

Vertex Value Fund

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

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

Vertex Value 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	\$ 36,955,482	\$ 129,948,241
Cash	31,701,430	14,893,447
Other receivable	244,062	-
Accrued interest	35,823	27,371
Dividends receivable	28,604	95,985
Subscriptions receivable	1,500	962,478
	<u>68,966,901</u>	<u>145,927,522</u>
Liabilities		
Current liabilities		
Securities sold short	\$ 1,544,667	\$ -
Management fees payable (Note 9)	437,670	39,340
Redemptions payable	3,500,184	2,485,775
Due to broker	792	-
	<u>5,483,313</u>	<u>2,525,115</u>
Net Assets attributable to holders of redeemable units	\$ 63,483,588	\$ 143,402,407
Net Assets attributable to holders of redeemable units per Class		
Class B	\$ 28,888,750	\$ 49,409,275
Class F	<u>\$ 34,594,838</u>	<u>\$ 93,993,132</u>
Net Assets attributable to holders of redeemable units per unit		
Class B	\$ 14.94	\$ 16.77
Class F	<u>\$ 15.61</u>	<u>\$ 17.44</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 Value Fund

Statements of Comprehensive Income

For the periods ended June 30 (unaudited)

	2019	2018
Investment income		
Foreign exchange gain (loss) on cash	\$ (603,034)	\$ 14,076
Change in unrealized foreign exchange loss on cash	(239,304)	(545)
Security lending income	419,414	-
Net gain (loss) on investments		
Dividends	1,114,425	719,259
Interest for distribution purposes	33,619	6,815
Net realized (loss) gain	(32,241,228)	9,310,168
Net change in unrealized appreciation	21,041,307	2,928,422
Total investment income	(10,474,801)	12,978,195
Expenses (Note 9)		
Management fees	990,099	1,722,219
Securityholder reporting costs	132,937	167,712
Other administrative expenses	33,179	35,353
Audit fees	35,135	35,169
Custody fees	14,512	31,996
Legal fees	14,800	17,382
Trustee fees	2,233	3,134
Independent review committee fees	10,534	12,171
Interest expense	64	114
Transaction costs	343,611	171,207
Withholding tax	134,541	9,196
Total expenses	1,711,645	2,205,653
(Decrease) increase in net assets attributable to holders of redeemable units	(12,186,446)	10,772,542
(Decrease) increase in net assets attributable to holders of redeemable units per Class		
Class B	\$ (4,151,710)	\$ 3,125,605
Class F	\$ (8,034,736)	\$ 7,646,937
(Decrease) increase in net assets attributable to holders of redeemable units per Class per unit		
Class B	\$ (1.54)	\$ 1.08
Class F	\$ (1.60)	\$ 1.35

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

Vertex Value 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	\$ 49,409,275	\$ 79,262,855		
(Decrease) increase in net assets attributable to holders of redeemable units	(4,151,710)	3,125,605		
Capital transactions (Note 8)				
Proceeds from issuance of redeemable units	2,386,666	15,357,024		
Redemption of redeemable units	(18,755,481)	(9,815,619)		
	(16,368,815)	5,541,405		
Net Assets attributable to holders of redeemable units, end of the period	\$ 28,888,750	\$ 87,929,865		
	Class F		Total	
	2019	2018	2019	2018
Net Assets attributable to holders of redeemable units, beginning of the period	\$ 93,993,132	\$ 148,812,870	\$ 143,402,407	\$ 228,075,725
(Decrease) increase in net assets attributable to holders of redeemable units	(8,034,736)	7,646,937	(12,186,446)	10,772,542
Capital transactions (Note 8)				
Proceeds from issuance of redeemable units	7,759,702	35,223,329	10,146,368	50,580,353
Redemption of redeemable units	(59,123,261)	(9,154,266)	(77,878,742)	(18,969,885)
	(51,363,559)	26,069,063	(67,732,374)	31,610,468
Net Assets attributable to holders of redeemable units, end of the period	\$ 34,594,838	\$ 182,528,870	\$ 63,483,588	\$ 270,458,735

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

Vertex Value Fund

Statements of Cash Flows

For the periods ended June 30 (unaudited)

