

Vertex Growth Fund

Semi-Annual Financial Statements

June 30, 2011 (Unaudited)

Vertex Growth Fund

Statements of Net Assets

	(Unaudited) June 30, 2011	(Audited) December 31, 2010
Assets		
Investments at fair value (cost - \$37,729,349; 2010 - \$20,403,874)	\$ 37,593,026	\$ 24,115,469
Cash and cash equivalents	3,590,647	1,154,136
Unrealized gain on forward contracts	204,815	217,592
Due from broker	12,131	-
Receivable from Manager	84,793	-
Accrued interest and dividends receivable	56,902	36,638
Subscriptions receivable	126,709	318,367
	<u>41,669,023</u>	<u>25,842,202</u>
Liabilities		
Accrued performance fees (Note 5b)	-	383,625
Accrued Management fees	58,340	-
Accounts payable and accrued liabilities	38,720	57,534
Due to broker	948,773	-
Redemptions payable	84,020	481,260
	<u>1,129,853</u>	<u>922,419</u>
Net assets representing unitholders' equity	<u>\$ 40,539,170</u>	<u>\$ 24,919,783</u>
Net assets representing unitholders' equity per Class		
Class B	\$ 24,513,295	\$ 14,222,679
Class F	\$ 16,025,875	\$ 10,697,104
Net assets per unit (Note 2)		
Class B	\$ 13.32	\$ 14.19
Class F	\$ 13.48	\$ 14.36

Approved by the Fund Manager

(signed) "John Thiessen"

John W. Thiessen
Director

(signed) "Jeffrey McCord"

Jeffrey McCord
Director

(See accompanying notes to the financial statements.)

Vertex Growth Fund

Statements of Operations

For the periods ended June 30 (unaudited)

	2011	2010
Investment income		
Dividends (net of withholding tax: \$281; 2010 - \$9,850)	\$ 563,855	\$ 140,793
Interest	54,891	(1,670)
	<u>618,746</u>	<u>139,123</u>
Expenses (Note 5)		
Performance fees (Note 5b)	-	204,815
Management fees	321,490	-
Security borrowing fee	-	2,357
Securityholder reporting costs	18,711	33,180
Other administrative expenses	34,323	10,363
Custody fees	10,842	5,743
Audit fees	44,251	9,750
Legal fees	103	8,901
Trustee fees	3,519	-
Derivative transaction fees	3,531	-
IRC fees	6,770	10,250
	<u>443,540</u>	<u>285,359</u>
Net investment income (loss) before absorbed expenses	175,206	(146,236)
Expenses absorbed by manager (Note 5)	-	60,371
Net investment income (loss)	175,206	(85,865)
Realized and unrealized gain (loss) on investments		
Realized gain on sale of investments	1,244,659	302,083
Transaction costs (Note 2)	(161,660)	(58,076)
Change in unrealized depreciation in value of investments	(3,860,693)	(510,615)
Change in unrealized appreciation (depreciation) in value of foreign currency	(40,364)	462
Net realized and unrealized loss on investments	(2,818,058)	(266,146)
Decrease in net assets from operations	\$ (2,642,852)	\$ (352,011)
Decrease in net assets from operations per Class		
Class B	\$ (1,560,383)	\$ (271,363)
Class F	\$ (1,082,469)	\$ (80,648)
Decrease in net assets from operations per unit (Note 4)*		
Class B	\$ (1.00)	\$ (0.79)
Class F	\$ (1.05)	\$ (0.17)

* Based on the weighted average number of units outstanding during the period

(See accompanying notes to the financial statements.)

