

CONFIDENTIAL OFFERING MEMORANDUM



VERTEX FUND

August 31, 2011

Continuous Offering

This Offering Memorandum constitutes a private offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is it to be construed as a prospectus, advertisement or public offering of the securities referred to herein. **No securities commission or similar regulatory authority has passed on the merits of the securities offered nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of the material by the securities commissions or similar authorities in Canada. The securities offered hereunder will be issued under exemptions from the prospectus requirements of the applicable securities laws of each of the Provinces and Territories (other than the Yukon) of Canada, and the rules, regulations and policies thereunder and will be subject to certain resale restrictions.**

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. These securities may not be offered or sold in the United States except pursuant to exemptions from registration under the U.S. Securities Act and all applicable states securities laws. The term "United States" is as defined in Rule 902 of Regulation S under the U.S. Securities Act.

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Dated: August 31, 2011

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The following information is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum.

THE ISSUER:

Name: Vertex Fund
Head Office: 1920 - 1177 West Hastings Street
Vancouver, British Columbia, V6E 2K3
Phone Number: 604-681-5787
E-mail Address: invest@vertexone.com
Fax Number: 604-681-5146
Currently Listed or Quoted: **These securities do not trade on any exchange or market.**
Reporting Issuer: No
SEDAR Filer: No

THE OFFERING:

Securities Offered: An unlimited number of multiple classes (each, a “Class”) of trust units (each, a “Unit” and together, the “Units”) are being offered hereby on a continuous basis. See “Securities Offered – Terms of Securities”. Each Unit within a particular Class will be of equal value, however, the value of a Unit in one Class may differ from the value of a Unit in another Class. Each Class shall have the attributes and characteristics as set out under the heading “Securities Offered - Terms of Securities - Summary of Trust Indenture”.

Price Per Security: The subscription price per Unit will be based upon the applicable Net Asset Value of the Units as at the last business day of the month in which the subscription is received and may vary from Class to Class. The Fund will be valued on the last business day of each month. A business day means a day of the year on which banks are not required or authorized to close in Vancouver, British Columbia. The Net Asset Value of each Class of Units that comprise the Fund is determined in accordance with the Fund’s Trust Agreement and is calculated by subtracting the aggregate amount of the total liabilities of the Fund attributable to each Class, including accruing fees or liabilities as are to be taken into account as determined from time to time by the Investment Manager (including any Performance Fee accruing in favour of the Investment Manager), from the total assets of the Fund attributable to each Class. The Net Asset Value of each Class of Units that comprise the Fund is divided by the number of Units of each Class outstanding (before Unit redemptions and subscriptions) at the close of business on a Valuation Date to determine the Net Asset Value per Unit for each Class. See “Securities Offered - Terms of Securities - Summary of Trust Agreement”.

Minimum/Maximum Offering: \$0/No maximum.

Minimum Subscription Amount: The minimum aggregate subscription price for the Units is \$25,000, or such lesser amount as the Investment Manager, in its sole discretion, may accept.

Payment Terms: The subscription price is payable upon subscription, by cheque or by bank draft. No financing of the subscription price will be provided by the Investment Manager.

Proposed Closing Date(s): Closings of the offering will take place monthly on the last business day of the month.

Income Tax Consequences: There are important tax consequences to these securities. See “Income Tax Consequences and RRSP Eligibility”.

Selling Agent: None.

RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. As there is no market for these securities, it may be difficult or even impossible for an investor to sell them. The Units are subject to resale restrictions. See “Resale Restrictions”. However, an investor may generally elect to redeem any or all of his Units on the last business day of any month. See “Securities Offered - Terms of Securities - Summary of Trust Agreement - Redemption Price and Payment”.

INVESTORS’ RIGHTS

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See “Investors’ Rights”.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See “Risk Factors”.

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USE OF NET PROCEEDS

Net Proceeds and Use of Net Proceeds

The Fund sells Units on a continuous basis, with closings of this Offering occurring on the last business day of each month. As costs of the Offering are an ongoing expense of the Fund, the Fund will use the net proceeds from the sale of Units to invest in securities and financial instruments pursuant to the Fund's investment objectives and strategies, policies and restrictions (see "Business of the Fund").

BUSINESS OF THE FUND

Structure

The Vertex Fund (the "Fund") is an unincorporated open end investment trust which was formed on December 3, 2001 under the laws of British Columbia, and is governed by an amended and restated trust agreement dated April 27, 2010 (the "Trust Agreement"), as it may be further amended from time to time. Computershare Trust Company of Canada is the trustee of the Fund (the "Trustee"), having replaced HSBC Trust Company (Canada) which acted as trustee of the Fund from May 2008 to April 30, 2010. The Fund was formed for the purposes of investing in securities in Canada, the United States and in other foreign jurisdictions. The Fund will seek to achieve superior returns by profiting from investment opportunities identified by Vertex One Asset Management Inc. (the "Investment Manager"), the administrative and investment manager of the Fund. The Fund qualifies as a mutual fund trust for purposes of the *Income Tax Act* (the "Tax Act").

The beneficial interest in the Fund is divided into Units of multiple Classes. There is no limit to the number of Units or the number of Classes of Units that may be issued subject to any determination to the contrary made by the Investment Manager. Each Unit within a particular Class will be of equal value, however, the value of a Unit in one Class may differ from the value of a Unit in another Class. There are three Classes of Units (Class A, Class B and Class F) being offered for sale by the Fund pursuant to this Offering Memorandum. The attributes and characteristics of each Class of Unit are described under the heading "Securities Offered - Terms of Securities - Summary of Trust Agreement". In addition to the Units described in this Offering Memorandum, the Fund may create additional Classes of Units with such attributes and characteristics as the Investment Manager may determine, and which may be offered for sale to such persons as the Investment Manager may determine.

The Trust Agreement sets out the rights, duties and obligations of the Investment Manager relating to the investment management and administration of the Fund. Under the terms of the Trust Agreement the Investment Manager has agreed to provide various services, including the determination of the investment policy for the Fund from time to time, the provision of investment analysis, advice and recommendations and the implementation of investment decisions. The day-to-day management, supervision, administration and control of the Fund is also the responsibility of the Investment Manager.

The head office and principal business address of the Fund and the Investment Manager is 1920 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. The fiscal year end of the Fund will be December 31st in each year and the auditors of the Fund are PricewaterhouseCoopers LLP. The assets of the Fund will be held under the custodianship of trust companies, banks, brokers, investment dealers or securities dealers. The assets of the Fund will not be held under the custodianship of the Investment Manager. RBC Dexia Investor Services Trust will act as recordkeeper of the Units.

Pursuant to a purchase and sale agreement dated as of January 1, 2002 (the "Partnership Sale Agreement") between the Fund and Vertex Fund Limited Partnership (the "Partnership") and Vertex Fund Inc. (the "General Partner") as general partner of the Partnership, the Fund acquired all of the assets of the Partnership from the Partnership in consideration for the issuance of 2,262,130.32 Units of the Fund to the Partnership and the assumption by the Fund of liabilities of the Partnership in the amount of \$1,310,536.28. The existing limited partners of the Partnership

received Units on a one-for-one basis in accordance with the number of limited partnership units held by such limited partners as of January 1, 2002. The net asset value per Unit of the Fund following the completion of the purchase of the assets of the Partnership was \$26.9064. The Partnership was dissolved effective December 5, 2002.

Management of the Fund

The Investment Manager

The Investment Manager was incorporated under the laws of Canada on October 24, 1997. The head office and principal business address of the Investment Manager is 1920 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. The registered office of the Investment Manager is located at 2610 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The Investment Manager is principally owned by Mr. John Thiessen, Mr. Matthew Wood, and Mr. Jeffrey McCord, each of whom is a director of the Investment Manager. The Investment Manager was the initial unitholder and is also the promoter of the Fund. The Investment Manager is currently registered as a portfolio manager, exempt market dealer and investment fund manager with the securities commissions in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick and Prince Edward Island.

Fees

Management Fee

In consideration of the services provided by the Investment Manager, the Fund pays the Investment Manager a monthly management fee, payable in arrears, calculated as a percentage of the Net Asset Value of each applicable Class of Units that comprise the Fund on the last business day of the preceding month. The management fee may vary from Class to Class and will be deducted as an expense of the Fund in the calculation of the net profits of the Fund. The management fee for each of the applicable Classes of Units is as follows:

<u>Class A:</u>	1/12 of 1% (1% per annum) of the Net Asset Value of the Class A Units of the Fund on the last business day of the preceding month.
<u>Class B:</u>	1/12 of 2% (2% per annum) of the Net Asset Value of the Class B Units of the Fund on the last business day of the preceding month.
<u>Class F:</u>	1/12 of 1% (1% per annum) of the Net Asset Value of the Class F Units of the Fund on the last business day of the preceding month.

Performance Fee

The Investment Manager is entitled to a Performance Fee equal to 20% of the amount by which the performance of the Fund exceeds the previous high-water mark for each applicable Class of Units. The Performance Fee is accrued monthly and is payable for each calendar quarter, provided that the high-water mark is exceeded, as referred to below. The Performance Fee will be payable by the Fund within 10 business days from the quarter-end. Upon the redemption of Units of a particular Class, the accrued portion of the Performance Fee allocated to the redeemed Units for that Class will be payable by the Fund within 10 business days of the end of the month in which the Units were redeemed.

The highest quarter-end Net Asset Value per Unit for each Class of Units from time to time establishes a high-water mark for each Class of Units which must be exceeded in subsequent quarters for the Performance Fee applicable to each Class of Units to be payable.

The Investment Manager has reserved the right to change the period for which any Performance Fee may be paid by the Fund to the Investment Manager. No change in the Investment Manager's Performance Fee payment policy will be made without at least 60 days notice to the Unitholders.

Our Business

Overview

The Fund was formed for the purposes of investing in securities in Canada, the United States and in other foreign jurisdictions, and seeks to achieve the following investment objectives:

- (a) trading or investing in securities and financial instruments pursuant to the Fund's investment objectives and strategies, subject to the Fund's investment policies and restrictions (as those investment objectives, strategies, policies and restrictions are defined or described below);
- (b) temporarily holding cash for the purposes of paying the expenses of the Fund issuing Units for allocation in connection with the reinvestment of distributions; and
- (c) doing all acts and things necessary or advisable to effect the Fund's business as described in the Trust Agreement.