	2019	2018
Operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (12,186,446)	\$ 10,772,542
Adjustment for non-cash items:		
Net change in unrealized depreciation on investments and derivatives	(21,041,307)	(2,927,343)
Net realized loss (gain) on investments and derivatives	32,241,228	(9,310,168)
Change in unrealized foreign exchange gain on cash	239,304	545
	<u>(747,221)</u>	<u>(1,464,424)</u>
Changes in operating assets and liabilities:		
Increase in accrued interest	(8,452)	(5,266)
Decrease (increase) in dividends receivable	67,381	(44,384)
Increase in other receivable	(244,062)	-
Increase (decrease) in management fee payable	398,330	(21,366)
	<u>213,197</u>	<u>(71,016)</u>
Proceeds on disposition of investments and derivatives, including proceeds received on shorts	127,530,679	18,704,300
Purchase of investments and derivatives, including cover for shorts	<u>(44,192,381)</u>	<u>(48,328,496)</u>
	<u>83,338,298</u>	<u>(29,624,196)</u>
Net cash from (provided to) operating activities	<u>82,804,274</u>	<u>(31,159,636)</u>
Financing activities		
Proceeds from issuance of redeemable units**	10,151,329	49,076,628
Redemption of redeemable units**	<u>(75,908,316)</u>	<u>(16,672,722)</u>
Net cash provided to (from) financing activities	<u>(65,756,987)</u>	<u>32,403,906</u>
Increase in Cash	17,047,287	1,244,270
Change in unrealized foreign exchange gain on cash	(239,304)	(545)
Cash*, Beginning of the period	<u>14,893,447</u>	<u>228,500</u>
Cash*, End of the period	<u>\$ 31,701,430</u>	<u>\$ 1,472,225</u>
Supplemental Information (included in operating activities)		
Cash paid for interest	64	114
Cash received from interest, net of withholding taxes	25,167	1,549
Cash received from dividends, net of withholding taxes	1,047,265	665,679

* 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 \$956,017 (June 30, 2018 - \$2,375,994)