Vertex Growth Fund

Statements of Changes in Net Assets

For the periods ended June 30 (unaudited)

	Class B		Class F
	2011	2010	2011
Net assets, beginning of period	\$ 14,222,679	\$ 1,260,073	\$ 10,697,104
Decrease in net assets from operations	(1,560,383)	(271,363)	(1,082,469)
Capital transactions (Note 4)			
Proceeds from issuance of units	12,653,874	4,769,304	6,846,256
Redemption of units	(802,875)	(81,111)	(435,016)
Reinvestment of distributions	-	-	-
	11,850,999	4,688,193	6,411,240
Net assets, end of period	\$ 24,513,295	\$ 5,676,903	\$ 16,025,875
	Total		
	2011	2010	
Net assets, beginning of period	\$ 24,919,783	\$ 5,309,367	
Decrease in net assets from operations	(2,642,852)	(352,011)	
Capital transactions (Note 4)			
Proceeds from issuance of units	19,500,130	7,606,994	
Redemption of units	(1,237,891)	(728,087)	
Reinvestment of distributions	-	-	
	18,262,239	6,878,907	
Net assets, end of period	\$ 40,539,170	\$ 11,836,263	

(See accompanying notes to the financial statements.)

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Statement of Investments

As at June 30, 2011 (Unaudited)

Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
STOCKS				
ENERGY				
166,500	Enterprise Energy Resources Ltd.	58,531	91,575	
65,000	Geomark Exploration Ltd.	58,500	67,600	
400,000	Paramax Resources Ltd.	93,480	28,000	
227,300	Parex Resources Inc.	1,228,149	1,791,124	
200,000	Petromanas Energy Inc., Warrants (23Feb15)	-	29,000	
1,000,000	Petro Viking Energy Inc.	-	90,792	
1,000,000	Petro Viking Energy Inc.	300,000	300,000	
200,000	Primera Energy Resources Ltd.	70,000	34,000	
28,300	Range Energy Resources Inc.	5,660	1,981	
500,000	Range Energy Resources Inc., Warrants (21Oct11)	-	128	
100,000	Realm Energy International Corp., Warrants (04Oct12)	-	53,110	
100,000	Sonde Resources Corp.	376,500	310,000	
100,000	Strategic Oil & Gas Ltd.	84,000	93,000	
200,000	Touchstone Exploration Inc.	99,805	120,000	
	TOTAL ENERGY	2,374,625	3,010,310	7.96
MATERIALS				
3,409,000	Amerix Precious Metals Corp.	749,980	647,710	
1,704,500	Amerix Precious Metals Corp.	-	185,277	
67,200	AngloGold Ashanti Ltd., PFD	3,668,817	3,218,098	
7,000,000	Australian-American Mining Corporation Ltd.	531,788	217,061	
300,000	Canexus Income Fund	2,171,131	2,004,000	
100,000	Cartier Resources Inc.	42,125	38,000	
450,000	Castle Resources Inc.	144,000	283,500	
225,000	Castle Resources Inc., Warrants (07Oct12)	-	42,785	
40,000	Chemtrade Logistics Income Fund	453,200	576,000	
45,000	Conifex Timber Inc.	371,250	434,250	
208,400	Diamond Frank Exploration Inc.	52,100	16,672	
250,000	Diamond Frank Exploration Inc., Warrants (06Apr12)	-	60	
50,000	GMV Minerals Inc., Warrants (27Oct12)	-	8,117	
227,500	Lincoln Mining Corp., Warrants (01Jun12)	-	7,108	
500,000	Oceanic Iron Ore Corp., Warrants (09Jun12)	-	127,155	
54,074	Riva Gold Corp.	48,667	56,237	
150,000	Revet Minerals Inc.	806,070	618,000	
280,000	Sunridge Gold Corp.	353,376	207,200	
100,000	Typhoon Exploration Inc., Class A	88,690	72,000	
750,000	Visible Gold Mines Inc.	240,000	161,250	
750,000	Visible Gold Mines Inc., Warrants (21Oct11)	-	1,474	
	TOTAL MATERIALS	9,721,194	8,921,954	23.60

(See accompanying notes to the financial statements)

