a combination of cash and securities.

The risks with these types of transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus interest, if the market value of the security has dropped. In the case of a repurchase or a securities lending transaction, the Fund could incur a loss if the value of the security sold or loaned has increased more than the value of the cash or collateral held.

Business Risk

While Vertex One believes that each of the Funds' investment policies will be successful over the long term, there can be no guarantee against losses resulting from an investment in units of the Funds and there can be no assurance that the Funds' investment approach will be successful or that its investment objectives will be attained. It is possible that each Fund could realize substantial losses, rather than gains, from some or all of the investments described herein.

Operational Risk

Operating risks are broadly defined as the risks associated with implementing and supporting the operating requirements of the fund, including middle office and back office functions such as trade processing, accounting, administration, reporting and valuation. If the Manager's internal systems or the service provider's external systems of control are deficient, then the fund may be exposed to unintended potential losses.

Risks Relating to Index Replication Strategies

The Vertex Canadian Equity Alpha Fund, the Vertex U.S. Equity Alpha Fund and the Vertex Bond Alpha Fund each enter into derivative contracts or invest in exchange traded funds that are intended to replicate the return of the underlying index benchmark of the Fund (the S&P/TSX 60 Total Return Index, the S&P 500 Net Total Return Index – CAD and the FTSE TMX Canada Universe Bond Index, respectively, or similar indices chosen at the manager's discretion). In each case, the Funds do not invest in these underlying indexes directly and, accordingly, the investment will not replicate exactly the performance of the underlying index. This may lead to differences between the performance of the derivative contracts or exchange traded funds that are intended to replicate the return of the underlying index of the Fund, and the performance of the Fund's underlying index itself.

Taxation Risk

The value of investments and the proceeds from investments are affected significantly by the taxation laws and policies applicable to the investment. Taxation laws are set by government, are subject to change from time to time without notice and such changes are beyond the control of the Manager. There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

If a Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes (which could result in the Fund being subject to tax unless it distributes its income and capital gains prior to such year-end), and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a Fund will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the affiliated persons rules contained in the *Income Tax Act* (Canada) (the "**Tax Act**"), with appropriate modifications. Generally, a majority-interest beneficiary of a Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority interest beneficiary, and a group of persons is deemed not to become a majority interest group of beneficiaries, of a Fund if the Fund qualifies as an "investment fund" under the rules including that it meets certain investment requirements.

Tax Treatment of Derivative Agreement Risk

Each of the Vertex Liquid Alternative Fund Plus, Vertex Canadian Equity Alpha Fund, Vertex Bond Alpha Fund and Vertex Liquid Alternative Fund Plus will utilize an investment strategy whereby it will enter into a derivative agreement pursuant to which it will agree to acquire from the relevant counterparty Units of its corresponding reference fund at a specified future date at a price equal to the price of such Units at the date the derivative is entered into.

In determining its income for tax purposes, each of the aforementioned Funds will not treat the acquisition of Units of the reference fund under a derivative agreement as a taxable event and will treat the cost of the Units of the reference fund so acquired as being the portion of the purchase price payable under the derivative agreement attributable to such Units of the reference fund. Depending on the value of the Units of the reference fund at the time they are acquired, such Units may therefore have an accrued gain or loss. A Fund will redeem such Units and will realize such accrued gain or, subject to the suspended loss rules, accrued loss, which the Fund will treat as a capital gain or a capital loss. The “suspended loss” rules in the Tax Act will prevent a Fund from recognizing capital losses on the disposition of Units of the reference fund in certain circumstances. In such cases, the denied capital losses will not be available to offset taxable capital gains of the Fund until a later date, if at all, which may increase the amount of net realized capital gains to be distributed to Unitholders.

If a derivative agreement entered into by a Fund were considered to give rise to a “derivative forward agreement” (“**DFA**”) under the Tax Act, on delivery of the Units of the reference fund to the Fund by the counterparty, the Fund would be required to include (deduct) in computing income the amount by which the fair market value of the Units of the reference fund at such time exceeded (was exceeded by) the purchase price of the Units except to the extent attributable to revenue, income or cash flow in respect of the reference fund Units over the term of the agreement or changes in the fair market value of the reference fund Units. In such circumstances, the cost of the reference fund Units would be increased (decreased) by the amount included (deductible) in computing income and any capital gain or loss on the redemption of the reference fund Units would be determined with respect to such cost.

No advance income tax ruling has been requested or obtained from the Canada Revenue Agency (“**CRA**”) regarding the timing or characterization of a Fund’s income, gains or losses. If a Fund were not a “mutual fund trust” within the meaning of the Tax Act and were found to be a “trader or dealer in securities”, or if its corresponding reference fund were not a “mutual fund trust” within the meaning of the Tax Act, or if, whether through the application of the general anti-avoidance rule or otherwise, or as a result of a change of law, the acquisition of Units of the reference fund by a Fund under a derivative agreement were a taxable event, the character or timing of any gain on the redemption of Units of the reference fund acquired by the Fund under the derivative agreement were other than a capital gain on the redemption of such Units, or the derivative agreement were a DFA, the after-tax return of Unitholders could be reduced and the Fund could be subject to non-refundable income tax which would reduce the value of Unitholders’ investments.

If the counterparty under a derivative agreement and a Fund were not considered to deal at arm’s length for purposes of the Tax Act when the counterparty delivers Units of the reference fund to the Fund and the Units would otherwise have a cost greater than the fair market value of such Units, the cost of such Units of the reference fund will be deemed to be such fair market value and any capital losses of the Fund that would otherwise result from the subsequent redemption of such Units by the Fund would be denied. Any such denied capital losses would not be available to offset taxable capital gains of the Fund and the Fund could potentially be subject to non-refundable income tax.

Net Asset Value

The NAV of each class of units that comprise a particular Fund will fluctuate with changes in the market value of the investments attributable to that class. Such changes in market value may occur as a result of various factors, including those factors identified above with respect to international investments and emerging market securities and material changes in the intrinsic value of an issuer whose securities are held by the particular Fund.

Short Selling Risk

A short sale by a mutual fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the mutual fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the mutual fund borrows the securities and the time it repurchases and returns the securities to the lender, the mutual fund makes a profit on the difference (less any interest the mutual fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for a mutual fund. Securities sold short may instead appreciate in value creating a loss for a mutual fund. Unlike a purchase of a share where the maximum amount of the loss is the amount invested, the size of the loss in respect of a short sale is not limited as there is no limit on the amount a security sold short may increase in value. A mutual fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom a mutual fund has borrowed securities may go bankrupt and a mutual fund may lose the collateral it has deposited with the lender. The Funds are permitted to sell securities short up to a maximum of 50% of their NAV.

Portfolio Turnover

The operation of a Fund may result in a high annual portfolio turnover rate. Portfolio securities may be sold without regard to the time they have been held when, in the opinion of Vertex One, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate of turnover (e.g., greater transaction costs such as brokerage fees). A portfolio rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the chance that a distribution from the funds must be included in computing your income for tax purposes for that year.

Conflicts of Interest

Each Fund may be subject to various conflicts of interest due to the fact that Vertex One is engaged in a wide variety of management, advisory and other business activities. Vertex One's investment decisions for each Fund will be made independently of those made for the other Funds and other clients of Vertex One and independently of its own investments. However, on occasion, Vertex One may make the same investment for a Fund and one or more of the other Funds or its other clients. Where the particular Fund and one or more of the other Funds or clients of Vertex One are engaged in the purchase or sale of the same security, the transaction will be effected on an equitable basis. Vertex One will allocate opportunities to make and dispose of investments equitably among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the particular Fund and the other Funds or clients under common management and such other factors as Vertex One considers relevant in the circumstances.

Involvement in Other and Competing Activities

Vertex One, its officers, directors, employees, or shareholders and their respective affiliates and associates are not limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Funds. Investment in a Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of Vertex One or its affiliates or associates or to any profit therefrom or to any interest therein. Vertex One may have a conflict of interest in carrying out its obligations to each Fund as a result of its involvement in competing activities.

Competition for Services

Each Fund will not have independent management and will rely upon Vertex One to manage the business of the particular Fund and to provide managerial skill. The directors and officers of Vertex One may have a conflict of interest in allocating their time between the business of Vertex One and each Fund, and other businesses or projects in which they may become involved. The directors and officers of Vertex One have, however, agreed to devote as much time to each Fund as is required for the effective management of each Fund.

Reliance on Management

The success of each Fund will be entirely dependent upon the efforts of Vertex One.

No Assurance of Return

Although Vertex One will use its best efforts to achieve superior rates of return for each Fund, no assurance can be given in this regard. An investment in units should be considered as speculative and investors must be able to bear the risk of a complete loss of their investment.

Lack of Separate Counsel

Counsel for the Funds in connection with this offering is also counsel to Vertex One. The Unitholders, as a group, have not been represented by separate counsel and counsel for the Funds and Vertex One does not purport to have acted for the Unitholders or to have conducted any investigation or review on their behalf.

Limited Resources of Manager

Vertex One has no obligation to fund any operating deficits resulting from the business of each Fund or to advance funds to continue the business operations of each Fund. Even if Vertex One should elect to do so voluntarily or be held individually accountable by Fund creditors, its available assets will likely not be adequate to satisfy the capital needs of continuing business operations. Vertex One has no equity and, consequently no capital resources. If a particular Fund's revenues are insufficient to pay the Fund's expenses after expending the funds obtained from this Offering and if Vertex One does not advance such additional funds as may be needed by the particular Fund, the particular Fund may not be able to continue its business operations in the absence of an alternative source of financing, and there can be no assurance that such financing will be available to the particular Fund.