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

Vertex Value 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						
Canada Bonds						
Corporate Bonds						
230,000	Energize Technologies, Convertible*	6.000%	19-Feb-18	289,455	30	
300,000	Rockshield Engineered Wood Products UCL*	18.000%	15-Sep-17	300,000	239,280	
93,635	Rockshield Engineered Wood Products UCL*	30.000%	31-Jan-18	93,635	-	
35,841	Rockshield Engineered Wood Products ULC, Convertible*	30.000%	28-Feb-18	35,841	-	
45,941	Rockshield Engineered Wood Products ULC, Convertible*	30.000%	15-Nov-18	45,941	-	
500,000	Wolverine Energy and Infrastructure Inc., Restricted*	9.000%	31-Dec-21	500,000	515,150	
	TOTAL Corporate Bonds			<u>1,264,872</u>	<u>754,460</u>	<u>1.19</u>
	TOTAL BONDS			<u>1,264,872</u>	<u>754,460</u>	<u>1.19</u>
STOCKS						
COMMUNICATION SERVICES						
17,387	CenturyLink Inc.			285,141	267,766	
	TOTAL COMMUNICATION SERVICES			<u>285,141</u>	<u>267,766</u>	<u>0.42</u>
CONSUMER DISCRETIONARY						
97,710	Century Communities Inc.			2,034,662	3,401,073	
19,627	Goodyear Tire & Rubber Co. (The)			500,068	393,249	
15,636	M.D.C. Holdings Inc.			472,572	671,207	
37,411	Newell Brands Inc.			964,494	755,450	
17,241	REV Group Inc.			409,119	325,348	
	TOTAL CONSUMER DISCRETIONARY			<u>4,380,915</u>	<u>5,546,327</u>	<u>8.74</u>
CONSUMER STAPLES						
18,409	Kraft Heinz Co. (The)			1,076,918	748,297	
	TOTAL CONSUMER STAPLES			<u>1,076,918</u>	<u>748,297</u>	<u>1.18</u>
ENERGY						
5,035	Bonterra Energy Corp.			75,449	27,239	
509,660	Briko Energy Corp.*			-	-	
2,775,750	InPlay Oil Corp.			4,336,003	1,609,935	
33,578	Painted Pony Energy Ltd.			98,066	32,235	
3,431,191	Petroshale Inc.			4,323,516	3,293,943	
866,000	Petrus Resources Ltd.			1,068,682	277,120	
331,205	Pieridae Energy Ltd.			775,020	284,836	
6,457,854	Pine Cliff Energy Ltd.			2,421,254	1,097,835	
1,738,206	Pipestone Energy Corp.			4,890,035	2,190,140	
4,691,669	Pipestone Energy Corp., Warrants, (19May21)			66,421	164,208	
641,000	Prairie Provident Resources Inc., Warrants, (11Oct20)*			-	-	
205,037	Razor Energy Corp.			545,584	389,570	
8,333,400	Return Energy Inc.			1,000,008	250,002	
943,100	Source Energy Services Ltd.			2,547,251	650,739	
1,947,574	Surge Energy Inc.			4,816,201	2,492,895	
21,773	TORC Oil & Gas Ltd.			104,234	89,052	
349,882	Yangarra Resources Ltd.			479,742	787,235	
	TOTAL ENERGY			<u>27,547,466</u>	<u>13,636,984</u>	<u>21.49</u>
FINANCIALS						
21,002	Axos Financial Inc.			508,728	749,461	
38,197	Brookfield Property Partners L.P.			896,829	944,994	
30,442	CatchMark Timber Trust Inc., Class 'A'			436,174	416,593	
575,000	Energize Technologies Inc.*			-	-	
6,922	Lincoln National Corp.			501,610	584,220	
39,958	Manulife Financial Corp.			834,243	951,000	
11,504	Power Corp. of Canada.			293,811	324,528	
471	Synovus Financial Corp.			21,615	21,588	
	TOTAL FINANCIALS			<u>3,493,010</u>	<u>3,992,384</u>	<u>6.29</u>
HEALTH CARE						
6,625	Gilead Sciences Inc.			600,977	586,135	
	TOTAL HEALTHCARE			<u>600,977</u>	<u>586,135</u>	<u>0.92</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
INDUSTRIAL				
TOTAL INDUSTRIAL		-	-	0.00
INFORMATION TECHNOLOGY				
100	Absolute Software Corp.	792	798	
44,500	Boardwalktech Software Corp.	233,625	23,140	
21,433	CalAmp Corp.	422,586	327,829	
9,535	Celestica Inc.	120,926	85,283	
89,738	Flextronics International Ltd.	979,226	1,124,632	
6,799	Qorvo Inc.	208,856	593,071	
6,034	Skyworks Solutions Inc.	239,171	610,574	
36,067,710	Stage Holdco Ltd., Class 'A'*	180,339	180,339	
175,000	Trakopolis IoT Corp.	175,000	25,813	
43,927	Unisys Corp.	513,466	559,139	
TOTAL INFORMATION TECHNOLOGY		3,073,987	3,530,618	5.56
MATERIALS				
300,000	1038050 B.C. Ltd.*	300,000	-	
11,482	Canfor Corp.	205,475	122,054	
858,945	Conifex Timber Inc.	5,652,808	936,250	
1,227,865	Copper Mountain Mining Corp.	1,643,004	1,031,407	
737,500	Copper Mountain Mining Corp., Warrants, (02Aug19)*	-	66,375	
1,121,571	DelphX Capital Markets Inc.	392,550	134,589	
82,723	Diamcor Mining Inc., Warrants (31Aug19)*	-	-	
588,235	Diamcor Mining Inc., Warrants, (09Jun20)*	-	1	
211,421	Diamcor Mining Inc., Warrants, (28May21)*	-	-	
28,973	Interfor Corp.	339,046	403,884	
38,120	MAG Silver Corp.	308,147	526,818	
108,230	McEwen Mining Inc.	199,246	248,929	
666,666	Miramont Resources Corp., Warrants, Restricted, (14Nov18)*	-	-	
1,158,699	Northern Dynasty Minerals Ltd.	2,125,569	915,372	
428,759	Red Eagle Mining Corp.*	215,951	-	
8,079,644	Red Eagle Mining Corp., Warrants, (07Aug22)*	-	8	
9,562	Schnitzer Steel Industries Inc., Class 'A'	214,076	327,699	
3,498,526	Taseko Mines Ltd.	4,321,889	2,413,983	
478,214	Western Forest Products Inc.	881,366	765,142	
TOTAL MATERIALS		16,799,127	7,892,511	12.43
TOTAL STOCKS		57,257,541	36,201,022	57.03
TOTAL INVESTMENTS		58,522,413	36,955,482	58.22
TOTAL LONG		58,522,413	36,955,482	58.22
TOTAL SHORT (Schedule 1)		(1,607,539)	(1,544,667)	(2.43)
TOTAL INVESTMENTS BEFORE TRANSACTION COSTS		56,914,874	35,410,815	55.79
Transaction Costs (Note 2)		(60,866)		
TOTAL INVESTMENTS		56,854,008	35,410,815	55.79
CASH			31,701,430	49.94
OTHER ASSETS, LESS LIABILITIES			(3,628,657)	(5.73)
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		56,854,008	63,483,588	100.00

