

Vertex Growth Fund

Semi-Annual Financial Statements
June 30, 2019 (Unaudited)

*These financial statements have not been reviewed by an independent auditor

Vertex Growth Fund

Statements of Financial Position

As at June 30, 2019 and December 31, 2018

	June 30, 2019 (unaudited)	December 31, 2018
Assets		
Current assets		
Investments	\$ 25,758,614	\$ 29,225,120
Cash	906,447	7,385,587
Other receivable	179,750	-
Due from broker	273,935	138,429
Accrued interest	425	-
Dividends receivable	59,094	16,354
Subscriptions receivable	5,000	144,373
Unrealized gain on spot contracts	-	2,231
Derivative financial instruments		
Forward contracts	8,012	-
	<u>27,191,277</u>	<u>36,912,094</u>
Liabilities		
Current liabilities		
Management fees payable (Note 10)	\$ 210,472	\$ 31,882
Redemptions payable	821,015	156,666
Derivative financial instruments		
Forward contracts	-	263,188
	<u>1,031,487</u>	<u>451,736</u>
Net Assets attributable to holders of redeemable units	<u>\$ 26,159,790</u>	<u>\$ 36,460,358</u>
Net Assets attributable to holders of redeemable units per Class		
Class B	\$ 10,258,190	\$ 14,038,549
Class F	<u>15,901,600</u>	<u>\$ 22,421,809</u>
Net Assets attributable to holders of redeemable units per unit		
Class B	\$ 10.79	\$ 10.87
Class F	<u>\$ 11.72</u>	<u>\$ 11.74</u>

Approved on behalf of the Board of Directors of Vertex One Asset Management Inc., the Investment Manager

"Signed"

John W. Thiessen
Director

"Signed"

Jeffrey McCord
Director

(The accompanying notes are an integral part of the financial statements.)

Vertex Growth Fund

Statements of Comprehensive Income (Loss)

For the periods ended June 30 (unaudited)

	2019	2018
Investment income		
Foreign exchange gain (loss) on cash	\$ (129,451)	\$ 31,718
Change in unrealized foreign exchange gain (loss) on cash	(22,269)	760
Security lending income (Note 3)	6,239	10,257
Net gain (loss) on investments and derivatives		
Dividends	371,571	220,356
Interest for distribution purposes	696	3,092
Net realized gain (loss)	(2,442,815)	1,422,867
Net change in unrealized appreciation (depreciation)	2,813,860	(3,184,169)
Total investment income	<u>597,831</u>	<u>(1,495,119)</u>
Expenses (Note 10)		
Management fees	253,216	535,812
Securityholder reporting costs	49,727	92,466
Other administrative expenses	28,492	52,908
Audit fees	31,898	42,419
Custody fees	3,363	10,097
Legal fees	14,816	17,341
Trustee fees	2,235	3,127
Independent review committee fees	10,546	12,142
Interest expense	72	114
Transaction costs	72,340	204,192
Withholding tax	21,851	(26,627)
Total expenses	<u>488,556</u>	<u>943,991</u>
Increase (Decrease) in net assets attributable to holders of redeemable units	<u>109,275</u>	<u>(2,439,110)</u>
Increase (Decrease) in net assets attributable to holders of redeemable units per Class		
Class B	\$ 26,223	\$ (1,074,050)
Class F	<u>\$ 83,052</u>	<u>\$ (1,074,050)</u>
Increase (Decrease) in net assets attributable to holders of redeemable units per Class per unit		
Class B	\$ 0.02	\$ (0.60)
Class F	<u>\$ 0.05</u>	<u>\$ (0.53)</u>

(The accompanying notes are an integral part of the financial statements.)

Vertex Growth Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
For the periods ended June 30 (unaudited)

	Class B			
	2019	2018		
Net Assets attributable to holders of redeemable units, beginning of the period	\$ 14,038,549	\$ 33,883,919		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 26,223	(1,074,050)		
Capital transactions (Note 9)				
Proceeds from issuance of redeemable units	38,281	1,579,257		
Redemption of redeemable units	(3,844,863)	(9,292,641)		
	<u>(3,806,582)</u>	<u>(7,713,384)</u>		
Net Assets attributable to holders of redeemable units, end of the period	\$ 10,258,190	\$ 25,096,485		
	Class F		Total	
	2019	2018	2019	2018
Net Assets attributable to holders of redeemable units, beginning of the period	\$ 22,421,809	\$ 45,993,613	\$ 36,460,358	\$ 79,877,532
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 83,052	(1,365,060)	\$ 109,275	(2,439,110)
Capital transactions (Note 9)				
Proceeds from issuance of redeemable units	1,430,793	4,398,413	1,469,074	5,977,670
Redemption of redeemable units	(8,034,054)	(7,692,711)	(11,878,917)	(16,985,352)
	<u>(6,603,261)</u>	<u>(3,294,298)</u>	<u>(10,409,843)</u>	<u>(11,007,682)</u>
Net Assets attributable to holders of redeemable units, end of the period	\$ 15,901,600	\$ 41,334,255	\$ 26,159,790	\$ 66,430,740

(The accompanying notes are an integral part of the financial statements.)