Development of Business

The Fund has expanded its business through the sale of Units. There were 3,814,892 Class A Units, 5,353,440 Class B Units and 1,646,881 Class F Units outstanding as of December 31, 2004; 5,039,935 Class A Units, 13,495,221 Class B Units and 3,225,448 Class F Units outstanding as of December 31, 2005; 6,164,062 Class A Units, 19,681,042 Class B Units and 4,976,167 Class F Units outstanding as of December 31, 2006; 6,548,140 Class A Units, 22,940,875 Class B Units and 6,471,498 Class F Units outstanding as of December 31, 2007; 5,232,701 Class A Units, 21,665,590 Class B Units and 5,808,972 Class F Units outstanding as of December 31, 2008; 4,846,415 Class A Units, 19,829,644 Class B Units, 793,620 Class BB Units, 5,423,440 Class F Units and 3,206,530 Class FF Units outstanding as of December 31, 2009; and 4,622,247 Class A Units, 22,659,810 Class B Units and 6,930,643 Class F Units outstanding as of December 31, 2010. Effective January 31, 2010, the Class BB Units were merged with the Class B Units and the Class FF units were merged with the Class F Units. As of July 31, 2011, there were 4,661,466.283 Class A Units, 23,692,133.514 Class B Units and 7,335,772.988 Class F Units outstanding.

Objectives and Strategies

The principal objective of the Fund is to achieve superior returns by profiting from investment opportunities identified by the Investment Manager. In order to achieve this objective, the Investment Manager employs a variety of investment strategies to take advantage of profitable opportunities in the capital markets. More specifically, strategies that may be used by the Investment Manager include those discussed below.

Long Investments

Long positions involve buying a security in anticipation of price expansion in the short and over the long term. The Fund's long investment position will include securities of companies that:

- have a proven product or service brand name thereby allowing an increase in price without a corresponding reduction in market share;
- have management with consistent proven abilities to create shareholder wealth;
- are restructuring or cost cutting to improve profitability;
- have low absolute valuations; or
- have been impaired by temporary events.

The Investment Manager's expertise in valuing securities and its understanding of the marketplace will be brought to bear in these situations.

Short Sales

Short sales involve the Fund selling a security that it does not own in anticipation of a price decline. A short sale occurs when the Fund borrows a security from a third party. The Fund must repurchase the security at a later date in order to replace the security that was borrowed from the third party. This is known as covering the short position. If the price of the borrowed security has fallen, the security will be repurchased at a lower price than that at which it was initially sold, and the difference between the price the Fund paid to repurchase the borrowed security to cover its short position and the price at which the security was sold to the second party (plus any interest rebate on the proceeds from the original short sale, less commission costs and other transaction expenses) will represent the Fund's profits. If the borrowed security is repurchased by the Fund at a higher price than that at which it was initially sold, the Fund will incur a loss.

It is important to note that short selling can be extremely risky, as losses can be unlimited if the price of the borrowed security continues to increase rather than decline. To mitigate this risk and potential loss, the Fund will sell short securities of companies that are viewed by the Investment Manager to have significant management, financial, and operating deficiencies or companies that are overvalued in the marketplace while exhibiting a loss of analyst coverage or shareholder support.

The Investment Manager believes opportunity exists in short selling for two principal reasons. First, most Canadian and U.S. institutional investors, who control the majority of funds available for equity investments, are precluded by law or are unwilling to sell securities short. This creates a fundamental imbalance between the buy and the sell side of the market. Second, it is the view of the Investment Manager that investor psychology contributes to the opportunity for profit from short sales, as investors are much more willing to accept positive forecasts than they are to recognize negative facts or indicators. In summary, the Investment Manager believes that the market is less efficient on the sell side than the buy side, which allows for the potential for superior returns.

Convertible and Derivative Hedged Trading

A hedging strategy can be used to control the Fund's risk or to increase the Fund's incremental return. For example, to reduce the risk of holding convertible securities, the Fund can sell short the underlying equity position of the convertible security. To achieve incremental returns, the Fund, under the direction of the Investment Manager, may purchase or sell short convertible or derivative securities (i.e. options and warrants) and take an offsetting position in the underlying equity security to take advantage of any mispricing of the convertible or derivative security.

Risk Arbitrage

The Fund may invest in risk arbitrage situations which involve the purchase of securities of companies that are the subject of acquisition attempts or corporate reorganizations such as amalgamations, restructurings or liquidations. The Fund anticipates deriving its profit by realizing the price differential between the market price of the securities purchased and the value ultimately realized from their disposition, plus any dividends and interest received, less transaction costs.

There are a number of arbitrage techniques that may be used depending on the characteristics of the individual transaction being arbitrated. When a take-over bid, amalgamation or arrangement involving cash consideration or securities of the acquiring company is announced, the value of the securities and/or cash to be received may be higher or lower than the market price of the securities of the target company for which they are to be exchanged. If the Investment Manager determines that it is probable that the proposed transaction or a higher value transaction will be consummated, the Fund may purchase shares of the target company. In addition, to hedge against the risk of market fluctuations in the price of the securities to be received upon consummation of the transaction (if share consideration is offered in the transaction), the Fund may establish a short position in such securities. If the transaction is consummated, the Fund will then exchange the shares of the target company which it has accumulated for the shares issued by the acquiring company and may cover its short position, if any, with the securities so

received. Alternatively, where cash is being offered as consideration, shares of the target company purchased in the open market will normally be tendered as cash to the acquiring company.

Transactions in listed stock options may also be used to hedge long and short positions. These hedging transactions reduce the risk of loss to the Fund in certain exchange offers and mergers. If, after the Fund has established a position, it appears that the transaction is proceeding contrary to expectations, the Fund may take its profits or losses or attempt to minimize potential losses by liquidating its long positions and covering any short positions.

Put and Call Options

The Fund may purchase and sell options on fixed instruments, commodities and common stocks and may also use them for hedging purposes. The use of puts and calls implies the use of leverage through the use of margin.

Leverage

Leverage will be used in accordance with the rules of the Investment Dealers Association of Canada.

Other Investments

The Fund may invest in fixed income securities including preferreds, convertibles, corporate and sovereign debt securities.

Investment Policies and Restrictions

The Investment Manager is required to adhere to the following investment policies and restrictions in implementing the investment objectives and strategies of the Fund:

1. Naked option activity will be limited to no more than 15% of the underlying position for the Net Asset Value of the Fund. Investing in options may require the use of margin. The use of margin when investing in options will be in accordance with the rules of the Investment Dealers Association of Canada.
2. Net short sales will be limited to no more than 15% of the underlying position for the Net Asset Value of the Fund. Short sales will require the use of margin. The use of margin when selling short will be in accordance with the rules of the Investment Dealers Association of Canada.
3. Purchases of private securities will be limited to 5% of the Net Asset Value of the Fund.
4. Real estate or real estate interests will not be purchased except through equities, investment trusts or similar entities.
5. Financial leverage may not be used to enhance net equity exposure of greater than 100% of the funds invested.
6. Short sale proceeds are used to lever long positions in related transactions.

Material Agreements

The following material agreements have been entered into by the Fund since its formation, other than agreements entered into in the ordinary course of business:

- (a) the Trust Agreement (see “Securities Offered - Terms of Securities - Summary of Trust Agreement”); and
- (b) the Partnership Sale Agreement (see “Business of the Fund - Structure”).

Copies of the contracts referred to above may be inspected during normal business hours at the office of the Investment Manager, 1920 - 1177 West Hastings Street, Vancouver, British Columbia.

Administration Fees and Expenses

The Fund is responsible for the payment of all fees and expenses relating to its operation, including the fees and expenses of the recordkeeper, audit, accounting, administration (other than advertising and promotional expenses which are paid for by the Investment Manager), record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of Units, 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 and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. The Investment 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).

The Investment Manager uses certain brokerage fees otherwise payable as soft dollars to purchase research to support its investment decision-making process. The Investment Manager does not use soft dollars for any purpose other than for research services which are determined to be in the best interests of the Unitholders of the Fund. Soft dollars represent a very modest amount of the Investment Manager's overall trading commissions, and the annual soft dollar budget is reviewed and approved by the Investment Manager's compliance officer. The Investment Manager monitors trade executions to ensure that all commissions, including soft dollar arrangements, are at competitive levels to satisfy its requirement to seek the best execution for all trades.

Sales and Redemption Charges For Class B Units

Investors in Class B Units can elect to purchase Class B Units pursuant to either the Sales Charge Option or the Redemption Charge Option.

Class A Units and Class F Units are not subject to any sales or redemption charges.

Purchases Under the Sales Charge Option

Under the sales charge option (the "Sales Charge Option"), a sales charge is deducted from the amount of the subscription and paid to the investor's registered dealer. The remaining amount is divided by the Net Asset Value per Unit for the Class of Units subscribed for, as described under "Securities Offered - Subscription Procedure", to determine the number of Units purchased. Sales charges are negotiable between investors and their registered dealers. The maximum sales charge for the Fund is 5% of the total amount invested. No sales charge applies to additional Units issued through the automatic reinvestment of distributions.

Purchases Under the Redemption Charge Option

Under the redemption charge option (the "Redemption Charge Option"), the entire amount of an investor's subscription is applied to the purchase of Units at a price per Unit equal to their Net Asset Value per Unit for the Class of Units subscribed for, as described under "Securities Offered - Subscription Procedure", without deduction of a sales charge. The Investment Manager or a third party provider will pay a selling commission of 5% to the investor's registered dealer in respect of Units purchased on this basis. No selling commission is paid for additional Units issued through the automatic reinvestment of distributions.

The following redemption charge will apply if the investor redeems Units (including Units issued through the automatic reinvestment of distributions paid on Units), or re-designates Units for Units of a different Class without the Redemption Charge Option, within the following time periods after purchase:

<u>Year(s) Since Purchased</u>	<u>Redemption Charge as a Percentage of the Cost of Units Redeemed/Redesignated</u>
Year 1.....	5.5%
Year 2.....	5.0%
Year 3.....	4.5%
Year 4.....	4.0%
Year 5.....	3.0%
Year 6.....	2.0%
Year 7.....	1.0%
Thereafter.....	Nil

The Redemption Charge Option may be modified or cancelled by the Investment Manager at any time.

For purposes of calculating the redemption charge, the cost of a redeemed or re-designated Unit is the Net Asset Value per Unit at which the Unit was originally acquired, subject to adjustment downwards when additional Units are issued through the automatic reinvestment of distributions.

The Investment Manager may, in its discretion, from time to time permit a Unitholder to exchange Units subject to the Redemption Charge Option for units in another fund managed by the Investment Manager while carrying over the Unitholder's redemption charge, subject to any stated investment limits.