ORGANIZATION AND MANAGEMENT OF THE FUNDS

The table below identifies and describes the companies that are involved in managing or providing services to the Funds:

Manager	
VERTEX ONE ASSET MANAGEMENT INC. 3200-1021 West Hastings Street, Vancouver, British Columbia V6E 0C3	Vertex One is the Manager of the Funds and is responsible for managing the business and affairs of the Funds including providing all necessary investment management, clerical, administrative and operational services. For further information on the services we provide to the Funds in our role as Manager of the Funds, see *Fees and Expenses – Fees and Expenses Payable by the Fund – Management Fees* on page 21.
Trustee	
CIBC MELLON TRUST COMPANY Toronto, Ontario	When you purchase Units in a Fund, you are buying units of a trust. The Trustee holds title to the securities owned by the Funds and may provide other services to the Funds, including portfolio valuation and trust accounting. The Trustee has a fiduciary responsibility to act in the best interests of the Unitholders on the terms set out in the trust agreement governing the fund. The trust agreement provides for circumstances in which the Trustee, and other service providers, may rely on the Manager in carrying out their responsibilities.
Portfolio Adviser	
VERTEX ONE ASSET MANAGEMENT INC. Vancouver, British Columbia	As portfolio adviser, Vertex One manages the investment portfolios of the Funds, provides analysis and makes decisions relating to the investment of the assets of the Funds.
Custodian	
CIBC MELLON TRUST COMPANY Toronto, Ontario	The custodian holds the assets of the Funds in safekeeping.

Record-Keeper

CIBC MELLON GLOBAL SECURITIES SERVICES COMPANY
Toronto, Ontario

The record-keeper keeps a record of all Unitholders of each of the Funds, processes all of the purchases and redemptions of the Funds and issues investor statements and annual tax slips for investors.

The fund administrator provides financial data to assist in the completion of the Fund's audited financial statements. The fund administrator also produces and maintains the records which are the basis for the calculation of the NAV of the Funds.

Securities Agent Lender

THE BANK OF NEW YORK MELLON
Toronto, Ontario

The Agent Lender may, pursuant to the securities lending authorization agreement between the Manager, and the Agent Lender, participate in a securities lending program sponsored and administered by the Agent Lender, which shall qualify as a "securities lending arrangement" as defined in the Tax Act and, in connection therewith, the Trustee is authorized to release and deliver securities and return collateral received for loaned securities in accordance with the provisions of such securities lending program. The Agent Lender carries out its role within a program administered by CIBC Mellon Global Securities Services Company.

Prime Broker

CIBC WORLD MARKETS INC.
Toronto, Ontario

CIBC World Markets Inc. is the prime broker of the Fund. Pursuant to the terms of Prime Brokerage Agreement, CIBC World Markets Inc. is to provide margin financing, clearing, settlement, stock borrowing, options, cash sweeps into accounts and foreign exchange facilities. The Fund may also utilize other brokers and dealers for the purpose of executing transactions for the Fund.

Auditor

PRICEWATERHOUSECOOPERS LLP
Toronto, Ontario

The auditor conducts an audit of the annual financial statements of each Fund in accordance with Canadian auditing standards.

Independent Review Committee

In accordance with National Instrument 81-107, we have appointed an independent review committee for each of the Funds ("**IRC**"). The IRC will review and provide recommendations on conflict of interest matters related to the operations of the Funds and, in some cases, approve conflict of interest matters. The IRC is composed of persons who are independent of us, the Funds and our related entities.

The IRC will prepare, at least annually, a report of its activities for Unitholders, which will be available at www.vertexone.com or at a Unitholder's request, at no cost, by contacting us at invest@vertexone.com.

Additional information about the IRC, including the names of its members is available in the annual information form for the Funds.

Under applicable securities laws, certain merger transactions involving the Funds may be completed without the approval of the Unitholders provided that, among other things, the transaction is approved by the IRC and we provide you with at least 60 days' notice of the proposed merger.

PURCHASES, SWITCHES AND REDEMPTIONS

Classes of Units

Each Fund may have an unlimited number of classes of Units and may issue an unlimited number of Units of each class. You may buy, switch, redeem or hold units of the Funds through a registered representative or through any other distributor approved by us. In addition, in certain circumstances, you may buy, switch or redeem units directly through us. Each Fund is currently offering the following classes of Units under this simplified prospectus.

Class B: Class B Units are available to all investors. Your registered representative may charge you a front-end sales charge, which may be negotiated between you and your dealer, in the range of 0% to 2% of the amount you are investing.

Class F: Class F Units have lower fees than Class B Units and are generally available only to investors who have fee-based accounts with dealers who have been approved by us to sell Class F Units. We do not pay trailer fees to dealers who sell Class F Units, which means we can charge a lower management fee. Your dealer is responsible for determining whether you are eligible to buy and continue to hold Class F Units. If you are no longer eligible to hold Class F Units, your dealer is responsible for telling us to change your units to Class B Units of the same funds or to redeem them.

The Vertex Liquid Alternative Fund also has the following class of Units, which will not be offered to the public:

Class O: Class O Units of the Vertex Liquid Alternative Fund ("**Class O Units**") are available to funds managed by Vertex One and the Prime Broker of each Fund. Class O Units are not available publicly and are used for the purpose of gaining exposure to the Vertex Liquid Alternative Fund. There are no fees associated with this class in order to prevent fee duplication.

The minimum purchase amount for all classes of Units is $500 or such lesser amount as Vertex One in its sole discretion may accept.

The money that you and other investors pay to purchase Units of any class is tracked in the particular Fund's administration records. However, all contributions to the particular Fund are combined in a single pool to create one portfolio for investment purposes.

How to buy Units of the Funds

You can buy Class B Units and Class F Units of the Funds through a registered representative registered with the securities regulator in your province or territory, or through any other distributor approved by Vertex One. You must have reached the age of majority in your province or territory to buy units in a mutual fund. You may hold units in trust for a minor. Payment for units must be made within two business days of the date of your request (or before such other deadline as we may establish from time to time in accordance with applicable securities laws). Class O Units and not available for purchase by investors.

Purchase price – When you buy Units in the Funds, you buy them at the NAV of the Units of the class of the particular Fund calculated as of the business day on which your purchase is made, as long as your purchase order is received on or before 4 p.m. Eastern Standard Time on that day (or the next business day, as applicable).

The price per Unit of the Funds will be the NAV per Unit of that class of Units. CIBC Mellon Global Securities Services Company, as record-keeper and fund administrator, calculates a separate NAV for each class of Units of the particular Fund in Canadian dollars. Generally speaking, the NAV per Unit of each class is calculated by:

- adding up the assets of the particular Fund and determining the share of the class,
- subtracting the proportionate share of the class of the aggregate amount of expenses common to all classes,
- subtracting the expenses of the particular Fund that are specific to the class, and
- dividing by the number of Units of the class held by Unitholders.

Class B Units sales charges – For Class B Units, the sales charges your investment professional receives depends on how you invest in the Funds. The sales charge compensates your registered representative for the advice and service your registered representative provides to you.

Initial sales charge

Initial sales charges are negotiable between you and your registered representative. The maximum initial sales charge is 2% of the total amount invested. For investors who purchase Class B Units for which an initial sales charge is applicable, the amount of the initial sales charge will be deducted from the amount of your subscription and paid to your registered representative. The remaining amount is divided by the NAV per Unit for the Class B Units subscribed for to determine the number of Class B Units purchased. No sales charge applies to additional Class B Units issued through the automatic reinvestment of distributions.

How we process your order – You and your registered representative, or other approved distributor, are responsible for the completeness and accuracy of your purchase order.

The Trustee must receive full and proper payment within two business days of processing your order (or before such other deadline as we may establish from time to time in accordance with applicable securities laws). If full and proper payment is not received within that time, or if the payment is returned or dishonoured, your Units will be redeemed on the next valuation day. If the proceeds are greater than the amount you owe, the particular Fund keeps the difference. If the proceeds are less than the amount you owe, your dealer will pay the difference to the Fund and you may be responsible to reimburse your dealer depending upon your arrangements with your dealer.

We have the right to accept or reject your order within one business day of receiving it. We reserve the right to reject any purchase order. If we accept your order, you will receive a written confirmation from your dealer or other distributor through whom you purchased your Units. If we reject your order, the Trustee will return any money you have sent without interest.

The minimum initial investment in each Fund is $500. We may waive the minimum initial investment amount in certain circumstances, such as related party accounts. Generally, each additional investment must be at least $50, save for certain circumstances in our discretion.

Registration of Units – Units may be registered with the record-keeper either directly in your name or in a nominee name, including the name of your dealer.

Certificates – No certificates will be issued.

How to redeem Units of the Funds

To redeem Units, contact your registered representative or other approved distributor through whom you purchased your Units, who may ask you to complete a redemption request form.

You redeem Units at the current NAV per Unit of the Class.

Units of the Funds can be purchased or redeemed on a daily basis on or before 4:00 p.m. (Eastern Standard Time) of each business day on which the Toronto Stock Exchange is open for business. If your redemption request is received on or before 4 p.m. Eastern Standard Time on a day on which the Toronto Stock Exchange is open for business or before the Toronto Stock Exchange closes for the day, whichever is earlier, the redemption value will be calculated as of that day. If your redemption request is received after that time, the redemption value will be calculated as of the next day on which the Toronto Stock Exchange is open for business.

How we process your redemption request – How we process a redemption request from you will depend on whether you hold Units directly with us or whether you hold your Units through a dealer.