*Denotes manually priced securities using a fair valuation model

Vertex Value Fund

Schedule of Investments Portfolio

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

Schedule 1

Number of Shares/ Par Value	Description	Proceeds \$	Fair Value \$	% of Total
	SHORT			
	STOCKS			
	CONSUMER DISCRETIONARY			
(44,377)	Century Communities Inc.	(1,607,539)	(1,544,667)	
	TOTAL CONSUMER DISCRETIONARY	<u>(1,607,539)</u>	<u>(1,544,667)</u>	(2.43)
	TOTAL STOCKS	<u>(1,607,539)</u>	<u>(1,544,667)</u>	(2.43)
	TOTAL SHORTS	<u>(1,607,539)</u>	<u>(1,544,667)</u>	(2.43)

Vertex Value Fund

Notes to Financial Statements

June 30, 2019 (Unaudited)

1. Establishment of the Fund

The Vertex Value 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 provide long term capital growth by investing primarily in equity securities of Canadian and other North American companies.

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

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Notes to Financial Statements

June 30, 2019 (Unaudited)

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 as 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 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

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Notes to Financial Statements

June 30, 2019 (Unaudited)

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

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.

Options

Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected in the Schedule of Investments. Exchange traded options are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In cases where the last traded price is not within the day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most

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Notes to Financial Statements

June 30, 2019 (Unaudited)

representative of fair value based on specific facts and circumstances. Over the counter options are valued using industry-accepted modeling techniques on each valuation day.

Unlisted options are valued using the Black Scholes model.

Realized gains and losses relating to purchased options may arise from:

- i) Expiration of purchased options – realized losses will arise equal to the premium paid;
- ii) Exercise of the purchased options – for put options, realized gains will arise up to the intrinsic value of the option net of premiums paid and for call options, the premium will be added to the cost base of the security purchased; or
- iii) Closing of the purchased options – realized gains or losses will arise equal to the proceeds from selling the options to close the position, net of any premium paid.

Realized gains and losses relating to written options may arise from:

- i) Expiration of the written options – realized gains will arise equal to the premium received;
- ii) Exercise of the written options – for call option, realized gains or losses will arise equal to the sum of the premium received and the realized gain or loss from the disposition of the related portfolio investment at the exercise price of the option and for put option, the premium will be deducted from the cost base of the security purchased; or
- iii) Closing of the written options – realized gains or losses will arise equal to the cost of purchasing options to close the position net of any premium received.

Realized gains and losses related to options are included in “Net realized gain (loss) on investments and derivatives” in the Statements of Comprehensive Income.

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 sold short

The Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. It may also enter short positions to hedge against long positions. When the Fund sells a security short, it must deliver the security sold short to the purchaser at a future date. A gain, limited to the proceeds received on the security sold short, or a loss, unlimited in size, will be realized when the securities to cover the short sale obligation are acquired by the Fund. Securities sold short are reported in the financial statements as a liability at fair value through profit or loss as described above under recognition.

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Dividends and interest on these securities sold short are payable to the purchaser and are recognized in the ‘Net gain (loss) on investments and derivatives’.

Securities lending

The Fund engages in securities lending transactions. The Fund will receive collateral of at least 102% 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 \$2,964,075 (December 31, 2018 - \$25,878,491). As at June 30, 2019, the collateral held under securities transactions was \$2,964,075 (December 31, 2018 - \$27,391,010) 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	666,288	100	-	-
Withholding taxes	(67,140)	(10)	-	-
Agent fees - Bank of New York Mellon Corp. (The)	(179,734)	(27)	-	-
Securities lending revenue	419,414	63	-	-

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.

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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 Statement of Financial Position. As at December 31, 2018 and December 31, 2017, the Fund had \$4,911,151 (December 31, 2017- \$nil) of unused capital losses which have no expiry and \$1,974,971 (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

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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.