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

Compensation

Each of John Thiessen, Matthew Wood and Jeffrey McCord is a managing director and a director of the Investment Manager. They do not receive any compensation from the Fund. The Fund pays the Investment Manager a management fee and a performance fee. See "Business of the Fund – Management of the Fund – The Investment Manager".

Management Experience

The senior management of the Investment Manager have a broad background of investment and capital market experience which will be brought to bear on the activities undertaken by the Investment Manager on behalf of the Fund. The following table discloses the principal occupations of the directors, senior officers and portfolio managers of the Investment Manager for the past five years.

<u>Name and Municipality of Principal Residence</u>	<u>Principal Occupations and Related Experience</u>
John Thiessen Vancouver, BC	<p>Director of Vertex One Asset Management Inc. since November, 1997.</p> <p>Mr. John Thiessen is a founder and a director of the Investment Manager and has overall responsibility for the investment and trading decisions affecting the Vertex Fund's investment portfolio. He has been the lead manager since the Fund's inception on February 6, 1998. Mr. Thiessen has significant experience in the investment field with more than 19 years of equity, fixed income and arbitrage experience. He began his career</p>

**Name and Municipality
of Principal Residence**

Principal Occupations and Related Experience

Matthew Wood
Vancouver, BC

with the Alberta Treasury Investment Management Division, moving on to a position as an investment officer with National Trust. He was a portfolio manager with HSBC Asset Management before forming the Investment Manager. Mr. Thiessen holds the professional designation of Chartered Financial Analyst (CFA) and is a member of the Institute of Chartered Financial Analysts.

Director of Vertex One Asset Management Inc. since November, 1997.

Mr. Matthew Wood is a founder and a director of the Investment Manager. Mr. Wood has over 18 years of experience in dealing with equities, fixed income and derivatives. He began his career as an analyst, and subsequently became a financial advisor with Royal Trust. He was a portfolio manager with HSBC Asset Management before forming the Investment Manager. Mr. Wood holds the professional designation of Chartered Financial Analyst (CFA) and is a member of the Institute of Chartered Financial Analysts.

Jeffrey McCord
North Vancouver, BC

Director of Vertex One Asset Management Inc. since January, 1998.

Mr. Jeff McCord is a founder and a director of the Investment Manager. He is a member of the investment committee and is responsible for business development and the operation of the Investment Manager. He began his investment career as a financial advisor with Canada Trust and subsequently became responsible for managing high net-worth clients at HSBC Asset Management. Mr. McCord has over 19 years of investment and business experience. He is a graduate of the University of Manitoba and holds his CSC designation from the Canadian Securities Institute.

Tim Logie
Vancouver, BC

Portfolio Manager of Vertex One Asset Management Inc. since 2001.

Mr. Tim Logie joined the Investment Manager in 2001. He started his career in the Property and Casualty actuarial field before completing an MBA and moving into derivative trading at TD Securities in Toronto. While at TD Securities, Mr. Logie worked with Bond Options and Interest Rate Derivatives before becoming TD Securities' Energy Derivative trader. Mr. Logie is responsible for the Investment Manager's trading as well as portfolio management and investment analysis. Mr. Logie holds the professional designation of Chartered Financial Analyst (CFA) and is a member of the Institute of Chartered Financial Analysts.

Penalties, Sanctions, and Bankruptcy

There are no penalties, sanctions, declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation or proceedings, arrangements or compromises with creditors, appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last ten years against or in connection with any of the directors, senior officers or control persons of the Fund or the Investment Manager or any issuer of which any director, senior officer or control person of the Fund or the Investment Manager was a director, senior officer or control person.

CAPITAL STRUCTURE

Share Capital

Outstanding Securities

Description of security	Number authorized to be issued	Number outstanding as at July 31, 2011 ⁽²⁾
Units ⁽¹⁾ :		
Class A	Unlimited	4,661,466.283
Class B	Unlimited	23,692,133.514
Class F	Unlimited	7,335,772.988

- (1) The attributes and characteristics of each Class of Units is set forth under the heading “Securities Offered - Terms of Securities - Summary of Trust Agreement”.
- (2) As at July 31, 2011, the issued and outstanding Units had the following Net Asset Values: Class A, \$71.9079 per Unit; Class B, \$10.4526 per Unit and Class F, \$68.5948 per Unit.

Prior Sales

Within the 12 months from August 1, 2010 to July 31, 2011, the Fund has issued an aggregate of 190,022.915 Class A Units, 3,862,867.739 Class B Units and 1,276,317.999 Class F Units for aggregate gross proceeds in the amount of \$142,604,645.91.

Within the 12 months from August 1, 2010 to July 31, 2011, an aggregate of 226,574.129 Class A Units, 2,376,590.086 Class B Units, and 775,023.053 Class F Units have been redeemed for an aggregate gross redemption amount of \$94,463,210.45.

Effective January 31, 2010, the Class BB Units were merged with the Class B Units and the Class FF Units were merged with the Class F Units.

SECURITIES OFFERED

Terms of Securities

An unlimited number of multiple classes (each, a “Class”) of trust units (each, a “Unit” and together, the “Units”) are being offered hereby on a continuous basis to investors in each of the Provinces and Territories (other than the Yukon) of Canada, pursuant to exemptions from the prospectus requirements contained in the securities legislation of those Provinces and Territories, and in the United States pursuant to exemptions from the registration requirements of the U.S. Securities Act. See “Subscription Procedure”. Each Unit within a particular Class will be of equal value, however, the value of a Unit in one Class may differ from the value of a Unit in another Class. The subscription price per Unit will be based upon the applicable Net Asset Value of the Units as at the last business day of the month in which the subscription is received and may vary from Class to Class. **Units may be redeemed at the end of any month. Redemption amounts will be paid out within five business days of the redemption date.** See “Summary of Trust Agreement”.

The Net Asset Value of each Class of Units that comprise the Fund is determined in accordance with the Fund’s Trust Agreement and is calculated by subtracting the aggregate amount of the total liabilities of the Fund attributable to each Class, including accruing fees or liabilities as are to be taken into account as determined from time to time by the Investment Manager (including any Performance Fee accruing in favour of the Investment Manager) from the total assets of the Fund attributable to each Class. The Net Asset Value of each Class of Units that comprise the Fund is divided by the number of Units of each Class outstanding (before Unit redemptions and subscriptions) at the close of business on a Valuation Date to determine the Net Asset Value per Unit for each Class.

Summary of Trust Agreement

The rights and obligations of the Investment Manager are governed by the Trust Agreement. The following is a summary only of certain provisions of the Trust Agreement and does not purport to be complete. A copy of the Trust Agreement may be inspected during normal business hours at the office of the Investment Manager.

Head Office

The head office and the principal office of the administration of the Fund will be in Vancouver, British Columbia at the address of the Investment Manager or at such other location as designated by the Investment Manager.

Division of Fund into Classes and Units

The beneficial interest in the Fund will be divided into interests of multiple Classes each referred to as Units. Each Unit within a particular Class will be of equal value, however, the value of a Unit in one Class may differ from the value of a Unit in another Class. Each Class and its Unit and fractions thereof will be issued only as fully paid and non-assessable. There will be no limit to the number of Units or the number of Classes of Units that may be issued, subject to any determination to the contrary made by the Investment Manager. No Class or Unit or fraction thereof shall have any rights, preferences or priorities over any other Unit, except in respect of voting rights (See "Voting").

Voting

Each Unitholder will be entitled to one vote for each whole Unit held by him. No holder of a fraction of a Unit, as such, shall be entitled to notice of, or to attend or to vote at, meetings of Unitholders. A holder of a Unit of one Class shall not be permitted to notice of, or to attend or vote at, meetings of Unitholders of another Class.

Net Asset Value Per Unit

The Net Asset Value of each Class of Units that comprise the Fund will be the then fair market value of the assets of the Fund attributable to each Class of Units at the time the calculation is made less the aggregate amount of the liabilities of the Fund attributable to that Class, including accruing fees or liabilities as are to be taken into account as determined from time to time by the Investment Manager (including any Performance Fee accruing in favour of the Investment Manager, at that time). The Net Asset Value per Unit will be the quotient obtained by dividing the amount equal to the Net Asset Value of each Class of Units that comprise the Fund by the total number of Units of each Class outstanding, including fractions of Units.

Price of Units

The subscription price per Unit of Units purchased pursuant to a subscription will be the Net Asset Value per Unit determined on the Valuation Date on which the subscription is accepted and may vary from Class to Class.

Issuance of Certificates

No certificates evidencing ownership of Units will be issued to a Unitholder.

Right to Redeem

A Unitholder will be entitled to require payment of the Net Asset Value of all or any of his Units by giving written notice to the Investment Manager, which notice must contain a clear request that a specified number of Units of a specified Class are to be redeemed or the dollar amount which the Unitholder is required to be paid, and the signature on the redemption notice must be guaranteed by a Canadian chartered bank, a trust company or a registered broker or securities dealer acceptable to the Investment Manager. A redemption request must reach the Investment Manager at its offices not later than the close of business on the business day prior to the Valuation Date on which the Units are intended to be redeemed.

Redemption Price and Payment

The proceeds payable on redemption will be the Net Asset Value of the Units redeemed, which may vary from Class to Class, less any applicable redemption charges, determined on the Valuation Date next following receipt by the Investment Manager of a redemption request. RBC Dexia Investor Services Trust will, within five business days after the Valuation Date, and subject to receipt of written notice in respect of redemption requests received by the Investment Manager, arrange for the payment of the value of the Units being redeemed by mailing or delivering a cheque in the relevant amount in Canadian funds to the Unitholder.

Suspension of Redemption Right

The Investment Manager may suspend, or continue suspension of the right of a Unitholder to require the Fund to redeem Units for any period during which normal trading is suspended on any stock exchange on which the securities that represent more than 50% by value of the gross assets of the Fund are then listed or with the consent of the appropriate securities regulatory authorities for any period during which the Investment Manager determined that conditions are such that the disposal of the assets of the Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of the Fund's assets.