If you hold your Units directly with us, provided all necessary documentation has been submitted, The Fund will pay you the proceeds of a redemption request within two business days after the next occurring valuation date after receiving your redemption request. CIBC Mellon Trust Company will, on behalf of the Fund, mail you a cheque unless you choose to have the proceeds delivered:

- By wire to your bank account (you may have to pay a fee to your bank or financial institution) or
- By electronic funds transfer ("**EFT**") into your bank account

If you choose payment by EFT, you need to accompany your redemption request with an imprinted void cheque so we may deposit the funds directly into your bank account.

If you hold your Units through a dealer, upon receipt of all necessary documentation, CIBC Mellon Trust Company will, on behalf of the Fund, send the proceeds to your dealer to allocate the proceeds payment to you accordingly.

Redemption fees – You pay no sales charge when you redeem Series F Units of a Fund. Vertex One may charge a short-term trading fee if you redeem or switch your Units within 30 days of buying them. Please see *Short-term trading fees* and *Switch fees* on page 24 of this simplified prospectus.

Redemption suspensions – Canadian securities regulators allow us to suspend your right to redeem:

- If normal trading is suspended in any market where portfolio securities or specified derivatives are traded which represent more than 50% of the particular Fund's total asset value if those portfolio securities or specified derivatives are not traded on another market or exchange that represents a reasonable and practical alternative.

- In other circumstances with the consent of the Canadian securities regulators.

If we suspend redemption rights before the redemption proceeds have been determined, you may either withdraw your redemption request or redeem your Units at the NAV next determined after the suspension has been lifted. During any period of suspension of redemption rights, we will not accept orders for Units.

Short-term trading – The interests of Fund investors and the ability of each of the Funds to manage its investments may be adversely affected by inappropriate or excessive short-term trading because, among other things, these types of trading activities can dilute the value of Fund securities, can interfere with the efficient management of the Funds' portfolios and can result in increased brokerage and administrative costs.

If you redeem your Units within 30 days of purchase, you will pay a short-term trading fee of 2.0% of the NAV of the Units being redeemed. This amount is charged on behalf of, and is paid to, the relevant Fund. See *Fees and Expenses* below.

How to switch your Units

In our discretion, you can switch from Class B and Class F Units of a Fund to the same class of Units of another Fund or between different classes of Units of a particular Fund. Switching between classes of a particular Fund is called a reclassification. However, we do not initiate any such switches.

Tax consequences of switching – If you switch between Funds, you will realize a capital gain or loss. A reclassification of your Units between classes of a Fund is not a disposition for tax purposes. See *Income Tax Considerations for Investors* on page 25 for more details.

Switch fees – We do not charge switch fees. When you switch Units of a Fund, your dealer may charge you a fee. However, if you switch between Funds within 30 days of purchase, you will pay a short-term trading fee of 2.0% of the NAV of the Units being switched. This amount is charged on behalf of, and is paid to, the relevant Fund. See *Fees and Expenses* below.

FEES AND EXPENSES

The following describes the fees and expenses you may have to pay if you invest in a Fund. You may have to pay some of these fees and expenses directly. The particular Fund may pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund.

Typically, a class of a Fund that pays more compensation to a dealer has a higher management fee than a class of a Fund which pays less compensation to your dealer.

It is up to you and your registered representative, or other approved distributor through whom you purchase your Units, to decide on an appropriate class. The class chosen will determine the amount of compensation paid to your dealer. If you purchase through a dealer, you should understand that not all dealers, including your registered representative's sponsoring dealer, make all classes available. See *Dealer Compensation* on page 25.

The consent of the Unitholders of a Fund will be obtained if any change is made in the basis of the calculation of a fee or expense charged to such Fund or a class of Units of such Fund, or directly to you by such Fund in connection with the holding of Units of the Fund, in a way that could result in an increase in charges to a Fund or a class of Units of a Fund or to you, unless applicable securities laws do not require the consent of the Unitholders of a Fund to be obtained. If consent is not required to be obtained, we will send you a notice at least 60 days before the effective date of the change.

Fees and Expenses Payable by the Fund

Management Fees	Vertex One is the manager of the Funds and is responsible for managing the business and affairs of the Funds including providing all necessary investment management, clerical, administrative and operational services. In this role, Vertex One's duties include: (i) investment management, including portfolio security selection and investment; (ii) determination of investment policies, practices, objectives and investment strategies applicable to the Funds, including restrictions on investments; (iii) administrative and other services required by the Funds in relation to subscriptions and notices of redemption or transfer; (iv) the offering of Units of the Funds for sale to prospective purchasers including the authority to enter into arrangements regarding the distribution and sale of Units; (v) appointment of Fund service providers including auditors, bankers, valuation service providers, recordkeeping service providers and custodians; (vi) establishment of general matters of policy; (vii) authorization, negotiation and execution of contractual arrangements, including without limitation any loan agreements and supporting documentation relating to the Funds; and (viii) establishment and maintenance of registers and related ledgers, records and information relative to the Units of the Funds held by all Unitholders. As consideration for the services provided by Vertex One, each Fund pays Vertex One a management fee, monthly in arrears. The management fee for the Vertex Liquid Alternative Fund, the Vertex Liquid Alternative Fund Plus, the Vertex Canadian Equity

Alpha Fund, the Vertex U.S. Equity Alpha Fund, and the Vertex Bond Alpha Fund is calculated daily, on each business day, as a percentage of the NAV of each class of Units that comprise the Fund. The management fee may vary from class to class and will be deducted as an expense of each Fund in the calculation of the net profits of such Fund. The management fee for each of the existing classes of Units is set out below.

Vertex Liquid Alternative Fund

<u>Class B:</u> 1/365 of 2% (2% per annum) of the aggregate NAV of the Class B Units on the preceding business day.

<u>Class F:</u> 1/365 of 1% (1% per annum) of the aggregate NAV of the Class F Units on the preceding business day.

<u>Class O:</u> No management fees are payable for Class O Units. Class O Units are not available for purchase directly by investors.

Vertex Liquid Alternative Fund Plus

<u>Class B:</u> 1/365 of 2% (2% per annum) of the aggregate NAV of the Class B Units on the preceding business day.

<u>Class F:</u> 1/365 of 1% (1% per annum) of the aggregate NAV of the Class F Units on the preceding business day.

Vertex Canadian Equity Alpha Fund

<u>Class B:</u> 1/365 of 2% (2% per annum) of the aggregate NAV of the Class B Units on the preceding business day.

<u>Class F:</u> 1/365 of 1% (1% per annum) of the aggregate NAV of the Class F Units on the preceding business day.

Vertex U.S. Equity Alpha Fund

<u>Class B:</u> 1/365 of 2% (2% per annum) of the aggregate NAV of the Class B Units on the preceding business day.

<u>Class F:</u> 1/365 of 1% (1% per annum) of the aggregate NAV of the Class F Units on the preceding business day.

Vertex Bond Alpha Fund

<u>Class B:</u> 1/365 of 2% (2% per annum) of the aggregate NAV of the Class B Units on the preceding business day.

<u>Class F:</u> 1/365 of 1% (1% per annum) of the aggregate NAV of the Class F Units on the preceding business day.

Management fees are subject to applicable taxes, including GST/HST. The costs of providing certain of these services are regarded as operating expenses of the Funds and are paid by the Funds in addition to the management fee paid by the Funds to the Manager. For further information, see below under "*Operating*

Expenses". The remaining expenses relating to the services provided by the Manager to the Funds are paid by the Manager from the management fee the Manager receives from the Funds.

Performance Fees

Vertex Liquid Alternative Fund and Vertex Liquid Alternative Fund Plus

The Vertex Liquid Alternative Fund and the Vertex Liquid Alternative Fund Plus will pay to the Manager a performance fee in relation to each Class B Units and Class F Units that is equal to 15% of the amount by which the total return of the class of Units exceeds the previous high water mark for each applicable class of Units. Any day a performance fee is paid for the Vertex Liquid Alternative Fund or the Vertex Liquid Alternative Fund Plus, a high water mark is set, which is equal to the NAV of such Fund on such date, after deducting all fees and expenses. No further performance fee will be paid until the NAV, adjusted for any distributions since the high water mark was last set, exceeds this high water mark value. This high water mark is perpetual and cannot be reset. Deficiencies to the high water mark accrue for each day the Fund does not exceed the high water mark and performance fees will not be accrued until the class of Units of the Fund has exceeded the high water mark.

There is no performance fee associated with Class O Units of the Vertex Liquid Alternative Fund.

Vertex Canadian Equity Alpha Fund, Vertex U.S. Equity Alpha Fund, and Vertex Bond Alpha Fund

The Vertex Canadian Equity Alpha Fund, the Vertex U.S. Equity Alpha Fund, and the Vertex Bond Alpha Fund will pay to the Manager a performance fee in relation to each Class B Units and Class F Units that is equal to 15% of the amount by which the total return of the class of Units exceeds the total percentage increase or decrease of the Fund's benchmark, for the period since the performance fee was last paid, subject to a relative high water mark (as described below). The Funds' benchmarks are as follows:

Vertex Canadian Equity Alpha Fund

- S&P/TSX 60 Total Return Index

Vertex U.S. Equity Alpha Fund

- S&P 500 Net Total Return Index – CAD

Vertex Bond Alpha Fund

- FTSE TMX Canada Universe Bond Index

Any day a performance fee is paid for the Vertex Canadian Equity Alpha Fund, the Vertex U.S. Equity Alpha Fund, or the Vertex Bond Alpha Fund, a relative high water mark is set, which is equal to the cumulative outperformance of such Fund relative to its benchmark on such date, after deducting all fees and expenses. No further performance fee will be paid until the cumulative outperformance of the Fund, adjusted for any distributions since the relative high water mark was last set, exceeds this relative high water mark. This relative high water mark is perpetual and cannot be reset. Deficiencies to the relative high water mark accrue for each day the Fund underperforms its benchmark and performance fees will not be accrued until the performance of the Fund relative to its benchmark has exceeded the accrued deficiencies from the relative high water mark. Where the relative high water mark has been met for the Fund, it is possible that a performance fee could be payable even where the Fund's portfolio has fallen in value if the Fund's performance exceeds the performance of the benchmark.