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Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
INDUSTRIALS				
Capital Goods				
150,000	Eacom Timber Corp., Warrants (13Nov12)	-	6,354	
30,000	Wavefront Technology Solutions Inc., Warrants (27Apr11)	-	147	
	Total Capital Goods	-	6,501	-
	TOTAL INDUSTRIALS	-	6,501	-
CONSUMER DISCRETIONARY				
Consumer Services				
244,700	Alexco Resource Corp.	2,222,606	1,690,877	
100,800	Whistler Blackcomb Holdings Inc.	1,220,608	1,167,264	
	Total Consumer Services	3,443,214.00	2,858,141.00	7.56
Transportation				
92,400	Seaspan Corp.	2,387,360	2,430,030	
	Total Transportation	2,387,360	2,430,030	6.43
	TOTAL CONSUMER DISCRETIONARY	5,830,574	5,288,171	13.99
HEALTH CARE				
Pharmaceuticals & Biotechnology				
130,000	Oncolytics Biotech Inc.	726,050	692,900	
3,900	Sanofi-Aventis Sa CVR Rts 31Dec20	9,182	9,071	
	Total Pharmaceuticals & Biotechnology	735,232	701,971	1.86
	TOTAL HEALTH CARE	735,232	701,971	1.86
FINANCIALS				
Banks				
17,783	Federal Home Loan Mortgage Corp., Preferred	55,267	50,629	
66,871	Federal National Mortgage Association	198,083	141,982	
59,700	Federal National Mortgage Association, Preferred	167,580	123,876	
2,913	Freddie Mac	8,770	7,591	
	Total Banks	429,700	324,078	0.86
Insurance				
107,767	Greenlight Capital Re Ltd., Class A	3,015,172	2,733,281	
	Total Insurance	3,015,172	2,733,281	7.23
Diversified Financials				
90,000	TMX Group Inc.	3,980,530	3,915,000	
31,546	Freddie Mac	94,907	83,724	
	Total Diversified Financials	4,075,437	3,998,724	10.58
Real Estate				
262,300	Extencicare Real Estate Investment Trust	3,021,109	2,720,051	
	Total Real Estate	3,021,109	2,720,051	7.20
	TOTAL FINANCIALS	10,541,418	9,776,134	25.86
INFORMATION TECHNOLOGY				
Technology Hardware & Equipment				
7,630	Apple Inc.	2,442,807	2,469,868	
	Total Technology Hardware & Equipment	2,442,807	2,469,868	6.53
	TOTAL INFORMATION TECHNOLOGY	2,442,807	2,469,868	6.53

(See accompanying notes to the financial statements)

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Statement of Investments

As at June 30, 2011 (Unaudited)

Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
TELECOMMUNICATION SERVICES				
60,000	Global Crossing Ltd.	1,550,765	2,222,437	
842,000	Level 3 Communications Inc.	1,580,583	1,974,656	
100,000	Sprint Nextel Corp.	515,212	519,225	
	TOTAL TELECOMMUNICATION SERVICES	3,646,560	4,716,318	12.48
UTILITIES				
142,200	Capital Power Income LP	2,504,521	2,701,800	
	TOTAL UTILITIES	2,504,521	2,701,800	7.15
	TOTAL STOCKS	37,796,931	37,593,027	99.46
FORWARD CONTRACTS				
	Buy CAD 5,889,264, Sell USD 6,000,000 @ 0.98154 - July 11, 2011	-	96,951	
	Buy CAD 7,113,886, Sell USD 7,325,000 @ 0.97118 - July 06, 2011	-	43,411	
	Buy CAD 874,670, Sell USD 900,000 @ 0.97186 - July 06, 2011	-	5,943	
	Buy CAD 4,895,205, Sell USD 5,000,000 @ 0.97904 - July 18, 2011	-	67,391	
	Buy CAD 2,618,695, Sell USD 2,700,000 @ 0.96989 - July 05, 2011	-	12,583	
	TOTAL FORWARD CONTRACTS	-	226,279	0.60
SHORT				
	Sell CAD 2,049,756, Buy USD 2,049,756 @ 0.97573 - July 06, 2011	-	(21,464)	(0.06)
	Transaction Costs (Note 2)	(67,582)		
	TOTAL INVESTMENTS	37,729,349	37,797,842	100.00

(See accompanying notes to the financial statements)

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Notes to Financial Statements

June 30, 2011 (unaudited)

1. Establishment of trust

The Vertex Growth Fund (the "Fund") was created on September 14, 2009 under the laws of British Columbia. Vertex One Asset Management Inc. is the Investment Manager and RBC Dexia Investor Services Trust 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. Significant accounting policies

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual amounts could differ from those estimates.