Transfer Between Classes of Units

A Unitholder of any Class may be entitled to transfer, at any time, all or, subject to any minimum investment or other requirements for a particular Class prescribed by the Investment Manager and set forth in this Offering Memorandum (or other like document), any part of the Units of one Class registered in its name to another Class or Classes of Units, by giving written notice to the Investment Manager. The notice must contain a clear request that a specified number of Units (or fractions thereof) be transferred amongst the Classes and provide detailed instructions regarding the Class or Classes of Units to be acquired, and the signature on the transfer notice must be guaranteed by a Canadian chartered bank, a trust company or securities dealer acceptable to the Investment Manager. RBC Dexia Investor Services Trust, in its capacity as recordkeeper of the Fund may charge a fee to the Unitholder to effect a transfer of Units amongst Classes. As of the date of this Offering Memorandum, transfers between Class B and Class F Units will generally be permitted, subject to such transfers being in compliance with applicable securities laws.

Powers and Duties of the Trustee

The Trustee, subject to the specific limitations contained in the Trust Agreement, has full, absolute, and exclusive power, control and authority over the assets of the Fund and over the business and affairs of the Fund to the same extent as if the Trustee was the sole owner thereof in its own right.

Powers and Duties of the Investment Manager

The Trust Agreement grants the Investment Manager exclusive power to manage and direct the investment of the assets of the Fund and the powers necessary to perform its duties. The Trustee has no responsibility for investment management of the securities or other property of the Fund or for any investment decisions.

Trustee's Fee

The Trustee will receive an annual fee which will be paid from the Fund. The amount of the annual fee will be settled by agreement between the Trustee and the Investment Manager.

Expenses

All expenses of the Fund will be paid from the Fund.

Removal of Trustee

The Trustee may be removed by the Investment Manager at any time by notice to the Trustee not less than 90 days prior to the date that such removal is to take effect provided a successor trustee is appointed or the Fund is terminated.

Status of Unitholders

The ownership of all property of the Fund of every description and the rights to conduct the affairs of the Fund are vested exclusively in the Trustee and the Unitholders have no interest other than their beneficial interest in the Fund.

Liability of Unitholders

No Unitholder will be held to have any personal liability as such for any obligation or claim arising out of or in connection with any contract or obligation of the Fund, the Investment Manager, or the Trustee.

Unitholder Meetings

The Investment Manager will, upon the written request of Unitholders of a single Class holding not less than 50% of the outstanding Units of that Class, call a meeting of Unitholders of that Class. A holder of a Unit of one Class shall not be permitted to notice of, or to attend or vote at, meetings of Unitholders of another Class.

Distribution of Income and Capital and Capital Gains to Unitholders

On the last Valuation Date in each calendar year (the "Distribution Date") RBC Dexia Investor Services Trust will determine the net income and net realized capital gains of each Class of Units that comprise the Fund and such portions of the net income and net realized capital gains will be payable to the Unitholders (pro rata to the number of Units held by them respectively at the close of business of the recordkeeper of the Fund on the Distribution Date).

Manner of Payment

On and after each Distribution Date, such amount, if any, of net income and net realized capital gains payable to each Unitholder will be reinvested in additional Units of the Fund at the Net Asset Value per Unit attributable to each Class of Units, calculated on the Distribution Date.

Investment by the Fund

The Trustee will from time to time sell any or all of such investments and reinvest the proceeds thereof or exchange any or all of such investment for other investments, always only in accordance with the directions of the Investment Manager. It is the responsibility of the Investment Manager to ensure that all investments of the assets of the Fund are made in such a way as to comply with any statement made in this Offering Memorandum as to the investment policies, practices and objectives and investment restrictions.

Subscription Procedure

Investors may purchase Units of the Fund through the Investment Manager or through qualified dealers or brokers. Qualified dealers or brokers will send orders to the Investment Manager at its principal office by courier or telecommunication facilities without charge to the investor on the day on which investor orders are placed.

The subscription price is payable upon subscription, by cheque or by bank draft. No financing of the subscription price will be provided by the Investment Manager. The minimum aggregate subscription price for Units is \$25,000, or such lesser amount as the Investment Manager, in its sole discretion, may accept.

Each prospective and qualified investor who desires to subscribe for Units must:

- (a) complete and sign the form of Subscription Agreement specifying the number and the Class or Classes of Units being subscribed for;
- (b) if the Subscriber is resident in British Columbia, New Brunswick, Newfoundland and Labrador or Nova Scotia, is not an accredited investor as defined in National Instrument 45-106 (“NI 45-106”), and is purchasing Units having an aggregate acquisition cost of less than \$150,000, complete and sign two copies of the Form 45-106F4 – Risk Acknowledgement;
- (c) if the Subscriber is resident in British Columbia, Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Saskatchewan, Québec, Northwest Territories or Nunavut, is purchasing Units having an aggregate acquisition cost of less than \$150,000, and is an accredited investor as defined in NI 45-106, complete and sign the Accredited Investor Questionnaire;
- (d) if the Subscriber is in the United States, complete and sign the Accredited Investor Questionnaire and the U.S. Certificate; and
- (e) deliver to the Investment Manager, in trust, a cheque or bank draft for the subscription price payable for the Units subscribed for, made payable to “RBC Dexia Investor Services Trust, in trust” (all such funds will be transferred to a Fund account on Closing).

Subscriptions will be received subject to prior sale and acceptance of the investor’s subscription, in whole or in part (subject to compliance with applicable securities laws), by the Investment Manager on behalf of the Fund.

The purchase price per Unit will be an amount equal to the Net Asset Value per Unit subscribed for and may vary from Class to Class. The Net Asset Value per Unit for subscriptions which are received and accepted by the Investment Manager before the close of business on a Valuation Day will be calculated as of that Valuation Day. The Net Asset Value per Unit for subscriptions received and accepted after the close of business will be calculated on the next Valuation Day.

The aforementioned cash amounts, Subscription Agreements and other documents will be held in trust and released upon closing. Where required pursuant to NI 45-106 the subscription amount will be held in trust until midnight on the second business day after the investor signs a Subscription Agreement. Closings will occur on a continuous basis at the end of each month in which subscriptions are received.

Qualified Investors

The Investment Manager is offering for sale an unlimited number of Units on a continuous basis in each of the Provinces of Canada and Territories, other than the Yukon Territory, by way of private placement.

The offering is being conducted:

- (a) in the Provinces of British Columbia, New Brunswick, Newfoundland and Labrador and Nova Scotia pursuant to the exemptions from the prospectus requirements afforded by Sections 2.3, 2.9 and 2.10 of NI 45-106; and
- (b) in the Provinces of Alberta, Manitoba, Ontario, Prince Edward Island, Quebec and Saskatchewan and in the Northwest Territories and Nunavut pursuant to the exemptions from the prospectus requirements afforded by Sections 2.3 and 2.10 of NI 45-106.

The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors purchasing as principal and who are “accredited investors” as defined in NI 45-106.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions only to investors in British Columbia, Nova Scotia, Newfoundland and Labrador and New Brunswick purchasing as principals, who receive this

Offering Memorandum prior to signing the Subscription Agreement and who sign a risk acknowledgement in the prescribed form.

The exemption pursuant to Section 2.10 of NI 45-106 is available for distributions to investors purchasing as principals where the trade is made in a security that has an aggregate acquisition cost to the investor of not less than \$150,000, paid in cash at the time of acquisition.

The foregoing exemptions relieve the Fund from the provisions of the applicable securities laws of each of the Provinces of Canada and the Northwest Territories and Nunavut, which otherwise would require the Fund to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Units will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The Fund may also use qualified dealers or brokers to sell Units of the Fund and may enter into non-exclusive agency agreements with such brokers or dealers in connection with such sales.

Acceptance of Subscriptions

Subscriptions received are subject to rejection or allotment in whole or in part by the Investment Manager on behalf of the Fund within 30 days of their receipt by the Investment Manager. The Investment Manager reserves the right to close the subscription books at any time without notice. Confirmation of the acceptance of a subscription will be forwarded by the Investment Manager to the investor. The Investment Manager is not obligated to accept any subscriptions, and will reject any subscription which the Investment Manager considers to be not in compliance with applicable securities laws and regulations. If any subscription is rejected, the Investment Manager will return to the investor within 30 days after making the decision to reject the subscription, the Subscription Agreement, any other documentation delivered by the investor, and the subscription funds comprising such subscription.

Subject to the contractual rights of action, and a two day right of withdrawal for certain investors provided for herein, and subject to applicable securities laws, the investor's subscription may not be withdrawn, cancelled, terminated or revoked by the investor for a period of 30 days from the date of receipt of the subscription by the Investment Manager, unless previously accepted by the Investment Manager.

Units of the Fund will be issued to an investor if a subscription agreement (a "Subscription Agreement") substantially in the form prescribed by the Investment Manager from time to time is received by the Fund and accepted by the Investment Manager and if payment of the subscription price is made by cheque or bank draft. Units will be issued at a price per Unit equal to the Net Asset Value per Unit as at the last business day of the month in which the subscription is received, subject in all cases to the minimum investment levels described above. An investor who subscribes for Units by executing and delivering a Subscription Agreement will become a Unitholder after the Investment Manager accepts such subscription and the Fund has received the subscription price.

Additional Investments

Additional investments in the Fund are generally permitted, provided that the Unitholder's initial investment was equal to a minimum of \$150,000 and the additional investment is for the same class or series as the initial investment and the Unitholder, as at the date of the subsequent trade, holds securities of the Fund that have an acquisition cost of not less than \$150,000 or a net asset value of not less than \$150,000. The minimum additional subscription is \$10,000 or such greater amount as may be otherwise required to comply with applicable securities laws or as may be prescribed by the Investment Manager.

Unit Certificates

No certificates evidencing ownership of the Units will be issued to a Unitholder. Following each purchase or redemption of Units, Unitholders will receive a written confirmation from RBC Dexia Investor Services Trust indicating details of the transaction including the Class, number and dollar value of the Units purchased or

redeemed, the Net Asset Value per Unit and the Class, number and dollar value of Units held by the Unitholder following such purchase or redemption.

Certain United States Securities Law Matters and Resale Restrictions

General

The Units offered hereby have not been and will not be registered under the U.S. Securities Act. The Units may not be offered or sold in the United States, except that Units may be offered and sold to accredited investors within the meaning of NI 45-106 and applicable United States securities laws, who execute and deliver to the Fund a Subscription Agreement, including a completed Accredited Investor Questionnaire and a U.S. Certificate, pursuant to the exemption from registration provided by Rule 506 of Regulation D under the U.S. Securities Act. In addition, until 40 days after the commencement of the offering of the Units, an offer or sale of the Units within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such an offer or sale is made otherwise than in accordance with an exemption under the U.S. Securities Act.