Vertex Growth Fund

Statements of Cash Flows

For the periods ended June 30 (unaudited)

	2019	2018
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 109,275	\$ (2,439,110)
Adjustment for non-cash items:		
Net change in unrealized (appreciation) depreciation on investments and derivatives	(2,811,629)	3,196,577
Net realized loss (gain) on investments and derivatives	2,442,815	(1,422,867)
Change in unrealized foreign exchange loss (gain) on cash	22,269	(760)
	<u>(237,270)</u>	<u>(666,160)</u>
Changes in operating assets and liabilities:		
Increase in accrued interest	(425)	(3,255)
Increase (decrease) in dividends receivable	(42,740)	46,743
Increase in other receivable	(179,750)	-
Increase (decrease) in management fee payable	178,590	(22,022)
	<u>(44,325)</u>	<u>21,466</u>
Proceeds on disposition of investments and derivatives, including proceeds received on shorts	23,952,498	53,301,957
Purchase of investments and derivatives, including cover for shorts	<u>(20,521,653)</u>	<u>(41,265,480)</u>
	<u>3,430,845</u>	<u>12,036,477</u>
Net cash from operating activities	<u>3,149,250</u>	<u>11,391,783</u>
Financing activities		
Proceeds from issuance of redeemable units**	1,555,956	5,359,714
Redemption of redeemable units**	<u>(11,162,077)</u>	<u>(17,934,835)</u>
Net cash provided to financing activities	<u>(9,606,121)</u>	<u>(12,575,121)</u>
Decrease in Cash	<u>(6,456,871)</u>	<u>(1,183,338)</u>
Change in unrealized foreign exchange loss (gain) on cash	<u>(22,269)</u>	<u>760</u>
Cash*, Beginning of the period	<u>7,385,587</u>	<u>2,029,168</u>
Cash*, End of the period	<u>\$ 906,447</u>	<u>\$ 846,590</u>
Supplemental Information (included in operating activities)		
Cash paid for interest	\$ 72	114
Cash received from interest, net of withholding taxes	\$ 271	(163)
Cash received from dividends, net of withholding taxes	\$ 306,980	293,726

* Cash includes cash pledged as collateral, if any

** The amounts of proceeds and redemptions exclude non cash items such as switches and exchanges between classes for the period ending June 30, 2019 amounting to \$52,491 (June 30, 2018 - \$636,100)

(The accompanying notes are an integral part of the financial statements.)

Vertex Growth Fund

Schedule of Investments Portfolio

As at June 30, 2019 (unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
BONDS						
Corporate Bonds						
2,000,000	Intermap Technologies Corp.*	15.000%	1-Sep-20	2,617,100	761,896	
	TOTAL Corporate Bonds			<u>2,617,100</u>	<u>761,896</u>	<u>2.91</u>
	TOTAL BONDS			<u>2,617,100</u>	<u>761,896</u>	<u>2.91</u>
STOCKS						
CONSUMER DISCRETIONARY						
132,375	3 Sixty Risk Solutions Ltd.*			52,500	29,784	
13,300	A&W Revenue Royalties Income Fund			592,515	580,279	
410,832	Diversified Royalty Corp.			1,047,397	1,265,363	
	TOTAL CONSUMER DISCRETIONARY			<u>1,692,412</u>	<u>1,875,426</u>	<u>7.17</u>
ENERGY						
884,907	Ascendant Resources Inc.			571,111	384,935	
322,980	Ascendant Resources Inc., Warrants, (07Mar22)			-	19,379	
475,485	Blockchain Power Trust			228,233	35,661	
631,250	Blockchain Power Trust, Warrants, (08Jan20), Restricted			-	9,469	
25,063	Cuda Oil and Gas Inc.			60,151	12,532	
27,800	Enbridge Inc.			1,315,781	1,314,940	
128,765	Kelt Exploration Ltd.			975,982	502,184	
2,949,426	Petroshale Inc.			3,302,494	2,831,448	
103,854	Razor Energy Corp.			311,562	197,323	
44,790	EnLink Midstream LLC			654,122	591,826	
644,818	Lilis Energy Inc.			3,296,881	515,097	
24,101	NuStar Energy L.P., Preferred, Series 'B', Variable Rate, Perpetual			695,669	649,851	
20,287	Viper Energy Partners L.P.			783,756	818,790	
	TOTAL ENERGY			<u>12,195,742</u>	<u>7,883,435</u>	<u>30.14</u>
FINANCIALS						
6,139	Artis REIT, Preferred, Series 'G', Variable Rate, Perpetual			131,823	155,010	
32,604	Brookfield Business Partners L.P.			997,135	1,662,478	
116,045	Cominar REIT			1,398,422	1,451,722	
136,227	Dream Industrial REIT			1,577,158	1,607,478	
44,136	Guardian Capital Group Ltd., Class 'A'			880,732	1,079,125	
105,219	NorthWest Healthcare Properties REIT			1,097,671	1,239,480	
58,009	Brookfield Property Partners L.P.			1,286,185	1,435,143	
4,220,000	Pres Initial Capital Aggregator LLC*			1,793,891	1	
698,045	Pres Initial Capital Aggregator LLC, Warrants, (01May22)*			-	-	
240,127	Social Capital Hedosophia Holdings Corp.			3,194,991	3,358,414	
329,168	Social Capital Hedosophia Holdings Corp., Warrants, (18Sep22)			733,183	577,623	
	TOTAL FINANCIALS			<u>13,091,191</u>	<u>12,566,474</u>	<u>48.04</u>
HEALTH CARE						
19,231	Better Choice Co. Inc.*			50,134	159,918	
25,000	Better Choice Company Inc., Subscription Receipts*			100,823	134,884	
25,000	Better Choice Company Inc., Warrants, (15Apr21)*			-	-	
9,615	Sport Endurance Inc., Warrants, (10Dec20)*			-	1,133	
	TOTAL HEALTH CARE			<u>150,957</u>	<u>295,935</u>	<u>1.13</u>
INDUSTRIALS						
8,050	Cobalt Power Group Inc., Warrants, (07Mar20)*			-	-	
	TOTAL INDUSTRIALS			<u>-</u>	<u>-</u>	<u>0.00</u>
INFORMATION TECHNOLOGY						
37,500	HIVE Blockchain Technologies Ltd., Warrants, (14Nov19)			-	563	
	TOTAL INFORMATION TECHNOLOGY			<u>-</u>	<u>563</u>	<u>0.00</u>