Valuation of investments

The valuation methods adopted pursuant to Canadian Institute of Chartered Accountants (CICA) Financial Instruments – Recognition and Measurement (Section 3855), which are discussed below, differ from methods used by the Fund in striking its net asset value (NAV) used in the processing of unitholder transactions during the period. The NAV continues to be computed using the Fund's previous valuation policies for actively traded securities, which are that listed securities are valued at the last reported sales price on the principal exchange on which the security trades.

As at June 30, 2011, the Fund's net asset value per unit was:

As at December 31	Net Assets Per Unit		Net Asset Value Per Unit	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Class B	\$ 13.29	\$ 14.19	\$ 13.28	\$ 14.19
Class F	13.45	14.36	13.44	14.28

The difference between the net asset value per unit and the net assets per unit reported in the Statement of Net Assets results from the use of different valuation methodologies discussed above.

For financial statement purposes, the fair value of the Fund's investments is determined as follows:

Investments are categorized as held for trading in accordance with Section 3855. Investments are recorded at fair value, established by the bid price for a long security and ask price for short security on the recognized exchange on which it is principally traded. 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

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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.

The value of any security or property for which, in the opinion of the Investment Manager the published market quotations are not readily available shall be the fair value as determined by the Investment 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 comparison with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication 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 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.

Investment purchase and sale transactions are recorded on trade date and realized and unrealized gains and losses on investments are determined using average cost.

Other assets and liabilities

For the purposes of categorization in accordance with Section 3862, accrued interest and dividends, subscriptions receivable and other assets are designated as loans and other receivables and recorded at cost or amortized cost. Similarly, accounts payable and accrued liabilities and redemptions payable are designated as other financial liabilities and reported at cost or amortized cost.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. In accordance with Section 3855, transaction costs are expensed and are included in "Transaction costs" in the Statement of Operations. The embedded transaction costs in the cost of investment portfolio as at June 30, 2011 are disclosed in the Statement of Investments.

Recognition of income and expenses

The accrual method of recording income and expenses is followed by the Fund with dividends being recorded on the ex-dividend date. Realized gains and losses on investments and unrealized appreciation/(depreciation) in the value of investments are calculated using the average cost of the related investments. Income, realized gain/(loss) and unrealized gain/(loss) are allocated among the classes on a pro-rata basis. Distributions received from income trusts are valued as income, capital gains or return of capital based on the best information available to the Fund. Distributions that are treated as return of capital for income tax purposes reduce the average cost of the underlying income trust.

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Notes to Financial Statements

June 30, 2011 (unaudited)

Purchase and redemption of units

The value at which units are issued or redeemed is determined by dividing the net assets at fair value of the Fund applicable to that class by the total number of units of that class outstanding on the valuation date, which is the last business day of each month or any other business day specified by the Investment Manager from time to time. For the purposes of purchase and redemption of units, the net asset value as described above is used, which differs from the net assets per unit in the Statement of Net Assets. Amounts received on the issuance of units and amounts paid on the redemption of units are added to or deducted from unitholders' equity.

Forward contracts

The Fund enters into forward contracts to manage risk or to achieve desired returns. Gain or losses are realized based on the settlement term of the forward contracts and are included in the Statements of Operation. Fair values for forward contracts are based on the gain or loss that would arise as a result of closing the position at the valuation date; these values generally reflect the estimated amount that would be received or paid to terminate the contract at the period-end date.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the period 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.

Increase (decrease) in net assets from operations for each class

Increase (decrease) in net assets from operations per unit in the Statement of Operations represents the net increase (decrease) in net assets from operations for the period, divided by the weighted average units outstanding during the period.

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. 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 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 the current fair value of the securities using the same valuation policies as for securities owned. Dividends and interest on these securities sold short are payable to the purchaser and are recognized as an expense and include withholding taxes, if applicable.

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Notes to Financial Statements
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Future Accounting Changes

In January 2011, the Accounting Standards Board (AcSB) of the CICA approved a further one year deferral of adoption of IFRS for investment companies, which include investment funds. Investment companies may continue to apply existing GAAP standards until fiscal years beginning on or after January 1, 2013.