Resale Restrictions

In addition to any transfer restrictions described in “Trading and Resale Restrictions - U.S. Investment Company Act Restrictions”, Units that are offered and sold in the United States or to or for the benefit of a U.S. Person may not be resold unless sold (A) to the Fund, (B) outside the United States pursuant to Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations, (C) pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder and in accordance with any applicable state securities or “Blue Sky” laws, or (D) in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities and in the case of clauses (C) and (D) above, it has prior to such sale furnished to the Fund an opinion of counsel or other evidence of exemption reasonably satisfactory to the Fund.

Subscribers Resident in Other Jurisdictions

The Units offered pursuant to this Offering Memorandum may be offered in jurisdictions outside of Canada and the United States. The Fund reserves the right to reject subscriptions from persons resident in any jurisdiction on the basis that it is impossible or impractical to comply with the securities laws of such jurisdiction.

The foregoing is a summary only and is not intended to be exhaustive. Subscribers are advised to consult with their legal advisors concerning restrictions on resale, and are further advised against attempting to resell their Units until they have determined that any such resale is in compliance with the requirements of applicable legislation.

Trading and Resale Restrictions

This offering of Units is made only on a private placement basis to investors who are eligible to purchase on an exempt basis under, and subject to compliance with, applicable securities laws. **There is no market for the Units. The transferability of the Units will also be subject to resale restrictions under applicable securities laws.** The Fund will be entitled to require and may require, as a condition of allowing any transfer of any Unit, the transferor or transferee, at their expense, to furnish to the Fund evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Fund) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

The Fund is not a reporting issuer in any of the Provinces of Canada and does not intend to become reporting in any Province of Canada. The Units will be subject to an indefinite hold period. Notwithstanding such indefinite hold period, and subject to approval by the Fund as referred to above, investors may be able to transfer between certain Classes of Units (transfers between Class B and Class F Units will generally be permitted) and to transfer Units to another person pursuant to another exemption from the prospectus and registration requirements of applicable securities laws, or pursuant to an order permitting such trade granted by applicable securities regulatory authorities.

Pursuant to the Trust Agreement, certificates representing the Units will not be issued.

U.S. Investment Company Act Restrictions

The Fund has not been, and will not be and is not required to be, registered as an investment company under the *United States Investment Company Act of 1940*, as amended (the “1940 Act”). In addition to any resale restrictions required under the applicable securities laws, the Fund will require each investor to agree, and the Fund will be entitled to rely thereon, that:

- (i) such investor shall not reoffer, sell, assign, transfer or otherwise dispose of the Units other than (A) to the Fund, (B) outside the United States to a non-U.S. Person pursuant to Regulation S under the U.S. Securities Act, or (C) with the prior written approval of the Fund, in its sole discretion, and in compliance with all applicable securities laws;
- (ii) no corporation, partnership, association, joint-stock company, trust, fund or other organized groups of persons whether incorporated or not, or a trustee, receiver or similar official or a liquidating agent in a case under title 11 of the United States Code acting in his capacity as such (an “Entity”) may:
 - (A) beneficially own 10% or more of the Fund’s outstanding voting securities if such Entity is, or but for the exception provided for in Section 3(c)(1) or Section 3(c)(7) under the 1940 Act, would be an investment company, as defined in the 1940 Act; or
 - (B) acquire or own any securities of the Fund if the Entity was organized for the specific purpose of acquiring the Fund’s securities;

and that such investor, if an Entity, does not and immediately following such investor’s acquisition of the Units will not be an Entity described by either subparagraph (A) or subparagraph (B) above;

- (iii) no more than 75 U.S. Persons who have acquired securities of the Fund may beneficially own securities of the Fund. If the Fund’s securities could be deemed to be beneficially owned by more than 75 U.S. Persons, the Fund may require the transfer of any securities of the Fund owned by such U.S. Persons as will be required to reduce to 75 or below the number of U.S. Persons beneficially owning securities of the Fund; and
- (iv) as a condition of allowing any transfer of the Units, the Fund will be entitled to require and may require any transferee to agree to the foregoing restrictions.

The term “U.S. Person,” as used in this Offering Memorandum, is defined in Rule 902 of Regulation S under the U.S. Securities Act, which definition includes a natural person resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States.

INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the tax consequences that apply to you. Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

The following summary describes the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations thereunder generally applicable to a Unitholder who acquires Units of the Fund and who, for purposes of the Tax Act, is resident in Canada, holds the Units as capital property

and deals at arm's length with the Fund. Generally, Units of a Fund will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Unitholder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, to a Unitholder whose investment would be considered to be a "tax shelter investment" as defined in the Proposed Amendments described below, or to a Unitholder that is a "specified financial institution" as defined in the Tax Act, and any such Unitholder should consult its own tax advisor with respect to an investment in Units of the Fund.

This summary is based upon the provisions of the Tax Act, the Income Tax Regulations (the "Regulations") in force as of December 1, 2005, all specific proposals to amend the Tax Act and the Regulations that have been publicly announced prior to the date hereof (the "Proposed Amendments") and an understanding of the current published administrative policies of the Canada Revenue Agency. No advance income tax ruling has been requested in respect of this offering. No assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units of the Fund or any Unitholder. Consequently, prospective Unitholders should consult their own tax advisors with respect to their particular circumstances.

The Fund qualifies as a "unit trust" as defined in the Tax Act, and this summary assumes that the Fund will qualify at all relevant times as a "mutual fund trust" as defined in the Tax Act. In the event that the Fund were not to qualify as a "mutual fund trust", the income tax considerations would in some respects be materially different from those described below.

In each taxation year, the Fund is subject to tax under Part I of the Tax Act on its income for the year, including realized capital gains, less the portion thereof that it deducts in respect of amounts paid or payable in the year to the Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

The Fund may not allocate losses incurred by the Fund to Unitholders but may apply allowable capital losses or non-capital losses from prior taxation years to reduce its taxable income in accordance with the rules contained in the Tax Act.

In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of the expenses incurred by the Fund to issue Units. The portion of those issue expenses deductible by the Fund in a taxation year is 20% of those issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund's tax liability for that taxation year arising as a result of the redemption of Units. The declaration of trust provides that the taxable portion of any capital gain realized by the Fund as a result of that redemption may, at the discretion of the trustees, be treated as income paid to, and

designated as a taxable capital gain of, the redeeming Unitholder. Any amount so designated must be included in the income of the redeeming Unitholder and will be deductible by the Fund.

The Fund intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that the Fund will generally not be liable in that year for income tax under Part I of the Tax Act.

A Unitholder will generally be required to include in income for a particular year the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units, or otherwise.

Provided that the appropriate designations are made by the Fund, that portion of its taxable dividends received from taxable Canadian corporations and net taxable capital gains paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit provisions will be applicable in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private Canadian corporations and the deduction in computing taxable income will be available to Unitholders that are corporations.

The Fund may make similar designations in respect of foreign source income received in the year and foreign taxes paid in the year. Where applicable, Unitholders may apply allowable capital losses against taxable capital gains allocated by the Fund and may claim the foreign tax credit in calculating tax payable.

Amounts so designated will be taken into account for purposes of determining a Unitholder's (who is an individual) liability, if any, for alternative minimum tax.

The non-taxable portion of any net realized capital gains of the Fund that are paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder's income for the year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Units), the Unitholder will be required to reduce the adjusted cost base of the Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be nil.

The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition.

For income tax purposes, a subsequent consolidation of the number of Units outstanding will not result in a disposition of a Unitholder's Units. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

On the disposition or deemed disposition of a Unit whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. A Unitholder's proceeds of disposition on the redemption of Units will generally be equal to the total of the amount of cash and fair market value of non-cash property received by the Unitholder for their Units.

One-half of the amount of any capital gain (a "taxable capital gain") realized by a Unitholder must generally be included in the Unitholder's income for that year, and one-half of any capital loss (an "allowable capital loss") realized by a Unitholder may be deducted from taxable capital gains of the holder for that year. That portion of allowable capital losses which exceeds the Unitholder's taxable capital gains for that year may be carried back and deducted against the taxable capital gains of the Unitholder in any of the three preceding taxation years (adjusted for changes in the portion of capital gain subject to tax in that particular year) or carried forward and deducted in any

following taxation year against taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

The Fund must withhold from distributions of income (cash or otherwise) paid to non-resident Unitholders 25% of the amount paid (subject to reduction under treaty).

The Units will be considered “qualified investments” (as defined in the Tax Act) for tax deferred plans such as Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and Deferred Profit Sharing Plans.

COMPENSATION PAID TO SELLERS AND FINDERS

Units may be distributed by qualified dealers or brokers in the applicable jurisdictions. The Investment Manager will provide the compensation described below to such qualified dealers or brokers placing orders for the purchase of Units to assist them in their distribution efforts.

Service Fee

The Service Fee is a portion of the Investment Manager’s management fee that is shared with a qualified dealer or broker. A Service Fee will be paid to a qualified dealer or broker for ongoing advice and service provided by the dealers or brokers to their clients who have invested in the Fund. This Service Fee is payable by the Investment Manager for as long as such broker’s or dealer’s clients’ investments remain in the Fund. Qualified brokers or dealers will not charge the investor a commission or fee on the redemption of Units.

Service Fees will be calculated and payable by the Investment Manager at least semi-annually to qualified dealers or brokers for salespersons of the qualified dealer or broker with client assets invested in the Fund having an aggregate Net Asset Value of not less than \$100,000. Service Fees will be based on the aggregate value of the clients’ investments in the Fund at the end of each month equal to 1/12 of 1% of the Net Asset Value of the Class A Units and Class B Units held by the clients on the last business day of that month. No Service Fees are paid for Class F Units. Service Fees may be modified or discontinued by the Investment Manager at any time.

Other Fees

In addition, the Investment Manager may from time to time elect to share up to 10% of its Performance Fee with approved dealers in respect of Units of the Fund held by clients of certain approved salespersons. This portion of the Performance Fee would be paid annually or quarterly, in the discretion of the Investment Manager, on or before the end of the month following the year or quarter-end, as applicable, in respect of the aggregate value of such clients’ investments in the Fund as of the last Valuation Date of the preceding calendar year or quarter, as applicable.

RISK FACTORS

Investment in the Units is speculative due to the nature of the Fund’s business and involves certain risk factors. There is no guarantee that an investment in Units of the Fund will earn any positive return in the short or long term and investors must be able to bear the risk of a complete loss of their investment. The following risks should be carefully evaluated by prospective investors.