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.

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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	\$ 33,661,633	\$ 583,791	\$ 180,339	\$ 34,425,763
Bonds	-	-	754,460	754,460
Warrants	-	230,584	8	230,592
	<u>\$ 33,661,633</u>	<u>\$ 814,375</u>	<u>\$ 934,807</u>	<u>\$ 35,410,815</u>

Financial assets at fair value as at December 31, 2018				
	Level 1	Level 2	Level 3	Total
Stocks - Long	\$ 127,056,448	\$ 1,608,196	\$ -	\$ 128,664,644
Bonds	-	-	735,951	735,951
Warrants	547,635	11	-	547,646
	<u>\$ 127,604,083</u>	<u>\$ 1,608,207</u>	<u>\$ 735,951</u>	<u>\$ 129,948,241</u>

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.

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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 exchanged 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 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 \$180,339, (December 31, 2018 - \$nil) and consists of private equity positions. The Fund values these equities using comparable trade multiples.

Bonds

Bonds classified within Level 3 with fair value at June 30, 2019 of \$754,460, (December 31, 2018 - \$235,920) 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 - \$500,031) 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.

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 Black Scholes as a valuation technique to derive the fair value of the underlying securities. A sensitivity analysis for Level 3 warrants is not presented as it was deemed the impact of reasonable changes in inputs would not be significant.

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 (+/-)
Debt Securities	\$754,460	Net debt to EBITDA		Discount Rate	23.09%	1%	+\$11,905)/-\$12,188
Equities	\$180,339	Comparable Trade Multiples		NAV Practical Expediant	100.00	10%	+/- \$18,034

Description	Fair Value at December 31, 2018	Valuation Techniques		Unobservable Inputs	Weighted average input	Reasonably possible shift +/-= (absolute value)	Change in the valuation (+/-)
Debt Securities	\$235,920	Net debt to EBITDA		Discount Rate	30.58%	1%	+\$4,260)/-\$4,360

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, increases 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 probability 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	Total
Balance at December 31, 2018	\$ -	\$ -	\$ 735,951	\$ 735,951
Purchases	-	180,339	-	180,339
Transfers in	-	215,951	-	215,951
Gains (Losses)				
Unrealized	8	(215,951)	18,509	(197,434)
Balance at June 30, 20119	\$ 8	\$ 180,339	\$ 754,460	\$ 934,807
Total change in unrealized gain (loss) during the period for assets held at June 30, 2019	\$ 8	\$ (215,951)	\$ 18,509	\$ (197,434)

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	Total
Balance at December 31, 2017	\$ -	\$ 515,000	\$ 350,130	\$ 865,130
Purchases	-	-	592,178	592,178
Transfers in	-	-	-	-
Transfers out	-	(500,000)	-	(500,000)
Gains (Losses)				
Unrealized	-	(15,000)	(206,357)	(221,357)
Balance at December 31, 2018	\$ -	\$ -	\$ 735,951	\$ 735,951
Total change in unrealized gain (loss) during the year for assets held at December 31, 2018	\$ -	\$ (15,000)	\$ (206,357)	\$ (221,357)

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
Equities - Long	\$ 298,955	\$ -

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

7. 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,

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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.

8. 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 11, 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	2,945,589	5,390,462	2,877,671	5,254,270
Redeemable units issued	133,730	419,745	544,067	1,229,686
Redeemable units redeemed	(1,145,782)	(3,594,687)	(352,755)	(321,642)
Units-End of period	1,933,537	2,215,520	3,068,983	6,162,314

Certain directors and/or related parties of the Fund held 0.37% of the Fund units at June 30, 2019 (December 31, 2018 – 15.39%).

9. 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 the Class B Units on the preceding business day plus applicable taxes.

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

The management fees incurred for the period ended June 30, 2019 were \$990,099 (June 30, 2018 – \$1,722,219) of which \$437,670 (December 31, 2018 – \$39,340) were outstanding as at period end.

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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 were \$nil (June 30, 2018 – \$nil) of which \$nil (December 31, 2018 - \$nil) were outstanding as 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), recordkeeping, 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).

At the discretion of the Manager, no expenses were absorbed during the periods ended June 30, 2019 and June 30, 2018.

10. 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 \$21,823 (June 30, 2018 – \$7,415) soft dollar commissions paid during the period.