Comparative figures

Certain 2010 comparative figures have been reclassified to conform with the financial statements presentation adopted per the current period.

3. Fair Value Disclosure

Financial Instruments – Disclosures, establishes a fair value 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-Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.

Level 2-Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3-Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The Fund’s assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA Section 3862. The following fair value hierarchy table presents information about the Fund’s assets measured at fair value on a recurring basis as of June 30, 2011

Financial Assets at fair value as at June 30, 2011				
	Level 1	Level 2	Level 3	Total
Equities - Long	\$ 36,553,459	\$ -	\$ 583,760	\$ 37,137,219
Warrants	-	185,277	270,530	455,807
Forward contracts	-	204,815	-	204,815
	\$ 36,553,459	\$ 390,092	\$ 854,290	\$ 37,797,841

There were no transfers between levels 1 and 2 during the period ending June 30, 2011.

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The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2010.

Financial Assets at fair value as at December 31, 2010							
	Level 1		Level 2		Level 3		Total
Equities - Long	\$	22,433,370	\$	836,250	\$	176,000	\$ 23,445,620
Warrants		43,000		626,849		-	669,849
Forward contracts		-		217,592		-	217,592
	\$	22,476,370	\$	1,680,691	\$	176,000	\$ 24,333,061

There were no transfers between levels 1 and 2 during 2010.

The following is a reconciliation of Level 3 fair value measurements from December 31, 2010 to June 30, 2011:

Fair value measurements using level 3 inputs			
		Warrants	Equities - long
Balance at December 31, 2010	\$	-	\$ 176,000
Net purchases and sales		-	737,788
Net transfers in (out)		-	181,752
Gains (Losses)			
Realized		-	(82,000)
Unrealized		-	(159,250)
Balance at June 30, 2011	\$	-	\$ 854,290
Total change in unrealized appreciation during the period for assets held at December 31, 2010	\$	-	\$ -

The following is a reconciliation of Level 3 fair value measurements from December 31, 2009 to December 31, 2010:

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	Fair value measurements using level 3 inputs	
	Warrants	Equities - long
Balance at December 31, 2009	\$ 66,799	\$ 37,500
Net purchases and sales	-	(114,205)
Net transfers in (out)	(7,339)	-
Gains (Losses)		
Realized	-	170,705
Unrealized	(59,460)	82,000
Balance at December 31, 2010	\$ -	\$ 176,000
Total change in unrealized appreciation during the period for assets held at December 31, 2010	\$ -	\$ 82,000

Level 3 sensitivity analysis

The Fund applies judgment in determining unobservable inputs to calculate the fair value of Level 3 financial instruments of \$854,290 as of June 30, 2011 (December 31, 2010 - \$176,000). Included in the Fund's Level 3 financial instruments are equity investments in private placements. The unobservable inputs used in the valuation of these financial instruments primarily include key variables, current market conditions and recent financing by the company, if any. These securities are affected by market activity in their relevant sectors and therefore generally fluctuate similarly.

If relevant market-related inputs increased or decreased by 5% with all other variables remaining constant, net assets would have possibly increased or decreased by approximately \$42,714 (December 31, 2010 - \$8,800).

4. Unitholders' equity

Unitholders' equity includes amounts representing net Fund unit subscriptions, undistributed net income, undistributed realized gains (losses) on sale of investments and unrealized appreciation (depreciation) in value of investments. 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 the Financial Risk Management notes (Note 10), 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 units during the period:

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	2011		2010	
	Class B	Class F	Class B	Class F
Units-Beginning of period	1,002,343	744,917	126,699	406,284
Units issued	895,589	475,585	416,633	237,982
Units reinvested	-	-	-	-
Units redeemed	(57,878)	(31,826)	(7,053)	(66,365)
Units-End of period	1,840,054	1,188,676	536,279	577,901

Certain directors and/or related parties of the fund held greater than 10% of the fund units at June 30, 2011

5. Fees and expenses

a) Management fees

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

Class B: 2% per annum of the Net Asset Value of class B units of the Fund on the last business day of the preceding month.