Business Risk. While the Investment Manager believes that the Fund’s investment policies will be successful over the long term, there can be no guarantee against losses resulting from an investment in Units of the Fund and there can be no assurance that the Fund’s investment approach will be successful or that its investment objectives will be attained. The Fund could realize substantial losses, rather than gains, from some or all of the investments described herein.

Liquidity. An investment in the Fund provides limited liquidity. The Units are subject to indefinite resale restrictions under applicable securities laws. Unitholders may redeem their Units on the last day of each month. The Investment Manager may take up to five business days after month-end to pay out any such redemption.

Investment Eligibility. If the Fund ceases to qualify as a mutual fund trust, the Units may cease to be qualified investments for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered education saving plans (“RESPs”) and deferred profit sharing plans (“DPSPs”) under the Tax Act. There can be no assurance that income tax laws and the treatment of unit trusts will not be changed in a manner which adversely affects Unitholders.

Emerging Market Securities. The Fund has the unlimited right to purchase both listed and unlisted securities in any emerging market country. There may be less publicly available information about issuers in emerging market countries which are generally not subject to uniform accounting, auditing and financial reporting standards and other disclosure requirements comparable to those applicable to Canadian issuers. Stock markets in emerging market countries may have substantially less volume of trading and securities of some companies in emerging market countries may be less liquid and more volatile than securities of comparable Canadian companies. There may be less government regulation of stock exchanges, brokers and listed companies in emerging market countries. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have high levels of debt or inflation. Where assets of the Fund are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and by potentially adverse developments within those markets or sectors. In addition, the Fund’s investments may not be listed on any stock market or may be offered solely through foreign stock markets.

Net Asset Value. The Net Asset Value of each Class of Units that comprise the Fund will fluctuate with changes in the market value of the investments attributable to that Class. Such changes in market value may occur as a result of various factors, including those factors identified above with respect to international investments and emerging market securities and material changes in the intrinsic value of an issuer whose securities are held by the Fund.

Potential Lack of Diversification. The Fund does not have any specific limits on holdings in securities of issuers in any one country, region or industry. Unlike many mutual funds which are required by applicable securities laws to diversify portfolio holdings so that no more than a fixed percentage of their assets is invested in any one industry or group of industries, the Fund has not adopted fixed guidelines for diversification. Although the Fund’s portfolio will generally be diversified, this may not be the case at all times if the Investment Manager deems it advantageous for the Fund to be less diversified. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among companies, industries, regions, types of securities and other asset classes.

Illiquid Securities. A portion of the Fund’s assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under local governmental securities laws or practices. The sale of any such investments may be subject to delays and additional costs and may be possible only at substantial discounts.

Short Sale Equity Positions. The Fund may take short sale positions without maintaining an equivalent quantity, or a right to acquire an equivalent quantity, of the underlying securities in its portfolio. While the Investment Manager will engage in these transactions only in circumstances where it has concluded that a particular security is overvalued in its principal markets, there can be no assurance that the security will experience declines in market value and this could result in the Fund incurring unlimited losses if it has agreed to deliver securities at a price which is lower than the market price at which such securities may be acquired at the time the transaction is to be completed. The Investment Manager may selectively engage in transactions which limit the potential liability of the Fund for unanticipated shifts in the market value of these securities, and will limit the net short sale equity position to 15% (at the time of investment) of the net asset value of the Fund. The use of short sales requires the use of margin which will only be used in accordance with the rules of the Investment Dealers Association of Canada.

Risks of Leverage. Indebtedness may be incurred in connection with the investment management of the Fund. While such indebtedness may increase the potential return on invested capital, it presents a substantial risk that cash

receipts received in respect of the Fund may be insufficient to meet the cost of using leverage and may risk the loss of all or a portion of the Unitholder's invested capital.

Portfolio Turnover. The operation of the Fund may result in a high annual portfolio turnover rate. The Fund has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Investment Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate (e.g., greater transaction costs such as brokerage fees).

Counterparty Risk. The Fund bears the risk of loss of the amount expected to be received under options, forward contracts or securities lending agreements in the event of the default or bankruptcy of a counterparty to such contracts or agreements.

Interest Rate Fluctuations. In the case of interest rate sensitive securities, the value of a security may change as the general level of interest rates fluctuates. When interest rates decline, the value of such securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline.

Low Rated or Unrated Debt Obligations. A portion of the Fund's portfolio may consist of instruments that have a credit quality rated below investment grade by internationally recognized credit rating organizations or may be unrated. These securities involve significant risk exposure as there is uncertainty regarding the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Low rated and unrated debt instruments generally offer a higher current yield than that available from higher grade issuers, but typically involve greater risk.

Conflicts of Interest. The Fund may be subject to various conflicts of interest due to the fact that the Investment Manager is engaged in a wide variety of management, advisory and other business activities. The Investment Manager's investment decisions for the Fund will be made independently of those made for the other clients of the Investment Manager and independently of its own investments. However, on occasion, the Investment Manager may make the same investment for the Fund and one or more of its other clients. Where the Fund and one or more of the other clients of the Investment Manager are engaged in the purchase or sale of the same security, the transaction will be effected on an equitable basis. The Investment Manager will allocate opportunities to make and dispose of investments equitably among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the Fund and the other funds under common management and such other factors as the Investment Manager considers relevant in the circumstances.

Involvement in Other and Competing Activities. The Investment Manager, its respective officers, directors, employees, or shareholders and their respective affiliates and associates are not limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Fund. Investment in the Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of the Investment Manager or its affiliates or associates or to any profit therefrom or to any interest therein. The Investment Manager may have a conflict of interest in carrying out its obligations to the Fund as a result of its involvement in competing activities.

Competition for Services. The Fund will not have independent management and will rely upon the Investment Manager to manage the business of the Fund and to provide managerial skill. The directors and officers of the Investment Manager may have a conflict of interest in allocating their time between the business of the Investment Manager and the Fund, and other businesses or projects in which they may become involved. The directors and officers of the Investment Manager have, however, agreed to devote as much time to the Fund as is required for the effective management of the Fund.

Reliance on Management. The success of the Fund will be entirely dependent upon the efforts of the Investment Manager.

No Assurance of Return. Although the Investment Manager will use its best efforts to achieve superior rates of return for the Fund, no assurance can be given in this regard. An investment in Units should be considered as speculative and investors must be able to bear the risk of a complete loss of their investment.

Derivatives. Derivatives for hedging and other investment purposes will be used by the Fund only to the extent that the Investment Manager considers appropriate and as described above under “Investment Objective, Strategies and Restrictions”. Hedging involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent the Investment Manager’s assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The use of currency hedging could result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receipt a specified currency.

Hedging against changes in the value of currency does not eliminate fluctuations in the prices of portfolio securities and does not prevent losses if the prices of such securities decline. Hedging may also limit the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for the Fund to enter into transactions which hedge against generally anticipated changes in currencies. The use of currency hedging could result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receipt a specified currency.

The use of options entails certain special risks. Call options will not protect the Fund from declines in the value of the underlying security and may limit the Fund’s potential to realize a gain on the value of the underlying security. The Fund may also forego potential returns resulting from any price appreciation of the security underlying the option above the exercise price in favour of the certainty of receiving the option premium. Purchasing call options may expose the Fund to losses if the value of the underlying security has decreased compared to the transaction price at which the Fund may purchase the security. Selling put options may expose the Fund to losses if the value of the underlying security has decreased when compared to the transaction price that the Fund must purchase the security. Purchasing put options on securities exposes the Fund to losses if the value of the underlying security has increased in value when compared to the transaction price at which the Fund may sell the security. Options markets could be illiquid in some circumstances and certain over-the-counter options could have no markets. There can be no assurance that a market will exist to permit the Fund to realize its profits or limit its losses by closing out certain positions. If the Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires or the forward contract terminates, as the case may be. The ability of the Fund to close out a position may be affected by exchange imposed daily trading limits on options. The change in volatility of an option may change the value associated with the option and the proceeds that the Fund may receive from the sale of that option.

Investments in Unsecured Indebtedness. The Fund may invest, from time to time, in unsecured debt obligations of small capitalization companies. In the event of a default in the repayment of these obligations, the Fund’s investment in such indebtedness may be lost in whole or in part.

Lack of Separate Counsel. Counsel for the Fund in connection with this offering is also counsel to the Investment Manager. The Unitholders, as a group, have not been represented by separate counsel and counsel for the Fund and the Investment Manager does not purport to have acted for the Unitholders or to have conducted any investigation or review on their behalf.

International Investment. The risk of loss on foreign investments may be greater than risks associated with Canadian investments as there is often less information available about foreign companies than about domestic companies due to the fact that many foreign companies are not subject to the uniform and extensive accounting, auditing and financial reporting standards and practices, government supervision and regulation and other disclosure requirements which apply to companies in Canada. Additionally, the Fund’s foreign investment may be subject to foreign investment and exchange control laws, foreign withholding tax, or the risk of possible expropriation or imposition of confiscatory taxation. In addition, foreign stock markets may be less liquid and more volatile than the North American stock markets, trade and settlement practices are often not as developed and corporate actions are often not as controlled. Any foreign investments will have risks associated with changes in foreign exchange rates and, possibly, restriction on the repatriation of funds or dividends.

Limited Resources of Investment Manager. The Investment Manager has no obligation to fund any operating deficits resulting from the business of the Fund or to advance funds to continue the business operations of the Fund. Even if the Investment Manager should elect to do so voluntarily or be held individually accountable by Fund creditors, its available assets will likely not be adequate to satisfy the capital needs of continuing business operations. The Investment Manager has no equity and, consequently no capital resources. If Fund revenues are insufficient to pay Fund expenses after expending the funds obtained from this Offering and if the Investment Manager does not advance such additional funds as may be needed by the Fund, the Fund may not be able to continue its business operations in the absence of an alternative source of financing, and there can be no assurance that such financing will be available to the Fund.

REPORTING OBLIGATIONS

As a Unitholder of the Fund you will be entitled to receive copies of the Fund's audited financial statements and interim financial statements for the first six months of each fiscal year of the Fund. Copies of other public disclosure documents of the Fund will be available on the Internet at www.SEDAR.com, if, as and when the Fund becomes a reporting issuer.

RESALE RESTRICTIONS

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade these securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Fund becomes a reporting issuer in any Canadian province or territory.