* * *

Performance fees for all Funds will be calculated and accrued (and become payable) daily, and such accrued fees will be paid by the Fund quarterly such that, to the extent possible, the Unit price each day will reflect any performance fees payable at the end of such day. The Manager reserves the right to change the period for which any performance fee may be paid by a Fund to Vertex One. Performance fees are subject to applicable taxes; including GST/HST.

Operating Expenses

Each Fund is responsible for the payment of all fees and expenses relating to its operation, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising and promotional expenses which are paid for by Vertex One), record keeping and legal fees and expenses, trustee, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of Units (except for formation and organization costs and costs associated with the preparation and filing of this simplified prospectus and the annual information form), providing financial and other reports to Unitholders and convening and conducting meetings of unitholders, all taxes, assessments or other governmental charges levied against each Fund, interest, all brokerage and other fees relating to the purchase and sale of the assets of each Fund, and the fees and expenses of the IRC. The fees and expenses of the IRC include annual fees payable to each member of the IRC ($12,000 per year payable to Lawrence A. Ward, $9,000 per year payable to Marie C. Rounding and $9,000 per year payable to Kevin W. Drynan) as well as a secretarial fee in the amount of $21,000 per year paid to Independent Review Inc., the entity that provides independent review services to the Funds. Vertex One will pay for all expenses associated with the identification and management of each Fund's investments (other than direct expenses such as interest charges on margin borrowings and

	brokerage fees, which are the responsibility of the particular Fund).

Fees and Expenses Payable Directly by You

Sales Charges	You do not pay any sales charges for purchases of Class F Units. Your registered dealer, or other approved distributor, may charge you a commission. If you purchase Class B Units, you may choose the initial sales charge. If you choose the initial sales charge option, you may pay a sales charge to your registered dealer, or other approved distributor, which is negotiated between you and your dealer or other approved distributor, to a maximum amount of 2% of the total amount invested. Any initial sales charges payable will be deducted from the amount of your subscription.
Switch Fees	You do not pay any fees for switches between Units of the same class in one Fund to another Fund or between classes of Units in a particular Fund.
Short-Term Trading Fees	If you redeem or switch your Units within 30 days of purchase, you will pay a fee equal to 2% of the NAV of the Units being redeemed or switched.
Other Fees and Expenses	There are no other fees or expenses payable in connection with an investment in units of a Fund.

Impact of Sales Charges

The amount of fees that you would have to pay under the different purchase options available to you if you made an investment of $1,000 in a Fund, if you held that investment for one year, eighteen months, three years, five years or ten years and redeemed immediately before the end of that period, cannot be provided at this time because the Funds were started on January 11, 2019.

DEALER COMPENSATION

Dealer Compensation

Class B Units Sales Charge – If you purchase Class B Units under the front end sales charge method, a sales charge, in an amount equal to up to 2% of the total amount invested to purchase Class B Units, may be negotiated between you and your registered representative or other approved distributor. Any sales charges will be deducted from the gross investment amount you pay and paid to your registered representative, or other approved distributor, and the remainder will be used to purchase Units at the applicable NAV per Unit.

Trailing Commissions we pay to your dealer – Part of the management fees that each Fund pays is used to compensate dealers or other approved distributors for the services provided in connection with your investment in units and is payable as a trailing commission in compliance with National Instrument 81-105 *Mutual Fund Sales Practices*. Trailing commission payments (sometimes known as a “trailer fee”) are made quarterly and are calculated as a percentage of the value of the Units as set forth in the paragraph below. We also pay trailing commissions to discount brokers for securities you purchase through your discount brokerage account. No trailing commission is paid in respect of the Class F Units. No annual trailing commissions are payable on any of the Funds.

Other Kinds of Dealer Compensation – Vertex One may, in compliance with National Instrument 81-105 *Mutual Fund Sales Practices*, do any or all of the following:

- assist Dealers with certain of their direct costs associated with marketing the Funds and providing educational investor conferences and seminars about the Funds

- provide Dealers non-monetary benefits of a promotional nature and of minimal value and may engage in business promotion under these programs on an individual basis

- pay Dealers a portion of the costs of educational conferences, seminars or courses that provide information about financial planning, investing in securities, mutual fund industry matters or mutual funds generally**.**

Dealer Compensation from Management Fees

The percentage of the management fees paid to Vertex One by the Funds that were used to fund the payment of trailer fees and the costs of marketing, promotional or educational activities in connection with the Funds in 2018 cannot be provided at this time because the Funds were started on January 11, 2019.

INCOME TAX CONSIDERATIONS FOR INVESTORS

This information is a general summary of tax rules and is not intended to be legal or tax advice. For this discussion, we assume that you are a Canadian resident individual (other than a trust) and hold your units as capital property.

We have tried to make this discussion easy to understand. As a result, we cannot be technically precise or cover all the tax consequences that may apply. We suggest you consult your tax advisor for details about your individual situation.

Taxation of Your Earnings from the Funds

Mutual funds can make money in a number of ways on your behalf. They can earn income in the form of dividends, interest or other types of returns from the investments they make. A fund may also realize a capital gain if it sells an investment for more than its cost. On the other hand, a fund may realize a capital loss if it sells an investment for less than its cost. A fund may experience gains or losses from derivative activities and, depending on the nature of the activities, these are treated as either income gains or losses (i.e., like interest) or capital gains or losses.

Every year the Fund in which you have invested distributes to you enough of its net income and net realized capital gains to ensure that such Fund does not have to pay tax on its income. In effect, the Fund generally flows all of its taxable income to you. This flow-through is called a distribution. The size of the distribution you receive on a class of Units of the Fund is generally in proportion to the number of Units of that class that you own.

The price of Units of a Fund may include income and capital gains that the Fund has earned and/or realized but not yet distributed. If you buy Units of a Fund just before a distribution date, you will receive the entire distribution even though the particular Fund may have earned the income or realized the gains relating to the distributions before you owned the Units. If your Units are held in a non-registered plan, the distribution will be taxable to you. This may be particularly significant if you are purchasing Units late in the year.

A Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate of turnover (e.g., greater transaction costs such as brokerage fees). A portfolio turnover rate of 100% is equivalent to a Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher a Fund's portfolio turnover rate in a year, the greater the chance that you will receive a distribution that must be included in your income for tax purposes for that year. Any gains realized would be offset by any losses realized on portfolio transactions. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Some Tax Considerations for Non-registered Accounts

Distributions – Each of Vertex Liquid Alternative Fund Plus, Vertex Canadian Equity Alpha Fund, Vertex Bond Alpha Fund and Vertex Liquid Alternative Fund Plus enters into derivative agreements pursuant to which it agrees to acquire from the relevant counterparty Units of its corresponding reference fund at a specified date at a price equal to the price of such Units at the date the derivative agreement is entered into. In determining its income for tax purposes, each of these Funds will:

- not include any amount in income in respect of a derivative agreement until reference fund Units are acquired on maturity or partial termination of the agreement
- recognize the gain or, subject to the suspended loss rules, the loss, accrued on such reference fund Units at acquisition when such Units are redeemed
- treat such gain or loss as a capital gain or capital loss

Distributions of a Fund's net income and taxable capital gains that are paid or made payable to you by a Fund (calculated in Canadian dollars) must be factored into your computation of income for tax purposes, even though the distributions may be reinvested in additional Units. The amount of reinvested distributions is added to the aggregate adjusted cost base ("**ACB**") of your Units (determined separately for each class of Units that you own) to reduce your capital gain or increase your capital loss when you later redeem or otherwise dispose of your Units, thereby ensuring you do not pay tax on this amount again.

A Fund may also distribute returns of capital. A return of capital is a distribution in excess of a Fund's distributed net income and capital gains. A return of capital will not be included in the computation of your income, but will reduce the ACB of your Units, which will increase your capital gain or reduce your capital loss if you later redeem or otherwise dispose of your Units.

Redeeming your Units – Redeeming Units of a Fund held in a non-registered account may affect the taxes you pay if you have a capital gain or a capital loss on your investment. If you redeem Units with a NAV that is greater than the ACB, you have a capital gain. If you redeem Units with a NAV that is less than the ACB, you have a capital loss. You may deduct any expenses of redemption, in calculating your capital gains or losses. All amounts are to be calculated in Canadian dollars for tax purposes.

Current income tax rules generally require you to include one-half of capital gains realized in your income for tax purposes as taxable capital gains and, in general, one-half of your capital losses (either realized in the current year or prior years subject to the specific rules in the Tax Act) may be deducted from your taxable capital gains.

You are responsible for keeping a record of the ACB of your investment. The aggregate ACB of your Units is generally made up of the amounts you paid to purchase your investment in cash, including any upfront sales commissions, plus the amount of any distributions you received from a Fund and reinvested in more Units; minus the return of capital component (if any) of distributions and by the ACB of any Units you have previously redeemed. This record will enable you to calculate any capital gains or capital losses realized when you redeem (or otherwise dispose of) your Units. You must compute the aggregate ACB of each class of Units of a Fund you own separately.