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Schedule of Investments Portfolio

As at June 30, 2019 (unaudited) (continued)

Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Total
MATERIALS				
64,666	21C Metals Inc.	16,167	13,257	
3,333,335	Altair Resources Inc., Warrants, (18Apr20)*	-	333	
5,850	BioAmber Inc., Warrants, (27Jan21)*	-	-	
140,000	Bravada Gold Corp., Warrants*	-	-	
50,000	Brazil Resources Inc., Warrants, (14Nov19)*	-	-	
56,000	Declan Resources Inc., Warrants, (31Jul19)*	-	-	
7,915	Franco-Nevada Corp.	667,991	879,752	
17,325	Kitcho Copper Corp., Warrants, (14Dec20)*	-	-	
311,503	Osisko Gold Royalties Ltd., Warrants, (18Feb22)	859,748	158,867	
100,000	PolyMet Mining Corp., Warrants, (18Oct21)*	-	-	
625,000	Tower Resources Ltd., Warrants, (06Apr22)*	-	-	
	TOTAL MATERIALS	1,543,906	1,052,209	4.02
COMMUNICATIONS SERVICES				
22,200	BCE Inc.	1,281,003	1,322,676	
	TOTAL COMMUNICATIONS SERVICES	1,281,003	1,322,676	5.06
	TOTAL STOCKS	29,955,211	24,996,718	95.56
	TOTAL INVESTMENTS	32,572,311	25,758,614	98.47
FORWARD CONTRACTS				
	Buy CAD 3,934,020, Sell USD 3,000,000 @ 1.31134 - Jul 05, 2019		5,562	
	Buy CAD 3,275,685, Sell USD 2,500,000 @ 1.31027 - Jul 11, 2019		2,450	
	Total Unrealized loss on forward contracts		8,012	0.03
	TOTAL FORWARD CONTRACTS		8,012	0.03
	TOTAL INVESTMENTS AND FORWARD CONTRACTS	32,572,311	25,766,626	98.50
	TRANSACTION COSTS (Note 2)	(44,629)		
	TOTAL NET INVESTMENTS	32,527,682	25,766,626	98.50
	CASH		906,447	3.46
	OTHER ASSETS, LESS LIABILITIES		(513,283)	(1.96)
	TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	32,527,682	26,159,790	100.00

*Denotes manually priced securities using a fair valuation model

Vertex Growth Fund

Notes to Financial Statements

June 30, 2019 (Unaudited)

1. Establishment of the Fund

The Vertex Growth Fund (the “Fund”) was created on September 14, 2009 under the laws of British Columbia. The address of the Fund’s registered office is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver, BC, V7X 1T2. Vertex One Asset Management Inc. is the Manager and CIBC Mellon is the Trustee and Custodian of the Fund. The Fund commenced operations on September 21, 2009. The Fund currently offers an unlimited number of Class B and Class F Units.

The investment objective of the Fund is to achieve long-term capital growth by investing in growth-oriented equities. The Vertex Growth Fund invests primarily in equity and equity-related securities of North American companies. The Vertex Growth Fund may also invest in international companies. Investments may focus on assets in specific industry sectors and asset classes based on analysis of business cycles, industry sectors and market outlook.

2. Basis of accounting

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss.

The interim financial statements were authorized for issue by the Manager on August 29, 2019.

3. Significant accounting policies

Financial assets and financial liabilities at fair value through profit or loss

a) Classification

i. Assets

The Fund classifies its investments based on both Fund’s business model for managing those financial assets and contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investment are measured at fair value through profit or loss.

ii. Liabilities

The fund makes short sales in which borrowed security is sold on anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit

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Notes to Financial Statements

June 30, 2019 (Unaudited)

or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

iii. Other financial assets and other financial liabilities

Other financial assets (held for collection) and other financial liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, where appropriate at the contract's effective interest rate. Due to their short-term nature, the fair value of other financial assets and financial liabilities carried at amortized cost approximates their carrying amount

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss.

The Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities are initially recognized at fair value. Transaction costs related to financial instruments at FVTPL are expensed as incurred in the Statements of Comprehensive Income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

When the Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the Statements of Comprehensive Income within net realized gain (loss) on investments and derivatives.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statements of Comprehensive Income within changes in unrealized appreciation (depreciation) in value of investments and derivatives in the period in which they arise.