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11. Financial risk management

The Fund's financial instruments consist of investments, cash, accrued interest and dividends receivable, subscriptions receivable, other assets, accrued management fees, accounts payable and accrued liabilities, due to/from 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 returns based 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 option investments had increased or decreased by 5% with all other variables held constant, this would have approximately increased or decreased net assets by \$1,732,818 (December 31, 2018 - \$6,405,205). Actual results may differ from this sensitivity analysis and those results could be material.

(b) *Interest rate risk*

As at June 30, 2019, 1.19% (December 31, 2018 – 0.51%) 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.

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.

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	Less than 1 year	1 - 5 years	More than 5 years	Total
As at June 30, 2019				
Financial Assets				
Bonds*	\$ 239,310	\$ 515,150	\$ -	\$ 754,460

	Less than 1 year	1 - 5 years	More than 5 years	Total
As at December 31, 2018				
Financial Assets				
Bonds*	\$ 235,951	\$ 500,000	\$ -	\$ 735,951

* 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 \$2,962 (December 31, 2018 - \$nil). Actual results may differ from this sensitivity analysis and those results could be material. The Fund's managers review 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	Net currency exposure	% of Net assets attributable to holders of redeemable units	5% Decrease /increase
US Dollar	\$ 14,844,143	\$ 11,003,948	\$ 25,848,091	40.72%	\$ 1,292,405
Total	\$ 14,844,143	\$ 11,003,948	\$ 25,848,091	40.72%	\$ 1,292,405

As at December 31, 2018					
	Monetary exposure	Non-monetary exposure	Net currency exposure	% of Net assets attributable to holders of redeemable units	5% Decrease /increase
US Dollar	\$ 9,278,092	\$ 55,111,440	\$ 64,389,532	44.90%	\$ 3,219,477
Total	\$ 9,278,092	\$ 55,111,440	\$ 64,389,532	44.90%	\$ 3,219,477

(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 Standard & Poor's. Ratings for securities that subject the Fund to credit risk are noted below:

Portfolio by rating category	Percentage of net assets	
	June 30, 2019	December 31, 2018
Below BBB	0.00%	0.00%
N/R	1.19%	0.51%
Total	1.19%	0.51%

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 106 percent of the fair value of the securities loaned. The

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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.

(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. 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.

	On demand	Less than 3 months	3 - 12 months	More than 12 months	Total
As at June 30, 2019					
Liabilities					
Investment sold short	\$ 1,544,667	\$ -	-	-	\$ 1,544,667
Accrued management fees	-	437,670	-	-	437,670
Due to broker	-	792	-	-	792
Redemptions payable	-	3,500,184	-	-	3,500,184
Redeemable units	63,483,588	-	-	-	63,483,588

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	On demand	Less than 3 months	3 - 12 months	More than 12 months	Total
As at December 31, 2018					
Liabilities					
Accrued management fees	\$ -	\$ 39,340	\$ -	\$ -	\$ 39,340
Redemptions payable	-	2,485,775	-	-	2,485,775
Redeemable units	143,402,407	-	-	-	143,402,407

(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:

Portfolio by Category	Percentage of Net Assets (%)	
	As at	As at
	June 30, 2019	December 31, 2018
Long - Bonds - Corporate Bonds	1.19	0.51
Long - Stocks - Communication Services	0.42	-
Long - Stocks - Consumer Discretionary	8.74	2.94
Long - Stocks - Consumer Staples	1.18	-
Long - Stocks - Energy	21.48	40.28
Long - Stocks - Financials	6.29	8.06
Long - Stocks - Health Care	0.92	0.80
Long - Stocks - Industrial	-	4.18
Long - Stocks - Information Technology	5.56	13.49
Long - Stocks - Materials	12.43	20.35
Short - Stocks - Consumer Discretionary	(2.43)	-
Cash	49.94	10.39
Other Assets, Less Liabilities	(5.72)	(1.00)
	100.00	100.00

12. 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:

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Class B	June 30, 2019		June 30, 2018	
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(4,151,710)	\$	3,125,605
Weighted average units outstanding during the period		2,699,992		2,895,716
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$	(1.54)	\$	1.08

Class F	June 30, 2019		June 30, 2018	
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(8,034,736)	\$	7,646,937
Weighted average units outstanding during the period		5,018,113		5,679,417
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$	(1.60)	\$	1.35