Switching between Classes – For tax purposes, switching Units of one class of a Fund to Units of another class of the same Fund is not a disposition for tax purposes and no capital gain or loss will be realized. The cost of the Units received on a switch between classes will be equal to the ACB of the Units that were switched.

Tax Statements

You will receive a T3 tax slip for each year showing the amount and type of distributions allocated to you during the previous year. Keep detailed records of the purchase cost, sales charges and distributions related to your investments so you can calculate your ACB or cost amount. We suggest you consult a tax advisor to help you with these calculations.

Some Tax Considerations for Registered Plans

Distributions – You generally do not pay tax on distributions you receive in a registered plan as long as you do not make a withdrawal from the plan. Withdrawals from tax-free savings accounts are not subject to tax.

Redeeming your Units – When you redeem your Units and leave the proceeds in the registered plan, you generally do not pay any tax on the proceeds. If you withdraw Units or the proceeds of their redemption from your registered plan, you will generally pay tax on the amount withdrawn at your marginal tax rate (special rules apply with respect to registered education savings plans and registered disability savings plans). Withdrawals from tax free savings accounts are not subject to tax. The amount you receive on withdrawal will be net of any redemption fees on the redemption and any applicable withholding taxes.

Contributions – You should be careful not to contribute more to your registered plan than allowed under the Tax Act or you may have to pay a penalty tax. You should consult with your own tax advisor as to whether Units of the Funds would be a “prohibited investment” under the Tax Act, in your particular circumstances.

Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the “**IGA**”), and related Canadian legislation, the Funds and/or registered dealers are required to report certain information with respect to Unitholders who are U.S. residents and US citizens (including U.S. citizens who are residents or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA (excluding registered plans such as RRSPs), to the Canada Revenue Agency (“**CRA**”). The CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standard (the “**CRS**”), the Funds and/or registered dealers are required under Canadian legislation to identify and report to the CRA certain information relating to certain unitholders in the Fund (excluding registered plans such as RRSPs) who are residents in a country outside of Canada and the U.S. The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that has adopted the CRS.

WHAT ARE YOUR LEGAL RIGHTS?

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or fund facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form, fund facts or financial statements misrepresent any facts about a Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult a lawyer.

SPECIFIC INFORMATION ABOUT EACH OF THE FUNDS DESCRIBED IN THIS DOCUMENT

Organization and Management of the Funds

For information concerning the manager, trustee, custodian, auditors and record-keeper of the Funds, see *Organization and Management of the Funds* on page 14 for more details.

Investment Risk Classification Methodology

A risk classification rating is assigned to each Fund to provide you with information to help you determine whether the Fund is appropriate for you. We assign fund risk ratings to each Fund as an additional guide to help you decide whether a Fund is right for you. Our determination of the risk rating for each Fund is guided by the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the "**Task Force**"). The Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a fund as measured by the standard deviation of its performance.

As part of our review of the investment risk rating of each Fund, we consider the historical volatility risk as measured by the standard deviation of fund performance. However, you should be aware that other types of risk, both measurable and non-measurable, may exist. Additionally, just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility. The Task Force guidelines suggest that managers refer to standard deviation bands associated with fund categories as a point of reference where historical performance does not exist. Consistent with the Task Force guidelines, the Manager also considers qualitative factors before making a final determination of the appropriate risk ratings. Using this methodology, we assign a risk rating to each Fund as either low, low to medium, medium, medium to high, or high risk. We review the investment risk level of the Fund on an annual basis.

For Funds that have less than a 10-year performance history, the methodology requires us to use an appropriate reference index to backfill the returns for the purposes of the above calculation. The reference index used to backfill the returns for each of the Funds that have less than a 10-year performance history is listed under the section *Who Should Invest in this Fund?* for each Fund, along with a brief description of the reference index.

You may obtain a copy of the methodology at no cost by calling toll free at 1-866-688-6757 or by emailing Vertex One at invest@vertexone.com.

VERTEX LIQUID ALTERNATIVE FUND

Fund Details

Type of fund	Market Neutral
Date started	Class B – January 11, 2019 Class F – January 11, 2019 Class O – January 11, 2019
Type of securities	Class B, Class F, and Class O trust units
Qualified investment for registered plans?	Units of the Fund are expected to be qualified investments for registered plans
Management fee	Class B: 2% Class F: 1% Class O: (not publicly offered): 0%
Performance fee	Class B and Class F: 15% of the amount by which the Fund outperforms its perpetual high water mark (Refer to the more detailed description of the performance fee on page 23). Class O (not publicly offered): No performance fee

What Does The Vertex Liquid Alternative Fund Invest In?

Investment Objectives

The fundamental investment objective of the Vertex Liquid Alternative Fund ("**VLAF**") is to generate consistent, positive returns, with low volatility and low correlation to equity markets by investing in securities in Canada, the United States and in other foreign jurisdictions.

The VLAF falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 30% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. The maximum aggregate exposure to these sources of leverage, as calculated in accordance with section 2.9.1 of NI 81-102, shall not exceed 300% of the fund's NAV.

The fundamental investment objective of VLAF may only be changed with the approval of a majority of unitholders at a meeting called for that purpose. However, we may change the Vertex Liquid Alternative Fund's investment strategies described below at our discretion.

Investment Strategies

To achieve its investment objectives, the Manager intends for VLAF to primarily employ arbitrage strategies, which are specialized investment techniques designed to profit from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations, and other corporate reorganizations.

The most common arbitrage activity the Manager intends to use is merger arbitrage, which involves purchasing the shares of an announced acquisition target company at a discount to the expected merger consideration. When a transaction is announced, the value of the cash and/or securities to be received is typically higher than the market price of the target company. The discount that the target security trades at is called the merger arbitrage "spread." If the Manager believes that it is probable that the proposed transaction, or a higher value transaction, will be consummated in a time frame that makes the spread an attractive rate of return, VLAF may purchase shares of the target company. Alternatively, VLAF may engage in short selling of the target company's shares if the Manager determines that there is a likelihood that the transaction will fail to be consummated or if the spread is considered inadequate for the risks.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VLAF will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies ("**SPACs**"), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

VLAF may invest up to 100% of its assets in units of other mutual funds or exchange-traded funds managed by use or by third-party management firms. The Manager, in its sole discretion, selects the underlying funds and determines the allocation of assets among the underlying funds within the optimal asset mix of VLAF.

The Manager may invest the majority of assets of VLAF in cash or cash equivalents, depending on the investment opportunities available.

VLAF may invest in derivative instruments to (i) reduce transaction costs, (ii) increase liquidity and efficiency of trading, (iii) gain exposure to equity markets in a more efficient manner, (iv) reduce risk, (v) generate yield, (vi) hedge currency exposure, and (vii) provide leverage. In addition to derivatives, exchange traded funds may also be used to hedge currency exposure. VLAF will only use derivatives as permitted by securities regulators.

VLAF may directly invest up to 100% of its net assets in foreign securities.

VLAF's investment strategies involve active and frequent trading of portfolio securities. In any year, the higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year and the larger the capital gains distribution may be. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a fund.

VLAF is authorized to enter into securities lending, repurchase and reverse purchase transactions in accordance with NI 81-102. In a securities lending transaction, VLAF lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, VLAF sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, VLAF buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase agreements:

- When entering in securities lending, repurchase and reverse repurchase transactions, VLAF is subject to the credit risk that the counterparty may default under the agreement and VLAF would be forced to make a claim in order to recover its investment.

- When recovering its investment on default, VLAF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by VLAF.

- Similarly, VLAF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by VLAF to the counterparty.

The Manager intends to adhere to the following restrictions in implementing the investment strategies of VLAF:

- VLAF will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. VLAF may transact in these types of securities when an active, unlisted "grey" market exists.

- No investment in a single issuer will exceed 15% of the net asset value of VLAF. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

- Unhedged foreign currency investments will be limited to no more than 10% of the NAV of VLAF.

- Borrowing will be limited to no more than 30% of the NAV and transacted only through a qualified investment fund custodian per section 6.2 of National Instrument 81-102. Borrowing will be used for the purposes of cash management, enhancing returns, and bridging between new deal opportunities and consummated deals where the proceeds are yet to settle.

- Short selling securities will be limited to 50% of the NAV and no more than 10% of a single issuer.

- The aggregate notional amount of VLAF's exposure under its specified derivatives positions (other than derivatives used for hedging purposes) will be limited to no more than 50% of the NAV.

What are the Risks of Investing in the Vertex Liquid Alternative Fund?

An investment in VLAF is subject to the general risks associated with alternative mutual fund investing. In addition, an investment in VLAF will also be subject to the general risks inherent in equity investments, as well as the specific risks described under the heading *What are the specific risks of investing in a mutual fund?* on page 4, including:

- Arbitrage risk
- Short selling risk
- Equity risk
- Hedging risk
- SPAC risk
- Liquidity risk
- Derivative risk
- Leverage risk
- Taxation risk
- Operational risk
- Portfolio turnover risk

As noted above under "Investment objectives" VLAF falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 30% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. For more information regarding the risks associated with these strategies, please see "Concentration Risk", "Derivative Risk", "Leverage Risk" and "Short Selling Risk" under the heading *What are the specific risks of investing in a mutual fund?* at page 4.

Who Should Invest in the Vertex Liquid Alternative Fund?

VLAF is suitable for investors who are seeking capital gains over the long term, with a low tolerance for risk. VLAF is not appropriate for an investor with a short-term investment horizon.

Because VLAF has less than a 10-year performance history, a reference index has been used to backfill the returns for the purposes of determining the investment risk level, as described in *Investment Risk Classification Methodology* on page 29. The reference index used is the HFRI ED: Merger Arbitrage Index. This index is event-driven and equal-weighted, focusing on merger arbitrage globally in U.S. dollars, with a monthly reporting interval.