All other financial assets and liabilities are measured at amortized cost due to their short term nature.

c) Income Recognition

Dividend income from financial assets at fair value through profit or loss is recognized in the Statements of Comprehensive Income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognized in the Statements

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Notes to Financial Statements

June 30, 2019 (Unaudited)

of Comprehensive Income as interest income for distribution purposes which represents the coupon interest on debt instruments held by the Fund determined on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Net realized gain (loss) and net change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial statement purposes, investments traded on a recognized exchange, are recorded at fair value, established by last traded market price where the last traded market price falls within the day's bid ask spread. In circumstances where the last traded price is not within that day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances.

The value of any security which is not listed or traded on an exchange, but which is listed or traded on another market, including an over-the-counter market, being a marketplace other than an exchange where securities are normally purchased and sold and quotations are in common use in respect thereof, shall be determined in the same manner as a listed security by reference to prices on that market

Warrants if listed on a recognized exchange are valued at the latest available close price. If the warrants are not listed, but a secondary market exists then the independent broker prices (if available), who trade in such market will be used. If no secondary market exists, the warrants will be valued using the Black Scholes option pricing model.

The value of any security or property for which, in the opinion of the Manager the published market quotations are not readily available shall be the fair value as determined by the Manager based on valuation techniques. The fair value of certain securities are determined by using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, discounted cash flow analysis, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indicators of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Cash

Cash is comprised of cash on deposit.

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Notes to Financial Statements
June 30, 2019 (Unaudited)

Forward contracts

The Fund enters into forward contracts to manage risk or to achieve desired returns. Gains or losses are realized based on the settlement term of the forward contracts. These forward contracts are valued based on the difference between the contract rates and the current market prices for the underlying assets, adjusted to reflect credit risk and other relevant factors as applicable. The unrealized gain or loss is reflected in the Statements of Financial Position as Forward contracts.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars which is also its functional and presentation currency. Assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the year end. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the rate of exchange prevailing at the transaction date. Foreign exchange gains and losses relating to cash are presented as 'foreign exchange gain (loss) on cash' and those related to investments and derivatives are included in 'net realized gain (loss) on investments and derivatives' and 'change in unrealized (depreciation) appreciation in value investments and derivatives'.

Securities lending

The Fund engages in securities lending transactions. The Fund will receive collateral of at least 105% of the value of securities on loan. Collateral will generally be comprised of securities guaranteed by the Government of Canada or a province or territory of Canada, or by other governments with appropriate credit ratings, or by financial institutions, but may include commercial paper with an approved credit rating and or convertible securities. As at June 30, 2019, the aggregate dollar value of portfolio securities lent was \$1,729,742 (December 31, 2018 - \$1,223,678). As at June 30, 2019, the collateral held under securities transactions was \$1,816,339 (December 31, 2018 - \$1,285,575) respectively. Income earned from securities lending is included in securities lending income in the Statements of Comprehensive Income.

The following table presents reconciliation of the gross amount generated from the securities lending transactions of the Fund to the revenue from securities lending disclosed in the Statements of Comprehensive Income:

	June 30, 2019		June 30, 2018	
	% of Gross securities lending revenue		% of Gross securities lending revenue	
	\$	%	\$	%
Gross securities lending revenue	8,930	100	18,369	100
Withholding taxes	(20)	-	(1,276)	(7)
Agent fees - Bank of New York Mellon Corp. (The)	(2,671)	(30)	(6,836)	(37)
Securities lending revenue	6,239	70	10,257	56

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Notes to Financial Statements

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Increase (decrease) in net assets attributable to holders of redeemable units for each Class

Increase (decrease) in net assets attributable to holders of redeemable units per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units for the year per class, divided by the weighted average units outstanding during the year for that class.

Net Assets attributable to holders of redeemable units and related per unit amounts

The Fund issues two classes of redeemable units, which are redeemable at the holder's option and do not have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the unit class. Units are redeemable daily. The redeemable units are carried at the redemption amount that is payable at the Statements of Financial Position date if the holder exercises the right to put the unit back to the Fund. Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units with the total number of outstanding redeemable units for each respective class. Investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit (NAV) for transactions with unitholders. As at June 30, 2019 and December 31, 2018, there were no differences between the Fund's net asset value per security and its net assets per security calculated in accordance with IFRS.

A separate NAV is calculated for each Class of units of the Fund by taking the Class' proportionate share of the Fund's common assets less that Class' proportionate share of the Fund's common liabilities and deducting from this amount all liabilities that relate solely to a specific Class. The NAV per unit for each Class is determined by dividing the NAV of each Class by the number of units of that Class outstanding on the valuation date.

Classification of redeemable units issued by the Fund

Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS32 for classification as equity and therefore, have been classified as financial liabilities.

Taxation

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund has determined that it is in substance not taxable and therefore does not record income taxes in the Statements of Comprehensive Income nor does it recognize any deferred tax assets or liabilities in the Statements of Financial Position. As at December 31, 2018, the Fund had \$4,392,865 (December 31, 2017 - \$2,951,592)

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Notes to Financial Statements

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of unused capital losses which have no expiry and \$677,990 (December 31, 2017 - \$nil) of non-capital losses which will expire in 2038.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

4. Adoption of IFRS 9

IFRS 9, Financial Instruments

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after January 1, 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognized at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

IFRS 9 has been applied retrospectively by the Fund and did not result in a change to measurement of financial instruments as outlined in note 3. The Fund's investment portfolio previously designated as FVTPL or held for trading are now classified as fair value through profit or loss and other financial assets held for collection previously classified as loans and receivables are now classified at amortized cost. There were no material impact on the adoption from application of the new impairment model. There were no other standards, amendment to standards or interpretations that are effective for annual periods beginning January 1, 2018 that have a material effect on the financial statements of the Fund.

5. Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments in applying its accounting policies and to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual amounts could differ from those estimates.

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Fair value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources. Broker quotes as obtained from the pricing sources may be indicative and not executable. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. See Note 6 for more information on the fair value measurement of the Fund’s financial statements.

6. Fair value disclosure

The Fund classifies fair value measurements within a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows.

Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3- unobservable inputs for the asset or liability.

The Fund’s financial instruments which are recorded at fair value have been categorized based upon this fair value hierarchy. The following fair value hierarchy table presents information about the Fund’s financial instruments measured at fair value as at June 30, 2019 and December 31, 2018.

Financial Assets at fair value as at June 30, 2019					
	Level 1	Level 2	Level 3	Total	
Stocks - Long	\$ 23,904,763	\$ 324,587	\$ 1	\$ 24,229,351	
Bonds	-	-	761,896	761,896	
Warrants	756,431	10,936	-	767,367	
Forward contracts	-	8,012	-	8,012	
	\$ 24,661,194	\$ 343,535	\$ 761,897	\$ 25,766,626	

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Financial Assets at fair value as at December 31, 2018

	Level 1	Level 2	Level 3	Total
Stocks - Long	\$ 26,779,323	\$ -	\$ 328,467	\$ 27,107,790
Bonds	-	-	1,364,143	1,364,143
Warrants	397,001	356,186	-	753,187
Forward contracts	-	-	-	-
	\$ 27,176,324	\$ 356,186	\$ 1,692,610	\$ 29,225,120

Financial Liabilities at fair value as at December 31, 2018

	Level 1	Level 2	Level 3	Total
Forward contracts	\$ -	\$ (263,188)	\$ -	\$ (263,188)
	\$ -	\$ (263,188)	\$ -	\$ (263,188)

Investments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an investment classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, investments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Likewise, if an investment classified as Level 2 or Level 3, subsequently becomes actively traded and/or have a quoted price available, it is transferred into Level 1.

The Fund uses the following techniques to determine the Level 2 fair value measurements:

Equities - The fair value of equities are determined using inputs other than quoted prices included in level 1 that are observable for the asset or liability directly or indirectly. This includes transaction prices in markets that are not active for identical instruments, quoted prices in markets for similar, but not identical, instruments and transaction prices in markets that are not active for similar, but not identical, instruments.

Bonds - The fair value of bonds are determined by obtaining the quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data. In addition, the Fund also values these instruments using the net present value of estimated future cash flows.

Forward contracts - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the measurement date, with the resulting value discounted back to present value.

Options and other over-the-counter derivatives - Options and other over-the-counter derivatives are classified as level 1 when they are exchange traded and prices are readily available on the market. Where they are not traded, the Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for these non-standardized financial instruments such as options and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, option pricing models and other valuation techniques commonly used by market participants making the maximum use

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of market inputs and relying as little as possible on entity-specific inputs. Where the inputs are observable, the options and other over-the-counter derivatives are classified into level 2. Where the inputs are not observable, they are classified into level 3.

Warrants - The fair value of warrants are valued using the Black Scholes options pricing model. The warrants are classified as Level 2 where the underlying security is listed and the other inputs are observable.

Level 3 fair value measurements and sensitivity analysis

Equities

Equities classified within Level 3 with fair value at June 30, 2019 of \$1 (December 31, 2018 - \$328,467) consists of private equity positions. For December 31, 2018, the Fund values these equities using broker quotes, grey markets and costs which are not included in the sensitivity analysis, there will be no effect on its estimated value.

Bonds

Bonds classified within Level 3 with fair value at June 30, 2019 of \$761,896 (December 31, 2018 - \$1,364,108) consists of corporate bonds. The Fund values these instruments using the net debt to EBITDA. The remaining bonds with fair value of \$nil (December 31, 2018 - \$35) use broker quotes, grey markets and costs and are not included in the sensitivity analysis, as there will be no effect on its estimated value. The Fund considers liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary. In addition, the bonds will be valued at quotations supplied by third party broker dealers and other pricing vendors. The Manager does not alter the broker quotes as the quotes are obtained from accredited brokers. However, the quotes as well as the brokers are monitored periodically to make sure for quotes are representative of fair market values.

Warrants

Warrants classified within Level 3 with fair value at June 30, 2019 of \$nil (December 31, 2018 - \$nil) have significant unobservable inputs, as the underlying securities trade infrequently or are privately held. As observable prices are not available for the underlying securities, the Manager uses valuation techniques to derive the fair value of the underlying securities.

The following table presents the sensitivity analysis for level 3 securities with significant unobservable inputs as at June 30, 2019 and December 31, 2018.