Manitoba Resale Restrictions

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

1. the Fund has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
2. you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

INVESTORS' RIGHTS

Securities legislation in certain of the Provinces of Canada requires investors to be provided with a remedy for rescission or damages, or both, in addition to any other right that they may have at law, where an offering memorandum and any amendment to it contains a misrepresentation. These remedies must be exercised by the investor within the time limits prescribed by the applicable securities legislation. Investors should refer to the applicable provisions of the securities legislation for the complete text of these rights. If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

The applicable contractual and statutory rights are summarized below and such contractual rights will be embodied in the Subscription Agreement to be executed and delivered by each investor to the Fund prior to the issuance of

Units. By its execution of the Subscription Agreement, the Fund will be deemed to have granted these rights to the particular investor.

The applicable statutory rights are available to an investor whether or not the investor relied on the misrepresentation. However, there are various defences available to the persons or companies an investor has a right to sue, including if the investor knew of the misrepresentation when the investor purchased the securities.

The following summaries are subject to the express provisions of the securities laws of the applicable Province and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

If you intend to rely on the rights described below, you must do so within strict time limitations, which are described below.

Two Day Cancellation Right for Certain Investors

If you purchase Units having an aggregate subscription price of less than \$50,000, or, if you purchase Units in reliance on the exemption from the prospectus requirements afforded by Section 2.9 of NI 45-106, you can cancel your agreement to purchase these securities. To do so, you must send a notice to the Fund by midnight on the second business day after you sign the agreement to buy the securities.

Rights for Investors in British Columbia and Alberta

Securities legislation in British Columbia provides that every investor in securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, against the Fund and every person who signs the Offering Memorandum or any amendment thereto, in the event that the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Investors should refer to the applicable provisions of the British Columbia or Alberta securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a “misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. A “material fact” means any fact that significantly affects or could reasonably be expected to significantly affect the market price or the value of the Units.

In British Columbia and Alberta, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

- (a) in the case of rescission, on notice to the Fund not later than 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of damages, on notice given to the Fund not later than
 - (i) 180 days from the day the investor first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three years from the day of the transaction that gave rise to the cause of action.

Reference is made to the *Securities Act* (British Columbia) and the *Securities Act* (Alberta) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (British Columbia) or the *Securities Act* (Alberta), as applicable.

Rights for Investors in Saskatchewan

The Securities Act, 1988 (Saskatchewan), as amended, provides that, subject to certain limitations, where this Offering Memorandum contains a misrepresentation (as defined in *The Securities Act, 1988* (Saskatchewan)), an investor who purchases a security covered by this Offering Memorandum, has a right of action for damages against the issuer of the security, the promoters and directors of the issuer, every person or company whose consent has been filed with the Offering Memorandum (but only with respect to reports, opinions or statements that have been made by them), every person who signed the Offering Memorandum and every person who or company that sells the securities on behalf of the issuer under the Offering Memorandum.

Alternatively, where the investor purchased the security from the issuer, the investor may elect to exercise a right of rescission against the issuer.

In addition, subject to certain limitations, where an individual makes a verbal statement to a prospective investor that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the investor has a right of action for damages against the individual who made the verbal statement.

No action may be commenced to enforce any of the foregoing rights:

- (a) in the case of rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; and
- (b) in the case of any other action, other than an action for rescission, more than the earlier of (i) one year after the investor first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

Rights for Investors in Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that in the event that this Offering Memorandum, together with any amendments thereto, is delivered to an investor of Units resident in Ontario and contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, the investor will have a right of action against the Fund for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario only if the investor gives written notice to the Fund, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Fund not later than the earlier of:
 - (i) 180 days after the investor first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction giving rise to the cause of action.
- (b) the Fund will not be liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;

- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Rights for Investors in Nova Scotia

Section 65 of *The Securities Act* (Nova Scotia) (the “NS Act”) requires the Fund to notify investors purchasing Units pursuant to this Offering Memorandum in the Province of Nova Scotia that they may have the following rights of rescission or damages.

In the event that the Offering Memorandum, together with any amendments thereto, or any “advertising or sales literature” (as defined in the NS Act) delivered to an investor, contains any untrue statement of material fact or omits to state a material fact necessary in order to make any statement not misleading in light of circumstances in which it was made (herein called a “Misrepresentation”) and it is a Misrepresentation on the date of investment, an investor to whom the Offering Memorandum and any amendment thereto, or any “advertising or sales literature” (as defined in the NS Act), has been delivered on behalf of the Fund and who purchases Units shall be deemed to have relied on such Misrepresentation and such investor shall have a right of action against the Fund for damages, or so long as such investor is the owner of such Units at his, her or its election, for rescission.

For investors this right is exercisable if an action is commenced to enforce this right within 120 days after the date on which payment was made for the Units by the investors or after the date on which the initial payment for the Units was made by the investor where payments subsequent to the initial payment are made by the investor pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

These rights are intended to correspond with the rights against a seller of securities provided in Section 138 of the NS Act and the Rules thereto and are subject to defences contained therein such that:

- (a) the Fund will not be held liable if the investor purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable by an Investor exceed the price at which the Units were sold to the investor.

Rights for Investors in New Brunswick

If this Offering Memorandum, together with any amendments thereto, is delivered to a prospective investor of Units, and this Offering Memorandum contains a “misrepresentation” which was a misrepresentation at the time of the purchase of the Units, the investor will have a right of action against the Fund for damages, or while still the owner of the Units, for rescission, in which case, if the investor elects to exercise the right of rescission, the investor will have no right of action for damages. However, such rights must be exercised within prescribed time limits. Investors should refer to the applicable provisions of the New Brunswick securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a “misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being misleading in the circumstances in which it was made. A “material fact” means any fact that would reasonably be expected to have a significant effect on the market price or the value of the Units.

The Fund will not be liable if it proves that the investor purchased the securities with knowledge of the misrepresentation. In the case of an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation

relied upon and in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor.

No action may be commenced to enforce any of the foregoing rights:

- (a) in the case of rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of (i) one year after the investor first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

The right of action for rescission or damages is in addition to and without derogation from any other right the investor may have at law.

Rights for Investors in Newfoundland & Labrador

If this Offering Memorandum, together with any amendments thereto delivered to an investor resident in Newfoundland & Labrador before the issue of Units to such investor, contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statement in it not misleading in light of the circumstances in which it was made (a "Misrepresentation") and it was a Misrepresentation at the time of the purchase of the Units, an investor to whom this Offering Memorandum, or any amendment hereto, was delivered and who purchases Units shall have, subject as hereinafter provided, a right of action against the Fund either for damages or, alternatively, while still the owner of the Units purchased by the investor, for rescission, in which case, if the investor elects to exercise the right of rescission, the investor will have no right of action for damages against the Fund, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the investor gives notice to the Fund not later than 90 days after the date on which the payment is made for the Units that the investor is exercising this right;
- (b) the Fund will not be liable if it proved that the investor purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of those damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentations relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the investor plus accrued interest.

Contractual Rights of Action for Investors in Manitoba, Québec, Prince Edward Island, Northwest Territories and Nunavut

If there is a misrepresentation in the Offering Memorandum, investors resident in Manitoba, Québec, Prince Edward Island, Northwest Territories and Nunavut will have, in addition to any statutory rights that may be available to them, a contractual right to sue the Fund:

- (a) to cancel the investors' agreement to buy the Units, or
- (b) for damages.

This contractual right to sue is available to the investor whether or not the investor relied on the misrepresentation. However, in an action for damages, the amount the investor may recover will not exceed the price that it paid for its securities and will not include any part of the damages that the Fund proves does not represent the depreciation in

value of the securities resulting from the misrepresentation. The Fund has a defence if it proves that the investor knew of the misrepresentation when the investor purchased the securities.

If an investor intends to rely on the rights described in (a) or (b) above, it must do so within strict time limitations. An investor must commence its action to cancel the agreement within 180 days after it signed the agreement to purchase the securities. The investor must commence its action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after it signed the agreement purchase the securities.

**AUDITED FINANCIAL STATEMENTS OF
VERTEX FUND
AS AT DECEMBER 31, 2010**

Vertex Fund

Financial Statements
December 31, 2010

April 19, 2011

Independent Auditor's Report

**To the Unitholders of
Vertex Fund (the Fund)**

We have audited the accompanying financial statements of the Fund, which comprise the statement of investments as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009 and the statements of operations, changes in net assets and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2010 and 2009 and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Vertex Fund
 Statements of Net Assets
 As at December 31

	2010	2009
Assets		
Investments at fair value	\$ 1,140,507,906	\$ 947,642,618
Cash and cash equivalents	181,054,998	8,973,034
Accrued interest and dividends receivable	6,901,030	6,692,720
Miscellaneous receivable	116,846	-
Due from broker	3,777	1,833,240
Subscriptions receivable	14,249,993	11,124,941
	<u>1,342,834,550</u>	<u>976,266,553</u>
Liabilities		
Securities sold short at fair value	272,637,112	105,679,271
Accrued performance fees	22,549,037	2,919,744
Dividends and interest payable on securities sold short	1,167,556	789,485
Distributions payable	136,615	-
Securities borrowing fees payable	905,347	311,417
Accounts payable and accrued liabilities	115,838	141,599
Due to broker	4,250,000	1,728,155
Redemptions payable	3,525,825	5,701,272
	<u>305,287,330</u>	<u>117,270,943</u>
Net assets representing unitholders' equity	<u>\$ 1,037,547,220</u>	<u>\$ 858,995,610</u>
Net assets representing unitholders' equity per Class		
Class A	\$ 329,657,264	\$ 299,799,422
Class B	\$ 236,338,704	\$ 180,642,568
Class BB	\$ -	\$ 11,429,039
Class F	\$ 471,551,252	\$ 320,794,999
Class FF	\$ -	\$ 46,329,582
Net assets per unit (Note 2)		
Class A	\$ 71.32	\$ 61.86
Class B	\$ 10.43	\$ 9.11
Class BB	\$ -	\$ 14.40
Class F	\$ 68.04	\$ 59.15
Class FF	\$ -	\$ 14.45

Approved by the Fund Manager

"Signed"

 John W. Thiessen
 Director

"Signed"

 Jeffrey McCord
 Director

(See accompanying notes to the financial statements.)