Distribution Policy

VLAF distributes its net income and net realized capital gains annually in December. Distributions are automatically reinvested in additional Units of VLAF.

Fund Expenses Indirectly Borne by Investors

Mutual funds pay for expenses out of a fund's assets. This means that investors in a mutual fund indirectly pay these expenses through lower returns. Information regarding expenses of VLAF indirectly borne by investors cannot be provided at this time because VLAF was started on January 11, 2019.

VERTEX LIQUID ALTERNATIVE FUND PLUS

Fund Details

Type of fund	Market Neutral
Date started	Class B – January 11, 2019 Class F – January 11, 2019
Type of securities	Class B and Class F trust units
Qualified investment for registered plans?	Units of the Fund are expected to be qualified investments for registered plans
Management fee	Class B: 2% Class F: 1% (Refer to the more detailed description of the management fee on pages 21-23)
Performance fee	15% of the amount by which the Vertex Liquid Alternative Fund Plus outperforms its perpetual high water mark (Refer to the more detailed description of the performance fee on page 23)

What Does The Vertex Liquid Alternative Fund Plus Invest In?

Investment Objectives

The fundamental investment objective of the Vertex Liquid Alternative Fund Plus ("**VLAFP**") is to generate consistent, positive returns, with lower volatility and low correlation to equity markets by providing levered exposure to the Vertex Liquid Alternative Fund ("**VLAF**").

The VLAFP falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. The maximum aggregate exposure to these sources of leverage, as calculated in accordance with section 2.9.1 of NI 81-102, shall not exceed 300% of the fund's NAV.

The fundamental investment objective of VLAFP may only be changed with the approval of a majority of Unitholders at a meeting called for that purpose. However, we may change VLAFP's investment strategies described below at our discretion.

Investment Strategies

To achieve its investment objective, the Manager intends to invest in units of the VLAF, enter into derivative contracts that are intended to replicate the return of the VLAF (less the implicit funding cost), and/or use the same investment strategies as the VLAF (investing directly in arbitrage situations). As a result of these investment activities, the Manager intends for the VLAFP to gain 200% exposure to the VLAF, net of borrowing and/or dealer costs.

The most common arbitrage activity the Manager intends to use is merger arbitrage, which involves purchasing the shares of an announced acquisition target company at a discount to the expected merger consideration. When a transaction is announced, the value of the cash and/or securities to be received is typically higher than the market price of the target company. The discount that the target security trades at is called the merger arbitrage "spread." If the Manager believes that it is probable that the proposed transaction, or a higher value transaction, will be consummated in a time frame that makes the spread an attractive rate of return, VLAFP may purchase shares of the target company. Alternatively, VLAFP may engage in short selling of the target company's shares if the Manager determines that there is a likelihood that the transaction will fail to be consummated or if the spread is considered inadequate for the risks.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VLAFP will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies ("**SPACs**"), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

VLAFP may invest up to 100% of its assets in units of other mutual funds or exchange-traded funds managed by use or by third-party management firms. The Manager, in its sole discretion, selects the underlying funds and determines the allocation of assets among the underlying funds within the optimal asset mix of VLAFP.

The Manager may invest the majority of assets of VLAFP in cash or cash equivalents, depending on the investment opportunities available.

VLAFP may invest in derivative instruments to (i) reduce transaction costs, (ii) increase liquidity and efficiency of trading, (iii) gain exposure to equity markets in a more efficient manner, (iv) reduce risk, (v) generate yield, (vi) hedge currency exposure and (vii) provide leverage. In addition to derivatives, exchange traded funds may also be used to hedge currency exposure. VLAFP will only use derivatives as permitted by securities regulators.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within another type of mutual fund:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VLAFP will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

VLAFP may directly invest up to 100% of its net assets in foreign securities.

VLAFP's investment strategies involve active and frequent trading of portfolio securities. In any year, the higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year and the larger the capital gains distribution may be. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a fund.

VLAFP is authorized to enter into securities lending, repurchase and reverse purchase transactions in accordance with NI 81-102. In a securities lending transaction, VLAFP lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, VLAFP sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, VLAFP buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase agreements:

- When entering in securities lending, repurchase and reverse repurchase transactions, VLAFP is subject to the credit risk that the counterparty may default under the agreement and VLAFP would be forced to make a claim in order to recover its investment.

- When recovering its investment on default, VLAFP could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by VLAFP.

- Similarly, VLAFP could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by VLAFP to the counterparty.

The Manager intends to adhere to the following restrictions in implementing the investment strategies of VLAFP:

- VLAFP will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. VLAFP may transact in these types of securities when an active, unlisted "grey" market exists.

- No investment in a single issuer will exceed 15% of the net asset value of VLAFP. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

- Unhedged foreign currency investments will be limited to no more than 10% of the NAV of VLAFP.

- Borrowing will be limited to no more than 50% of the NAV and transacted only through a qualified investment fund custodian per section 6.2 of National Instrument 81-102. Borrowing will be used for the purposes of cash management, enhancing returns, and bridging between new deal opportunities and consummated deals where the proceeds are yet to settle.

- Short selling securities will be limited to 50% of the NAV and no more than 10% of a single issuer.

What are the Risks of Investing in the Vertex Liquid Alternative Fund Plus?

An investment in VLAFP is subject to the general risks associated with alternative mutual fund investing. In addition, an investment in VLAFP will also be subject to the general risks inherent in equity investments, as well as the specific risks described under the heading *What are the specific risks of investing in a mutual fund?* on page 4, including:

- Arbitrage risk
- Short selling risk
- Equity risk
- Hedging risk
- SPAC risk
- Liquidity risk
- Derivative risk
- Leverage risk
- Taxation risk
- Tax treatment of derivative agreement risk
- Operational risk
- Portfolio turnover risk

As noted above under “Investment objectives” VLAFP falls within the definition of an “alternative mutual fund” set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. For more information regarding the risks associated with these strategies, please see “Concentration Risk”, “Derivative Risk”, “Leverage Risk” and “Short Selling Risk” under the heading *What are the specific risks of investing in a mutual fund?* at page 4.

Who Should Invest in the Vertex Liquid Alternative Fund Plus?

VLAFP is suitable for investors who are seeking capital gains over the long term, with a low-to-medium tolerance for risk. VLAFP is not appropriate for an investor with a short-term investment horizon.

Because VLAFP has less than a 10-year performance history, a reference index has been used to backfill the returns for the purposes of determining the investment risk level, as described in *Investment Risk Classification Methodology* on page 29. The reference index used is the HFRI ED: Merger Arbitrage Index. This index is event-driven and equal-weighted, focusing on merger arbitrage globally in U.S. dollars, with a monthly reporting interval.

Distribution Policy

VLAFP distributes its net income and net realized capital gains annually in December. Distributions are automatically reinvested in additional Units of VLAFP.

Fund Expenses Indirectly Borne by Investors

Mutual funds pay for expenses out of a fund's assets. This means that investors in a mutual fund indirectly pay these expenses through lower returns. Information regarding expenses of VLAFP indirectly borne by investors cannot be provided at this time because VLAFP was started on January 11, 2019.

VERTEX CANADIAN EQUITY ALPHA FUND

Fund Details

Type of fund	Canadian equity alternative
Date started	Class B – January 11 2019 Class F – January 11, 2019
Type of securities	Class B and Class F trust units
Qualified investment for registered plans?	Units of the Fund are expected to be qualified investments for registered plans
Management fee	Class B: 2% Class F: 1% (Refer to the more detailed description of the management fee on pages 21-23)
Performance fee	15% of the amount by which the Vertex Canadian Equity Alpha Fund outperforms its benchmark, subject to a relative high water mark (Refer to the more detailed description of the performance fee on pages 23 and 24)

What Does The Vertex Canadian Equity Alpha Fund Invest In?

Investment Objectives

The Vertex Canadian Equity Alpha Fund's ("**VCEAF**") primary objective is to achieve long-term capital growth by investing in derivatives to provide a return on the performance of the S&P/TSX 60 Total Return Index and enhanced by the performance of the Vertex Liquid Alternative Fund ("**VLAF**") through the use of leverage.

The VCEAF falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. The maximum aggregate exposure to these sources of leverage, as calculated in accordance with section 2.9.1 of NI 81-102, shall not exceed 300% of the fund's NAV.

The fundamental investment objective of VCEAF may only be changed with the approval of a majority of Unitholders at a meeting called for that purpose. However, we may change VCEAF's investment strategies described below at our discretion.

Investment Strategies

To achieve its investment objective, the Manager intends to invest in units of VLAF, enter into derivative contracts or invest in exchange traded funds that are intended to replicate the return of the S&P/TSX 60 Total Return Index (less the implicit funding cost), and/or use the same investment strategies as the VLAF (investing directly in arbitrage situations), or enter into into derivative contracts that are intended to replicate the return of the VLAF. As a result of these investment activities, the Manager intends for the VCEAF to gain 100% exposure to each of the VLAF and the equity benchmark compared to its initial investment.

The most common arbitrage activity the Manager intends to use is merger arbitrage, which involves purchasing the shares of an announced acquisition target company at a discount to the expected merger consideration. When a transaction is announced, the value of the cash and/or securities to be received is typically higher than the market price of the target company. The discount that the target security trades at is called the merger arbitrage “spread.” If the Manager believes that it is probable that the proposed transaction, or a higher value transaction, will be consummated in a time frame that makes the spread an attractive rate of return, VCEAF may purchase shares of the target company. Alternatively, VCEAF may engage in short selling of the target company’s shares if the Manager determines that there is a likelihood that the transaction will fail to be consummated or if the spread is considered inadequate for the risks.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VCEAF will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies (“**SPACs**”), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

VCEAF may invest up to 100% of its assets in units of other mutual funds or exchange-traded funds managed by use or by third-party management firms. The Manager, in its sole discretion, selects the underlying funds and determines the allocation of assets among the underlying funds within the optimal asset mix of VCEAF.