Class F: 1% per annum of the Net Asset Value of class F units of the Fund on the last business day of the preceding month.

b) Performance fees

The Fund also pays the Investment Manager an annual performance fee (the “performance fee”) equal to 20% of the amount by which the cumulative total return of the Fund exceeds the cumulative total percentage increase or decrease of the following benchmarks having the following components and provided that the net asset value per unit for each class of units exceeds a high-water mark. Performance fees will be calculated and accrued daily and payable by the Fund quarterly.

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 this Fund relative to its benchmark has exceeded the amount of the deficiency and the deficiency will carry forward for one year. In addition, the highest daily net asset value per unit for each class of units establishes a high-water mark for each class of units which must be exceeded in subsequent days for the performance fee applicable to each class of units to be payable.

The performance fees incurred for the period ended June 30, 2011 are \$nil (2010 – \$204,815) of which \$nil were outstanding at June 30, 2011 (December 31, 2010 – \$383,625).

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Notes to Financial Statements

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c) 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 Investment Manager), IRC fees, record keeping and legal fees and expenses, custody and safekeeping charges.

6. Distribution of net investment income and capital gains

Net investment income and net capital gains of the Fund are distributed to unitholders of record as of the close of business on the last valuation day in the year. Unless unitholders have requested cash, all distributions are reinvested automatically in additional units of the Fund immediately following the valuation date.

7. Income taxes

The Fund is a mutual fund trust as defined by the Income Tax Act. No provisions for income taxes are included in the financial statements as the net income and net capital gains are distributed to the unitholders and immediately reinvested in the Fund. As of December 31, 2010, there were \$12,476 (2009 – \$135,877) of capital losses and \$nil (2009 – \$nil) of non capital losses to be carried forward.

8. Soft dollar commissions

Soft dollar commissions relate to amounts paid to brokers in exchange for research or other services provided to the investment manager. There were \$3,133 (2010 – \$16,779) soft dollar commissions paid during the period.

9. Securities Lending Transactions

The Fund lends portfolio securities from time to time in order to earn additional income. Income from securities lending is recorded in investment income in the Statement of Operations of the Fund.

The Fund has entered into a securities lending program with its custodian, the RBC Dexia Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 100% of the assets of the Fund. The Fund receives collateral of at least 105% of the value of securities on loan. Collateral may comprise cash, shares, and obligations of or guaranteed by the Government of Canada or a province thereof, by the United States government or its agencies, or by other Organization for Economic Coordination & Development (OECD) member countries' governments.

As at June 30, 2011, there were no securities on loan (2010 – nil) and no collateral (2010 – nil) held under securities lending.

Vertex Growth Fund

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10. Financial Risk Management

The Fund's financial instruments consist of investments which include accrued interest and dividends, amounts due from brokers, subscriptions receivable, other assets, accounts payable and accrued liabilities 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 Investment 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 most important 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 market price risk is managed through diversification of the investment portfolio. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

As of June 30, 2011, if the Fund's 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 a difference of \$1,879,651(December 31, 2010 – \$1,205,773). Actual results may differ from this sensitivity analysis and those results could be material.

(b) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. As at June 30, 2011 and December 31, 2010, interest rate risk was negligible as the Fund had no significant exposure to long-term interest-bearing investments.

(c) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than 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, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates. The Fund's managers review 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 table below summarizes the Fund's exposure to currency risks.

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Currency	June 30, 2011	December 31, 2010
	Exposure	
U.S. Dollar	\$ 58,685	\$ (525,944)

As at June 30, 2011, if the exchange rate between the Canadian Dollar and the US Dollar the Fund was exposed to increased or decreased by 5%, with all other variables held constant, the increase or decrease respectively in net assets would approximately amount to values \$2,934 (December 31, 2010 – \$26,297). Actual results may differ from this sensitivity analysis and those results could be material.

(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 derivative contracts. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information. The credit rating of the counterparties as a percentage of net assets as at June 30, 2011 and December 31, 2010 were:

Portfolio by rating category	June 30, 2011	December 31, 2010
Rating		
AA/A	0.51%	0.87%
Total	0.51%	0.87%

(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 at the monthly 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. The Fund retains sufficient cash and cash equivalents to maintain liquidity. Liquidity risk is considered negligible .

The liabilities of the Fund become due within the next three months.