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Description	Fair Value at June 30, 2019	Valuation Techniques		Unobservable Inputs	Weighted average input	Reasonably possible shift +/- = (absolute value)	Change in the valuation (+/-)
Bonds	\$761,896	Net debt to EBITDA		Discount Rate	38.28%	1.0%	+\$2,780/ -\$2,835
				Book Value Recoverability	71.09%	10.0%	+\$28,224/ \$(28,224)

Description	Fair Value at December 31, 2018	Valuation Techniques		Unobservable Inputs	Weighted average input	Reasonably possible shift +/- = (absolute value)	Change in the valuation (+/-)
Bonds	\$1,364,108	Net debt to EBITDA		Discount Rate	27.73%	1.0%	+\$37,253/ \$38,787

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result. For equity securities, increase in EBITDA multiple and control premium inputs would each lead to an increase in estimated value. However, an increase in the discount for lack of marketability would lead to a decrease in value. For debt securities, increases in the cost of capital and profitability of default would both lead to a decrease in the estimated value. For investments that use broker quotes, grey markets and cost, there will be no effect on its estimated value.

Reconciliation of Level 3 fair value measurements

The following is a reconciliation of Level 3 fair value measurements from December 31, 2018 to June 30, 2019:

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	Fair value measurements using level 3 inputs			
	Warrants	Equities - long	Bonds - Long	Total
Balance at December 31, 2018	\$ -	\$ 328,467	\$ 1,364,143	\$ 1,692,610
Transfers in	-	-	(35)	(35)
Transfers out	-	(328,466)	-	(328,466)
Gains (Losses)				
Unrealized	-	-	(602,212)	(602,212)
Balance at June 30, 2019	\$ -	\$ 1	\$ 761,896	\$ 761,897
Total change in unrealized gain (loss) during the period for assets held at June 30, 2019	\$ -	\$ -	\$ (602,212)	\$ (602,212)

The following is a reconciliation of Level 3 fair value measurements from December 31, 2017 to December 31, 2018:

	Fair value measurements using level 3 inputs			
	Warrants	Equities - long	Bonds - Long	Total
Balance at December 31, 2017	\$ 13,162	\$ 1,126,771	\$ 1,122,033	\$ 2,261,966
Purchases	-	37,560	-	37,560
Gains (Losses)				
Unrealized	(13,162)	(835,864)	242,110	(606,916)
Balance at December 31, 2018	\$ -	\$ 328,467	\$ 1,364,143	\$ 1,692,610
Total change in unrealized gain (loss) during the year for assets held at December 31, 2018	\$ (13,162)	\$ (835,864)	\$ 242,110	\$ (606,916)

The following were the transfers between Levels 1 and 2 for assets and liabilities held at June 30, 2019:

	Transfer from level 1 to level 2	Transfer from level 2 to level 1
	June 30, 2019	June 30, 2019
Warrants	\$ 10,602	\$ 597,002

There were no transfers between Levels 1 and 2 for assets and liabilities held at December 31, 2018.

7. Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position where the Fund currently has a legally enforceable right to set-off the recognized amounts and

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there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of the contracts.

The following table presents the recognized financial instruments that are offset, or subject to enforceable master netting arrangements or other similar agreements but not offset, as at June 30, 2019 and December 31, 2018, and shows in the 'Net' column what the net impact would be on the Fund's Statements of Financial Position if all set-off rights were exercised.

Financial Assets and Liabilities as at June 30, 2019	Amounts Offset (\$)			Amounts Not Offset (\$)		Net
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Received (Pledged)	
Derivative assets	8,012	-	8,012	-	-	8,012
Derivative liabilities	-	-	-	-	-	-
Total	8,012	-	8,012	-	-	8,012

Financial Assets and Liabilities as at December 31, 2018	Amounts Offset (\$)			Amounts Not Offset (\$)		Net
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Received (Pledged)	
Derivative assets	-	-	-	-	-	-
Derivative liabilities	(263,188)	-	(263,188)	-	-	(263,188)
Total	(263,188)	-	(263,188)	-	-	(263,188)

8. Interest in unconsolidated structured entities

The Fund has determined that its investments in underlying funds, securitizations, asset-backed securities and mortgage-backed securities, if any, are unconsolidated structured entities. The determination is based on the fact that decision making about the underlying funds, securitizations, asset-backed securities and mortgage-backed securities is not governed by the voting right or other similar right held by the Fund.

The Fund may invest in underlying funds whose investment objectives range from achieving short-term to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Underlying funds finance their operations by issuing redeemable units which are puttable at the holders' option and entitles the holder to a proportionate value in the respective fund's Net Assets. The change in fair value of each of the underlying funds during the periods is included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

The Fund does not provide and has not committed to providing any additional significant financial or other support to the unconsolidated structured entities other than its investments in the unconsolidated structured entities.

There were no interest in unconsolidated structured entities at the period ended June 30, 2019 and December 31, 2018.

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Investment Entity

The fund has determined that it meets the definition of an "investment entity" and as a result, it measures subsidiaries, if any, at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purposes of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgement that the Fund has made in determining that it meets this definition is that fair value is the primary measurement attribute used to measure and evaluate the performance of substantially all of its investments.

