

VERTEX GROWTH FUND

Fourth Quarter Report, 2015

The Vertex Growth Fund had one of its best years on a relative basis (with a Class F return of 6.54% for 2015), compared with double digit declines in the TSX and slightly negative returns in US equity markets. Furthermore, we were able to generate this return with only a small capital gain distribution. This was achieved by eliminating our holdings in Kelt Exploration, Barclays, and Commerzbank to realize capital losses. The Fund's return was achieved in an environment where most North American asset classes had negative results. Our equity selections in Europe and exposure to a strong US Dollar contributed to our performance in 2015.

In 2015, one of the largest winners in the portfolio was Fiat. The spinout of Ferrari was completed in early January 2016. As Ferrari (RACE) traded at a massive valuation (only a 20% discount to the entire market cap of Fiat-Chrysler-Alfa-Romeo-Maserati and at 25x earnings), we chose not to hold onto the shares. However, we will continue to hold onto the parent company Fiat, due to its cheap valuation and superior management team – they arguably have the best CEO in the auto business. Finmeccanica, the Italian industrial conglomerate, continues to be a top holding in the portfolio and was our best performer in 2015.

The market was less enthralled with the IPO of Tinder's parent company Match Group, which was priced in the middle of expectations, unlike Ferrari which was priced above the range. When they report earnings this quarter, the stock should react more positively to its exponential growth in revenue. We switched all of our holdings in Interactive Corp to its subsidiary Match Group.

In the fourth quarter we added exposure to U.S. real estate through a small basket of REITs. At a 10% weight in the portfolio, these companies are all income generating properties with no cyclical to the economy and attractive dividends. We also added an activist position in AIG. This company, bailed out by the US government in 2008, still trades at a 30% discount to book value. It is our opinion that in a breakup scenario, shares would trade at book value, at the minimum. Plus, we've got Carl Icahn in our corner, banging on the boardroom table to implement these changes.

With the primary goal of the Fund being the growth of capital, we assess the capital structure of a company with an eye towards the best bang for your buck. For instance, we like the businesses of JP Morgan and Franco-Nevada but instead of investing in their common shares we purchased long-dated warrants. The warrants provide more leverage to the price movement of the underlying common (otherwise known as "gearing"). The side-effect of this approach is it increases the volatility of an investment and consequently the fund itself, being top holdings. However, by the time the journey towards expiry is over we think this approach will provide a superior return, even if a little bumpier.

Despite anxiety seen in the marketplace, media and morning news we remain bullish on the current equity environment. European equities provide a rare opportunity to achieve higher yields over bonds, high levels of M&A activity are providing good risk/reward options in arbitrage (currently a 13% long position in M&A), the companies we own are in good shape, and the US economy continues to expand. With every investment decision we're conscious about the valuation we're paying and avoid positions in stocks trading at rich levels. Without signs of serious systemic risk we see the current market correction as just that, a correction, and a buying opportunity.

As always, we're here to discuss any questions or concerns you may have.

PERFORMANCE (Class F shares as at December 31, 2015)

Net Asset Value	1 Month	3 Month	Year to Date	1 Year	3 Year⁺	5 Year⁺	Since Inception⁺
\$17.0440*	-1.26%	4.45%	6.54%	6.54%	10.70%	6.50%	11.31%

+annualized return *Post-Distribution

Returns are net of all fees and include reinvested distributions.

2015 DISTRIBUTION

	Capital Gains	Income	Total
Class F	\$0.001692	-	\$0.001692
Class B	\$0.003395	-	\$0.003395

This statistical information is intended to provide you with information about the Vertex Growth Fund. Important information about the Fund is contained in the Simplified Prospectus which should be read carefully before investing. You can obtain a prospectus from Vertex One Asset Management Inc. The Simplified Prospectus for Vertex One Asset Management Inc.'s Investment Funds does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The funds are not guaranteed; their values change frequently and past performance may not be repeated.