The Manager may invest the majority of assets of VCEAF in cash or cash equivalents, depending on the investment opportunities available.

VCEAF may invest in derivative instruments to (i) reduce transaction costs, (ii) increase liquidity and efficiency of trading, (iii) gain exposure to equity markets in a more efficient manner, (iv) reduce risk, (v) generate yield, (vi) hedge currency exposure and (vii) provide leverage. In addition to derivatives, exchange traded funds may also be used to hedge currency exposure. VCEAF will only use derivatives as permitted by securities regulators.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within another type of mutual fund:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VCEAF will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

VCEAF may directly invest up to 100% of its net assets in foreign securities.

VCEAF's investment strategies involve active and frequent trading of portfolio securities. In any year, the higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year and the larger the capital gains distribution may be. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a fund.

VCEAF is authorized to enter into securities lending, repurchase and reverse purchase transactions in accordance with NI 81-102. In a securities lending transaction, VCEAF lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, VCEAF sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, VCEAF buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase agreements:

- When entering in securities lending, repurchase and reverse repurchase transactions, VCEAF is subject to the credit risk that the counterparty may default under the agreement and VCEAF would be forced to make a claim in order to recover its investment.

- When recovering its investment on default, VCEAF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by VCEAF.

- Similarly, VCEAF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by VCEAF to the counterparty.

The Manager intends to adhere to the following restrictions in implementing the investment strategies of VCEAF:

- VCEAF will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. VCEAF may transact in these types of securities when an active, unlisted "grey" market exists.

- No investment in a single issuer will exceed 15% of the net asset value of VCEAF. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

- Unhedged foreign currency investments will be limited to no more than 10% of the NAV of VCEAF.

- Borrowing will be limited to no more than 50% of the NAV and transacted only through a qualified investment fund custodian per section 6.2 of National Instrument 81-102. Borrowing will be used for the purposes of cash management, enhancing returns, and bridging between new deal opportunities and consummated deals where the proceeds are yet to settle.

- Short selling securities will be limited to 50% of the NAV and no more than 10% of a single issuer.

What are the Risks of Investing in the Vertex Canadian Equity Alpha Fund?

An investment in VCEAF is subject to the general risks associated with alternative mutual fund investing. In addition, an investment in VCEAF will also be subject to the general risks inherent in equity investments, as well as the specific risks described under the heading *What are the specific risks of investing in a mutual fund?* on page 4, including:

- Arbitrage risk
- Short selling risk
- Equity risk
- Hedging risk
- SPAC risk
- Liquidity risk
- Derivative risk
- Leverage risk
- Risks relating to index replication strategies
- Taxation risk
- Tax treatment of derivative agreement risk
- Operational risk
- Portfolio turnover risk

As noted above under “Investment objectives” VCEAF falls within the definition of an “alternative mutual fund” set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. For more information regarding the risks associated with these strategies, please see “Concentration Risk”, “Derivative Risk”, “Leverage Risk” and “Short Selling Risk” under the heading *What are the specific risks of investing in a mutual fund?* at page 4.

Who Should Invest in the Vertex Canadian Equity Alpha Fund?

VCEAF is suitable for investors who are seeking capital gains over the long term, with a medium-to-high tolerance for risk. VCEAF is not appropriate for an investor with a short-term investment horizon.

Because VCEAF has less than a 10-year performance history, a reference index has been used to backfill the returns for the purposes of determining the investment risk level, as described in *Investment Risk Classification Methodology* on page 29. The reference index used is the S&P/TSX 60 Total Return Index. This index is a stock market index of 60 large companies listed on the Toronto Stock Exchange, exposing an investor to ten industry sectors.

Distribution Policy

VCEAF distributes its net income and net realized capital gains annually in December. Distributions are automatically reinvested in additional Units of VCEAF.

Fund Expenses Indirectly Borne by Investors

Mutual funds pay for expenses out of a fund's assets. This means that investors in a mutual fund indirectly pay these expenses through lower returns. Information regarding expenses of VCEAF indirectly borne by investors cannot be provided at this time because VCEAF was started on January 11, 2019.

VERTEX U.S. EQUITY ALPHA FUND

Fund Details

Type of fund	U.S. equity alternative mutual fund
Date started	Class B – January 11, 2019 Class F – January 11, 2019
Type of securities	Class B and Class F trust units
Qualified investment for registered plans?	Units of the Fund are expected to be qualified investments for registered plans
Management fee	Class B: 2% Class F: 1% (Refer to the more detailed description of the management fee on pages 21-23)
Performance fee	15% of the amount by which the Vertex U.S. Equity Alpha Fund outperforms its benchmark, subject to a relative high water mark (Refer to the more detailed description of the performance fee on pages 23 and 24)

What Does the Vertex U.S. Equity Alpha Fund Invest In?

Investment Objectives

The Vertex U.S. Equity Alpha Fund's ("**VUSEAF**") primary objective is to achieve long-term capital growth by investing in derivatives to provide a return on the performance of the S&P 500 Net Total Return Index – CAD, and enhanced by the performance of the Vertex Liquid Alternative Fund ("**VLAF**") through the use of leverage.

The VUSEAF falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. The maximum aggregate exposure to these sources of leverage, as calculated in accordance with section 2.9.1 of NI 81-102, shall not exceed 300% of the fund's NAV.

The fundamental investment objective of VUSEAF may only be changed with the approval of a majority of Unitholders at a meeting called for that purpose. However, we may change VUSEAF's investment strategies described below at our discretion.

Investment Strategies

To achieve its investment objective, the Manager intends to invest in units of VLAF, enter into derivative contracts or invest in exchange traded funds that are intended to replicate the return of the S&P 500 Net Total Return Index – CAD (less the implicit funding cost), and/or use the same investment strategies as the VLAF (investing directly in arbitrage situations), or enter into into derivative contracts that are intended to replicate the return of the VLAF. As a result of these investment activities, the Manager intends for the VUSEAF to gain 100% exposure to each of the VLAF and the equity benchmark, net of borrowing and/or dealer costs.

The most common arbitrage activity the Manager intends to use is merger arbitrage, which involves purchasing the shares of an announced acquisition target company at a discount to the expected merger consideration. When a transaction is announced, the value of the cash and/or securities to be received is typically higher than the market price of the target company. The discount that the target security trades at is called the merger arbitrage "spread." If the Manager believes that it is probable that the proposed transaction, or a higher value transaction, will be consummated in a time frame that makes the spread an attractive rate of return, VUSEAF may purchase shares of the target company. Alternatively, VUSEAF may engage in short selling of the target company's shares if the Manager determines that there is a likelihood that the transaction will fail to be consummated or if the spread is considered inadequate for the risks.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VUSEAF will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies ("**SPACs**"), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

VUSEAF may invest up to 100% of its assets in units of other mutual funds or exchange-traded funds managed by use or by third-party management firms. The Manager, in its sole discretion, selects the underlying funds and determines the allocation of assets among the underlying funds within the optimal asset mix of VUSEAF.

The Manager may invest the majority of assets of VUSEAF in cash or cash equivalents, depending on the investment opportunities available.

VUSEAF may invest in derivative instruments to (i) reduce transaction costs, (ii) increase liquidity and efficiency of trading, (iii) gain exposure to equity markets in a more efficient manner, (iv) reduce risk, (v) generate yield, (vi) hedge currency exposure and (vii) provide leverage. In addition to derivatives, exchange traded funds may also be used to hedge currency exposure. VUSEAF will only use derivatives as permitted by securities regulators.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within another type of mutual fund:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VUSEAF will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

VUSEAF may directly invest up to 100% of its net assets in foreign securities.

VUSEAF's investment strategies involve active and frequent trading of portfolio securities. In any year, the higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year and the larger the capital gains distribution may be. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a fund.

VUSEAF is authorized to enter into securities lending, repurchase and reverse purchase transactions in accordance with NI 81-102. In a securities lending transaction, VUSEAF lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, VUSEAF sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, VUSEAF buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase agreements:

- When entering in securities lending, repurchase and reverse repurchase transactions, VUSEAF is subject to the credit risk that the counterparty may default under the agreement and VUSEAF would be forced to make a claim in order to recover its investment.

- When recovering its investment on default, VUSEAF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by VUSEAF.

- Similarly, VUSEAF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by VUSEAF to the counterparty.

The Manager intends to adhere to the following restrictions in implementing the investment strategies of VUSEAF:

- VUSEAF will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. VUSEAF may transact in these types of securities when an active, unlisted "grey" market exists.

- No investment in a single issuer will exceed 15% of the net asset value of VUSEAF. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

- Unhedged foreign currency investments will be limited to no more than 10% of the NAV of VUSEAF.

- Borrowing will be limited to no more than 50% of the NAV and transacted only through a qualified investment fund custodian per section 6.2 of National Instrument 81-102. Borrowing will be used for the purposes of cash management, enhancing returns, and bridging between new deal opportunities and consummated deals where the proceeds are yet to settle.

- Short selling securities will be limited to 50% of the NAV and no more than 10% of a single issuer.

What are the Risks of Investing in the Vertex U.S. Equity Alpha Fund?