9. Redeemable units

Redeemable units transactions include amounts representing unit subscriptions, unit redemptions, and units reinvested. Units are redeemable daily. The Fund generally has no restrictions or specific capital requirements on the subscription and redemptions of units. In accordance with the objectives and the risk management policies outlined in note 12, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being managed by investing the majority of assets in investments that can be readily disposed. The following table summarizes the changes in the number of redeemable units during the period:

	June 30, 2019		June 30, 2018	
	Class B	Class F	Class B	Class F
Units-Beginning of period	1,291,360	1,909,859	2,097,813	2,665,892
Redeemable Units issued	3,354	116,088	99,187	256,604
Redeemable Units redeemed	(344,120)	(688,997)	(586,228)	(452,367)
Units-End of period	950,594	1,336,950	1,610,772	2,470,129

Certain directors and/or related parties of the Fund held 17.11% of the Fund units at June 30, 2019 (December 31, 2018 – 12.68%).

10. Fees and expenses

a) Management fees

Pursuant to the terms of a management agreement, the Fund pays to the Manager, monthly in arrears, a base management fee for services, including the provision of key management personnel. The management fee may vary from class to class and for each of the existing classes of units is as follows:

Class B: 1/365 of 2% (2% per annum) of the NAV of Class B Units on the preceding business day plus applicable taxes.

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Class F: 1/365 of 1% (1% per annum) of the NAV of Class F Units on the preceding business day plus applicable taxes.

The management fees incurred for the period ended June 30, 2019 are \$253,216, (June 30, 2018 – \$535,812) of which \$210,472 (December 31, 2018 – \$31,882) were outstanding at period end.

b) Performance fees

The Fund will pay to the Manager a performance fee, plus applicable taxes, in relation to each class of units that is equal to 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease of the following benchmarks having the following components, for the period since the performance fee was last paid.

- 50% weighting - S&P 500 Total Return Index (or its successor indices, as applicable)
- 50% weighting - S&P/TSX Composite Total Return Index (or its successor indices, as applicable)

If at any time the performance of the Fund is less than its benchmark, then no performance fee will be payable until the performance of the Fund relative to its benchmark has exceeded the amount of the deficiency.

The performance fees incurred for the period ended June 30, 2019 are \$nil (June 30, 2018– \$nil) of which \$nil (December 31, 2018 – \$nil) were outstanding at period end.

c) Other fees and expenses

The 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 the Manager), record keeping, legal fees and expenses, 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 the 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 the Fund, interest, all brokerage and other fees relating to the purchase and sale of the assets of the Fund, and the fees and expenses of the IRC. The Manager will pay for all expenses associated with the identification and management of the Fund's investments (other than direct expenses such as interest charges on margin borrowings and brokerage fees, which are the responsibility of the Fund).

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11. Soft dollar commissions

Soft dollar commissions relate to amounts paid to brokers in exchange for research or other services provided to the Manager. There were \$5,332 (June 30, 2018 – \$14,809) soft dollar commissions paid during the period.

12. Financial risk management

The Fund's financial instruments consist of investments and derivatives, cash, accrued interest and dividends receivable, subscriptions receivable, accounts payable and accrued liabilities, accrued management fees, due to broker and redemptions payable. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The Manager maintains a risk management practice that includes quarterly monitoring of the risk profile of the Fund. The purpose of such practices is to minimize the potential adverse effect of each risk on the Fund's financial performance while being consistent with the Fund's investment objective. The risks include market risk (including other price risk, interest rate risk, and currency risk), credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

(a) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's other price risk is managed through diversification of the investment portfolio. The Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

As of June 30, 2019, if the market price of the Fund's net equity position and options investments had increased or decreased by 5% with all other variables held constant, this would have approximately increased or decreased net assets to amount in by 1,249,836 (December 31, 2018 - \$1,393,049). Actual results may differ from this sensitivity analysis and those results could be material.

(b) *Interest rate risk*

As at June 30, 2019, 2.91% (December 31, 2018 – 3.74%) of the Fund's investment portfolio consists of interest bearing corporate bonds and foreign bonds. As a result, the Fund was subject to interest rate risk due to fluctuations in the prevailing level of market interest rates which could impact the Fund's cash flows.

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The table below summarizes the Fund’s exposure to interest rate risk. It includes the Fund’s assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

	Less than 1 year	1 - 5 years	More than 5 years	Total
As at June 30, 2019				
Financial Assets				
Bonds*	\$ -	\$ 761,896	\$ -	\$ 761,896
As at December 31, 2018				
Financial Assets				
Bonds*	\$ 35	\$ 1,364,108	\$ -	\$ 1,364,143

* The amount of bonds is net of short securities, if any

At June 30, 2019, should interest rates have increased or decreased by 25 basis points with all other variables remaining constant, the decrease or increase in net assets for the year would amount to approximately \$3,095 (December 31, 2018 - \$3,451). Actual results may differ from this sensitivity analysis and those results could be material. The Fund’s Manager reviews the interest rate exposure on a regular basis.

(c) Currency risk

Currency risk is the risk that the value of net investments denominated in currencies, other than Canadian Dollars, the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Fund holds assets and liabilities, including cash, short-term investments, equities, and options that are denominated in currencies other than the Canadian Dollar. It is therefore exposed to currency risk, as the value of and cash flows associated with the securities denominated in other currencies fluctuate due to changes in exchange rates. The Fund’s manager reviews the currency positions of the Fund on a regular basis and the Fund may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies.

