

Annual Report of the Independent Review Committee of the Vertex Group of Funds

March 3, 2011

IRC Annual Report to: Securityholders in the Vertex Group of Funds (the “Funds”) as listed at the end of this report

Dear Securityholder,

In accordance with **National Instrument 81-107 *Independent Review Committee for Investment Funds*** (“NI 81-107” or the “Instrument”), the Manager established an Independent Review Committee (the “Committee” or “IRC”) for the Funds in August 2009. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Funds, the Manager and each entity related to the Manager (as defined in the Instrument).

The IRC is pleased to publish its annual report to Securityholders, covering the period from January 1, 2010 to December 31, 2010 (“the Reporting Period”).

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SIs”) that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, it has sought to ensure that the Manager’s proposed course of action represents a fair and reasonable result for the Funds.

Composition of the IRC

The current members of the IRC, and their principal occupations, are as follows:

<i>Name and municipality of residence</i>	<i>Principal Occupation</i>	<i>Term of Office</i>
Lawrence A. Ward, Chair, Toronto, Ontario	Consultant, retired partner of PricewaterhouseCoopers LLP	Three years from August 5, 2009
Marie Rounding, Toronto, Ontario	Counsel at Gowling Lafleur Henderson LLP	Two years from August 5, 2009
John Farrell, Oakville, Ontario	Investment Counsellor and former Compliance Officer with Rockwater Investments	Three years from August 5, 2010

John Farrell's term was for one year from August 5, 2009. His term was renewed on June 10, 2010 for a period of three years with effect from August 5, 2010.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation giving consideration to the following:

- the nature and complexity of the investment funds for which the IRC acts;
- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the committee;
- industry best practices, including industry averages and surveys on IRC compensation; and
- the complexity of the conflict issues brought to the IRC.

The IRC reviewed comparable benchmarks and has determined not to make any changes in the members' compensation at this time.

Members' Fees

In aggregate the IRC members were paid \$30,000 for the Reporting Period, plus applicable taxes.

Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity in keeping with NI 81-107. No payments were paid to the IRC Members pursuant to this indemnity by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As at December 31, 2010, the IRC Members did not beneficially own, directly or indirectly:

- any units in any of the Funds;
- any interests in the Manager; or
- any interests in a company or person that provides services to the Manager or any Fund.

Recommendations and Approvals

The Manager did not refer any conflict matters to the Committee and therefore the Committee made no recommendations or approvals during the Reporting Period.

Standing Instruction Approved

The IRC has approved one Standing Instruction (SI), which constitutes a written approval or recommendation from the IRC that permits the Manager to proceed with the specific action(s) set out in the SI on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI. In each case, the SI required the Manager to comply with its related policy and procedures and to report periodically to the IRC. The Manager relied on the SI during the Reporting Period.

Standing Instruction No. 1: Omnibus.

This SI deals with a number of conflict of interest matters including:

1. Fees and Expenses
2. Trade Allocations
3. Portfolio Pricing Issues
4. Pricing Errors and other Errors
5. Broker Selection and Best Execution
6. Distribution Issues
7. Showing Favoritism
8. Outsourcing to Third-party Services
9. Personal Trading
10. Benchmarking Indices
11. Late Trading
12. Client Complaints
13. Capacity Issues

Manager's Report on its Standing Instruction

In accordance with the Instrument, the Manager provided a written report to the IRC describing its reliance on the SI during the Reporting Period.

Funds served by the IRC

Vertex Value Fund
Vertex Enhanced Income Fund
Vertex Growth Fund

This Report is available on the Manager's website at <http://www.vertexone.com> or you may request a copy, at no cost to you, by contacting the Vertex Funds at 604-681-5787 or email the Vertex Funds at invest@vertexone.com. This document and other information about the Vertex Funds are available on www.sedar.com.

Yours truly,

Lawrence A. Ward, Chair

Schedule of IRC Members who sit on IRCs for other Fund Families

Lawrence A. Ward serves as a member of the Independent Review Committees for the following funds:

The Acker Finley Canada Focus Fund;

Investment funds that are reporting issuers managed by Northwest & Ethical Investments LP;

Investment funds that are reporting issuers managed by Sprott Asset Management LP;

The Goodwood Capital Fund; and

Investment funds that are reporting issuers managed by Russell Investments Canada Limited.

John Farrell serves as a member of the Independent Review Committees for the following fund:

The Acker Finley Canada Focus Fund;

Marie Rounding serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Sentry Select Capital Inc.;