An investment in VUSEAF is subject to the general risks associated with alternative mutual fund investing. In addition, an investment in VUSEAF will also be subject to the general risks inherent in equity investments, as well as the specific risks described under the heading *What are the specific risks of investing in a mutual fund?* on page 4, including:

- Currency risk
- Arbitrage risk
- Short selling risk
- Equity risk
- Hedging risk
- SPAC risk
- Liquidity risk
- Derivative risk
- Leverage risk
- Risks relating to index replication strategies
- Taxation risk
- Tax treatment of derivative agreement risk
- Operational risk
- Portfolio turnover risk

As noted above under "Investment objectives" VUSEAF falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. For more information regarding the risks associated with these strategies, please see "Concentration Risk", "Derivative Risk", "Leverage Risk" and "Short Selling Risk" under the heading *What are the specific risks of investing in a mutual fund?* at page 4.

Who Should Invest in the Vertex U.S. Equity Alpha Fund?

VUSEAF is suitable for investors who are seeking capital gains over the long term, with a medium-to-high tolerance for risk. VUSEAF is not appropriate for an investor with a short-term investment horizon.

Because VUSEAF has less than a 10-year performance history, a reference index has been used to backfill the returns for the purposes of determining the investment risk level, as described in *Investment Risk Classification Methodology* on page 29. The reference index used is the S&P 500 Net Total Return Index – CAD. This index is a Canadian dollar denominated U.S. stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or the NASDAQ.

Distribution Policy

VUSEAF distributes its net income and net realized capital gains annually in December. Distributions are automatically reinvested in additional Units of VUSEAF.

Fund Expenses Indirectly Borne by Investors

Mutual funds pay for expenses out of a fund's assets. This means that investors in a mutual fund indirectly pay these expenses through lower returns. Information regarding expenses of VUSEAF indirectly borne by investors cannot be provided at this time because VUSEAF was started on January 11, 2019.

VERTEX BOND ALPHA FUND

Fund Details

Type of fund	Income alternative mutual fund
Date started	Class B – January 11, 2019 Class F – January 11, 2019
Type of securities	Class B and Class F trust units
Qualified investment for registered plans?	Units of the Fund are expected to be qualified investments for registered plans
Management fee	Class B: 2% Class F: 1% (Refer to the more detailed description of the management fee on pages 21-23)
Performance fee	15% of the amount by which the Vertex Bond Alpha Fund outperforms its benchmark, subject to a relative high water mark (Refer to the more detailed description of the performance fee on pages 23 and 24)

What Does The Vertex Bond Alpha Fund Invest In?

Investment Objectives

The Vertex Bond Alpha Fund's ("**VBAF**") primary objective is to achieve long-term capital growth by investing in derivatives to provide a return on the performance of the FTSE TMX Canada Universe Bond Index and enhanced by the performance of the Vertex Liquid Alternative Fund ("**VLAF**") through the use of leverage.

The VBAF falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. The maximum aggregate exposure to these sources of leverage, as calculated in accordance with section 2.9.1 of NI 81-102, shall not exceed 300% of the fund's NAV.

The fundamental investment objective of VBAF may only be changed with the approval of a majority of Unitholders at a meeting called for that purpose. However, we may change VBAF's investment strategies described below at our discretion.

Investment Strategies

To achieve its investment objective, the Manager intends to invest in units of VLAF, enter into derivative contracts or invest in exchange traded funds that are intended to replicate the return of the FTSE TMX Canada Universe Bond Index (less the implicit funding cost), and/or use the same investment strategies as the VLAF (investing directly in arbitrage situations), or enter into into derivative contracts that are intended to replicate the return of the VLAF. As a result of these investment activities, the Manager intends for the VBAF to gain 100% exposure to each of the VLAF and the index, net of borrowing and/or dealer costs.

The most common arbitrage activity the Manager intends to use is merger arbitrage, which involves purchasing the shares of an announced acquisition target company at a discount to the expected merger consideration. When a transaction is announced, the value of the cash and/or securities to be received is typically higher than the market price of the target company. The discount that the target security trades at is called the merger arbitrage "spread." If the Manager believes that it is probable that the proposed transaction, or a higher value transaction, will be consummated in a time frame that makes the spread an attractive rate of return, VBAF may purchase shares of the target company. Alternatively, VBAF may engage in short selling of the target company's shares if the Manager determines that there is a likelihood that the transaction will fail to be consummated or if the spread is considered inadequate for the risks.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VBAF will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies which are permitted within an alternative mutual fund but may be limited or prohibited within other types of mutual funds to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies ("**SPACs**"), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

VBAF may invest up to 100% of its assets in units of other mutual funds or exchange-traded funds managed by use or by third-party management firms. The Manager, in its sole discretion, selects the underlying funds and determines the allocation of assets among the underlying funds within the optimal asset mix of VBAF.

The Manager may invest the majority of assets of VBAF in cash or cash equivalents, depending on the investment opportunities available.

VBAF may invest in derivative instruments to (i) reduce transaction costs, (ii) increase liquidity and efficiency of trading, (iii) gain exposure to equity markets in a more efficient manner, (iv) reduce risk, (v) generate yield, (vi) hedge currency exposure and (vii) provide leverage. In addition to derivatives, exchange traded funds may also be used to hedge currency exposure. VBAF will only use derivatives as permitted by securities regulators.

The Manager intends to use investment strategies designed to minimize market exposure which are permitted within an alternative mutual fund but may be limited or prohibited within another type of mutual fund:

- The Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares of the acquirer and/or other securities. If the transaction is consummated, VBAF will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received.

- The Manager may use listed put or call options to hedge positions.

VBAF may directly invest up to 100% of its net assets in foreign securities.

VBAF's investment strategies involve active and frequent trading of portfolio securities. In any year, the higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year and the larger the capital gains distribution may be. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a fund.

VBAF is authorized to enter into securities lending, repurchase and reverse purchase transactions in accordance with NI 81-102. In a securities lending transaction, VBAF lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, VBAF sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, VBAF buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase agreements:

- When entering in securities lending, repurchase and reverse repurchase transactions, VBAF is subject to the credit risk that the counterparty may default under the agreement and VBAF would be forced to make a claim in order to recover its investment.

- When recovering its investment on default, VBAF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by VBAF.

- Similarly, VBAF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by VBAF to the counterparty.

The Manager intends to adhere to the following restrictions in implementing the investment strategies of VBAF:

- VBAF will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. VBAF may transact in these types of securities when an active, unlisted "grey" market exists.

- No investment in a single issuer will exceed 15% of the net asset value of VBAF. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

- Unhedged foreign currency investments will be limited to no more than 10% of the NAV of VBAF.

- Borrowing will be limited to no more than 50% of the NAV and transacted only through a qualified investment fund custodian per section 6.2 of National Instrument 81-102. Borrowing will be used for the purposes of cash management, enhancing returns, and bridging between new deal opportunities and consummated deals where the proceeds are yet to settle.

- Short selling securities will be limited to 50% of the NAV and no more than 10% of a single issuer.

What are the Risks of Investing in the Vertex Bond Alpha Fund?

An investment in VBAF is subject to the general risks associated with alternative mutual fund investing. In addition, an investment in VBAF will also be subject to the general risks inherent in equity investments, as well as the specific risks described under the heading *What are the specific risks of investing in a mutual fund?* on page 4, including:

- Arbitrage risk
- Short selling risk
- Equity risk
- Hedging risk
- SPAC risk
- Liquidity risk
- Derivative risk
- Leverage risk
- Risks relating to index replication strategies
- Taxation risk
- Tax treatment of derivative agreement risk
- Operational risk
- Portfolio turnover risk

As noted above under "Investment objectives" VBAF falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. For more information regarding the risks associated with these strategies, please see "Concentration Risk", "Derivative Risk", "Leverage Risk" and "Short Selling Risk" under the heading *What are the specific risks of investing in a mutual fund?* at page 4.

Who Should Invest in the Vertex Bond Alpha Fund?

VBAF is suitable for investors who are seeking capital gains over the long term, with a medium tolerance for risk. VBAF is not appropriate for an investor with a short-term investment horizon.

Because VBAF has less than a 10-year performance history, a reference index has been used to backfill the returns for the purposes of determining the investment risk level, as described in *Investment Risk Classification Methodology* on page 29. The reference index used is the FTSE TMX Canada Universe Bond. This index is comprised of Canadian investment-grade bonds which mature in more than one year.

Distribution Policy

VBAF distributes its net income and net realized capital gains annually in December. Distributions are automatically reinvested in additional Units of VBAF.

Fund Expenses Indirectly Borne by Investors

Mutual funds pay for expenses out of a fund's assets. This means that investors in a mutual fund indirectly pay these expenses through lower returns. Information regarding expenses of VBAF indirectly borne by investors cannot be provided at this time because VBAF was started on January 11, 2019.

SIMPLIFIED PROSPECTUS

Vertex Liquid Alternative Fund
Vertex Liquid Alternative Fund Plus
Vertex Canadian Equity Alpha Fund
Vertex U.S. Equity Alpha Fund
Vertex Bond Alpha Fund

Additional information about the Funds is available in the Funds' Annual Information Form, Fund Facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means they legally form part of this simplified prospectus just as if they were printed as a part of this document. You can get a copy of these documents at your request and at no cost, by calling toll free at 1-866-688-6757, or from your dealer, or by email at invest@vertexone.com. You may also find these documents and other information about each Fund at www.vertexone.com or at www.sedar.com.

Manager of the Funds

VERTEX ONE ASSET MANAGEMENT INC.
3200-1021 West Hastings Street
Vancouver, British Columbia V6E 0C3