The currency risk reflects the net impact after taking into consideration forward contracts, if any. Actual results may differ from this sensitivity analysis and those results could be material. As at June 30, 2019 and December 31, 2018, if the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant the decrease or increase respectively in net assets would approximately amount to values as disclosed in the table below

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As at June 30, 2019

	Monetary exposure	Non-monetary exposure	Assets Hedged by forward contracts	Net currency exposure	% of Net assets attributable to holders of redeemable units	5% Decrease /increase
Euro	9,528	-	-	9,528	0.04%	476
US Dollar	1,034,585	6,807,538	(7,201,693)	640,430	2.45%	32,022
Total	\$ 1,044,113	\$ 6,807,538	\$ (7,201,693)	\$ 649,958	2.49%	\$ 32,498

As at December 31, 2018

	Monetary exposure	Non-monetary exposure	Assets Hedged by forward contracts	Net currency exposure	% of Net assets attributable to holders of redeemable units	5% Decrease /increase
Euro	10,008.00	-	-	10,008	0.03%	500
US Dollar	6,610,866	13,749,843	(19,930,643)	430,066	1.18%	21,503
Total	\$ 6,620,874	\$ 13,749,843	\$ (19,930,643)	\$ 440,074	1.21%	\$ 22,003

* The non-monetary exposure is net of short securities, if any.

(d) Credit risk

Credit risk is the risk that a loss could arise when a security issuer or counterparty to a financial instrument is unable to meet its financial obligations. The Fund's main credit risk is from corporate bonds, preferred shares, and derivative contracts. To maximize the credit quality of its investments, the Fund's manager performs ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information. Cash is held with a custodian bearing a credit rating of Aa3 or better.

The Fund invests in debt securities which have an investment grade as rated primarily by Dominion Bond Rating Service and S&P Global Ratings, (a division of S&P Global) for securities that subject the Fund to credit risk are noted below:

Portfolio by rating category

Rating	Percentage of net assets	
	June 30, 2019	December 31, 2018
N/R	2.91%	3.74%
Total	2.91%	3.74%

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The Fund also engages in securities lending transactions. The credit risk related to securities lending transactions is limited by the fact that the value of cash or securities held as collateral by the Fund in connection with these transactions is at least 105 percent of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. The aggregate dollar value of portfolio securities lent and collateral held under securities transactions is stated in Note 3.

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold/lent is only made once the broker has received payment. Payment is made on securities purchased/borrowed once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The credit rating of the forward counterparties as a percentage of net assets as at June 30, 2019 and December 31, 2018 were:

Portfolio by rating category	Percentage of net assets	
	June 30, 2019	December 31, 2018
Rating		
AA/A/A-	0.00%	0.00%
Total	0.00%	0.00%

(e) Liquidity risk

Liquidity risk is the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund’s exposure to liquidity risk is concentrated in the cash redemptions of units and securities sold short at the daily valuation date. The Fund invests primarily in securities that are traded in active markets and can be readily disposed of. The Fund may, from time to time, invest in derivative contracts traded over the counter or in unlisted securities, which are not traded in an organized market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Investments held as at December 31, 2018 that may be subject to liquidity risk have been identified on the Schedule of Investments. In addition, the Fund retains sufficient cash to maintain liquidity.

The tables below analyze the Fund’s financial liabilities as at June 30, 2019 and December 31, 2018 into relevant groupings based on contractual maturity dates.

The amounts are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. The net assets attributable to holders of redeemable units are redeemable on demand. However, the Manager does not expect that the contractual maturity disclosed below will be representative of the actual cash outflows as holders of the redeemable units typically retain them for a longer period.

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	On demand	Less than 3 months	3 - 12 months	More than 12 months	Total
As at June 30, 2019					
Liabilities					
Forward contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued management fees	-	210,472	-	-	210,472
Redemptions payable	-	821,015	-	-	821,015
Redeemable units	26,159,790	-	-	-	26,159,790

	On demand	Less than 3 months	3 - 12 months	More than 12 months	Total
As at December 31, 2018					
Liabilities					
Forward contracts	\$ -	\$ 263,188	\$ -	\$ -	\$ 263,188
Accrued management fees	-	31,882	-	-	31,882
Redemptions payable	-	156,666	-	-	156,666
Redeemable units	36,460,358	-	-	-	36,460,358

(f) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

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Portfolio by Category	Percentage of Net Assets (%)	
	As at	As at
	June 30, 2019	December 31, 2018
Bonds - Corporate Bonds	2.91	3.74
Stocks - Consumer Discretionary	7.17	6.94
Stocks - Consumer Staples	-	0.01
Stocks - Energy	30.14	22.70
Stocks - Financials	48.04	30.03
Stocks - Health Care	1.13	0.37
Stocks - Information Technology	-	9.18
Stocks - Materials	4.02	6.98
Stocks - Communication Services	5.06	0.21
Forward Contracts -Unrealized Gain	0.03	-
Forward Contracts -Unrealized Loss	-	(0.72)
Cash	3.46	20.26
Other Assets, Less Liabilities	(1.96)	0.30
	<u>100.00</u>	<u>100.00</u>

13. Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2019 and June 30, 2018 is calculated as follows:

Class B	June 30, 2019	June 30, 2018
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 26,223	\$ (1,074,049)
Weighted average units outstanding during the period	1,180,221	1,795,438
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$ 0.02	\$ (0.60)
Class F	June 30, 2019	June 30, 2018
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 83,052	\$ (1,365,060)
Weighted average units outstanding during the period	1,691,147	2,591,491
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$ 0.05	\$ (0.53)