Vertex Fund

Statements of Operations

For the years ended December 31

	2010	2009
Investment income		
Dividends (net of withholding taxes: \$1,867,461; 2009 - \$1,201,873)	\$ 41,820,440	\$ 7,689,244
Interest and other	33,475,917	22,070,307
	<u>75,296,357</u>	<u>29,759,551</u>
Expenses (Note 6)		
Management fee	12,055,795	7,915,848
Dividends and interest - short sales	3,983,007	4,749,719
Securities borrowing fee	5,799,460	4,534,508
Performance fee	45,607,564	3,928,062
Securityholder reporting costs	335,685	264,786
Other administrative expenses	33,129	133,377
Audit fees	51,669	44,701
Legal fees	25,835	22,200
Trustee fees	27,618	12,242
Interest expense	411,276	1,344,349
	<u>68,331,038</u>	<u>22,949,792</u>
Net investment income	<u>6,965,319</u>	<u>6,809,759</u>
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain on sale of investments	170,078,428	130,223,915
Realized gain (loss) on securities sold short	(28,736,669)	11,361,607
Transaction costs (Note 2)	(5,580,804)	(5,818,439)
Change in unrealized appreciation in value of investments and securities sold short	27,810,148	239,809,675
Change in unrealized appreciation (depreciation) in value of foreign currency	(8,142,921)	8,476,054
Net realized and unrealized gain on investments	<u>155,428,182</u>	<u>384,052,812</u>
Increase in net assets from operations	<u>162,393,501</u>	<u>390,862,571</u>
Increase in net assets from operations per Class		
Class A	\$ 53,847,105	\$ 143,506,320
Class B	\$ 35,133,436	\$ 85,674,307
Class BB	\$ 72,976	\$ 1,566,863
Class F	\$ 73,006,940	\$ 154,062,510
Class FF	\$ 333,044	\$ 6,052,571
Increase in net assets from operations per unit (Note 2)*		
Class A	\$ 11.55	\$ 28.46
Class B	\$ 1.65	\$ 4.15
Class BB	\$ 0.09	\$ 4.44
Class F	\$ 11.35	\$ 27.28
Class FF	\$ 0.11	\$ 4.42

* Based on the weighted average number of units outstanding for the year

(See accompanying notes to the financial statements.)

Vertex Fund

Statements of Changes in Net Assets For the years ended December 31

	Class A		Class B		Class BB	
	2010	2009	2010	2009	2010	2009
Net assets, beginning of year	\$ 299,799,422	\$ 173,768,460	\$ 180,642,568	\$ 106,709,651	\$ 11,429,039	\$ -
Increase in net assets from operations	53,847,105	143,506,320	35,133,436	85,674,307	72,976	1,566,863
Capital transactions (Note 4)						
Proceeds from issuance of units	8,516,109	3,008,095	39,182,447	2,993,583	-	10,229,539
Redemption of units	(32,410,439)	(20,483,453)	(18,598,553)	(14,734,973)	(11,502,015)	(367,363)
Reinvestment of distributions	10,531,305	-	7,184,895	-	-	-
	<u>(13,363,025)</u>	<u>(17,475,358)</u>	<u>27,768,789</u>	<u>(11,741,390)</u>	<u>(11,502,015)</u>	<u>9,862,176</u>
Distributions to unitholders						
From net investment income	(377,845)	-	-	-	-	-
From net realized gains	(10,248,393)	-	(7,206,089)	-	-	-
	<u>(10,626,238)</u>	<u>-</u>	<u>(7,206,089)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ 329,657,264	\$ 299,799,422	\$ 236,338,704	\$ 180,642,568	\$ -	\$ 11,429,039
	Class F		Class FF		Total	
	2010	2009	2010	2009	2010	2009
Net assets, beginning of year	\$ 320,794,999	\$ 184,506,813	\$ 46,329,582	\$ -	\$ 858,995,610	\$ 464,984,924
Increase in net assets from operations	73,006,940	154,062,510	333,044	6,052,571	162,393,501	390,862,571
Capital transactions (Note 4)						
Proceeds from issuance of units	128,595,681	6,789,942	-	43,621,934	176,294,237	66,643,093
Redemption of units	(50,825,881)	(24,564,266)	(46,662,626)	(3,344,923)	(159,999,514)	(63,494,978)
Reinvestment of distributions	16,078,733	-	-	-	33,794,933	-
	<u>93,848,533</u>	<u>(17,774,324)</u>	<u>(46,662,626)</u>	<u>40,277,011</u>	<u>50,089,656</u>	<u>3,148,115</u>
Distributions to unitholders						
From net investment income	(1,719,215)	-	-	-	(2,097,060)	-
From net realized gains	(14,380,005)	-	-	-	(31,834,487)	-
	<u>(16,099,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,931,547)</u>	<u>-</u>
Net assets, end of year	\$ 471,551,252	\$ 320,794,999	\$ -	\$ 46,329,582	\$ 1,037,547,220	\$ 858,995,610

(See accompanying notes to the financial statements.)

Vertex Fund

Statements of Cash Flows

For the years ended December 31

	2010	2009
Operating Activities		
Increase in net assets from operations	\$ 162,393,501	\$ 390,862,571
Adjustment for non-cash items:		
Net realized loss on sale of investments	(170,078,428)	(130,223,915)
Net realized gain (loss) on securities sold short	28,736,669	(11,361,607)
Transaction costs	5,580,804	5,818,439
Change in unrealized depreciation (appreciation) of investments and securities sold short	(27,810,148)	(239,809,675)
Change in unrealized depreciation (appreciation) on foreign currency	8,142,921	(8,476,054)
	<u>6,965,319</u>	<u>6,809,759</u>
Changes in operating assets and liabilities:		
Increase in accrued interest and dividends receivable	(325,156)	(4,680,389)
Increase in securities borrowing payable	593,930	64,035
Decrease in due from broker	1,829,463	5,923,057
Increase (decrease) in accounts payable and accrued liabilities	(25,761)	(160,770)
Increase (decrease) in dividends and interest payable on securities sold short	378,071	(383,099)
Increase (decrease) in performance fees payable	19,629,293	2,919,744
Increase in distributions payable	136,615	-
Increase (decrease) in due to broker	2,521,845	(6,490,448)
	<u>24,738,300</u>	<u>(2,807,870)</u>
Proceeds on disposition of investments	2,844,474,442	2,490,554,473
Purchase of investments	<u>(2,715,090,321)</u>	<u>(2,661,269,933)</u>
	<u>129,384,121</u>	<u>(170,715,460)</u>
Net Cash From (provided to) Operating Activities	<u>161,087,740</u>	<u>(166,713,571)</u>
Financing Activities		
Proceeds from sale of units	176,294,237	66,643,093
Units redeemed	(159,999,514)	(63,494,978)
Increase in subscriptions receivable	(3,125,052)	(6,557,396)
Decrease in redemptions payable	(2,175,447)	(6,670,877)
	<u>10,994,224</u>	<u>(10,080,158)</u>
Net Cash From (provided to) Financing Activities	<u>10,994,224</u>	<u>(10,080,158)</u>
Increase (decrease) in cash and cash equivalents	<u>172,081,964</u>	<u>(176,793,729)</u>
Cash and cash equivalents, Beginning of year	<u>8,973,034</u>	<u>185,766,763</u>
Cash and cash equivalents, End of year	<u>\$ 181,054,998</u>	<u>\$ 8,973,034</u>

(See accompanying notes to the financial statements.)

Vertex Fund
Statement of Investments
As at December 31, 2010

Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
LONG						
BONDS						
Corporate Bonds						
550,000	Anderson Energy Ltd.	7.500%	31-Jan-16	550,000	561,000	
2,000,000	APO Energy Inc.*	12.000%	30-Sep-13	2,031,862	1,987,301	
12,000,000	ATP Oil & Gas Corp.	11.875%	1-May-15	9,937,320	11,267,998	
4,000,000	Barclays Bank PLC	14.000%	15-Jun-19	7,948,265	7,452,512	
37,000,000	BayernLB Capital Trust I	6.203%	31-May-17	18,198,010	15,073,679	
4,000,000	Berry Plastics Corp.	10.250%	1-Mar-16	3,969,776	3,900,079	
4,000,000	Caesars Entertainment Operating Co., Inc.	12.750%	15-Apr-18	4,023,755	3,994,475	
8,850,000	CCS Inc.	11.000%	15-Nov-15	8,077,973	8,090,303	
6,450,000	Central European Media Enterprises Ltd.	3.500%	15-Mar-13	5,567,609	5,688,029	
7,300,000	Central European Media Enterprises Ltd.	11.625%	15-Sep-16	10,504,099	9,925,750	
12,300,000	Commerzbank Capital Funding Trust I	5.010%	29-Mar-49	9,445,605	9,550,835	
2,000,000	Commerzbank Capital Funding Trust II	5.905%	29-Mar-49	2,000,052	1,892,998	
5,000,000	Detour Gold Corp.*	5.500%	30-Nov-17	5,368,918	5,483,709	
3,000,000	Dillard's Inc.	7.875%	1-Jan-23	1,713,960	2,876,618	
600,000	Dillard's Inc.	7.750%	15-Jul-26	431,211	554,457	
2,090,500	First Uranium Corp.	4.250%	30-Jun-12	1,462,776	1,651,495	
4,000,000	General Electric Capital Corp.	6.500%	15-Sep-67	3,954,993	5,725,042	
5,373,500	Great West Life & Annuity Insurance Co.	7.153%	16-May-46	4,493,950	5,339,381	
1,500,000	ING Capital Funding TR III	3.903%	29-Dec-49	1,355,384	1,374,964	
7,000,000	Jaguar Mining Inc.	4.500%	1-Nov-14	7,022,414	6,346,943	
2,500,000	LBG Capital No.2 PLC, Series 21	15.000%	21-Dec-19	3,773,151	4,939,405	
3,750,000	LBG Capital No.2 PLC, Series 22	15.000%	21-Dec-19	4,924,333	6,486,030	
4,500,000	Liberty Mutual Group Inc.	7.000%	15-Mar-37	3,970,520	4,016,505	
2,100,000	Lincoln National Corp.	7.000%	17-May-66	1,809,036	2,034,500	
2,250,000	Livingston International Inc.	10.125%	9-Nov-15	2,251,416	2,373,750	
2,000,000	Lloyds Banking Group PLC	6.413%	10-Jan-35	1,307,592	1,381,174	
5,000,000	Lloyds Banking Group PLC *	8.000%	29-Dec-49	4,600,022	4,449,716	
2,000,000	Lloyds Banking Group PLC	6.267%	31-Dec-49	1,267,168	1,386,143	
9,822,000	Lloyds Banking Group PLC	6.267%	31-Dec-49	4,362,515	6,807,346	
6,180,000	MEGA Brands Inc.	10.000%	31-Mar-15	6,407,598	6,478,309	
30,000	Methylation Sciences Inc.*	8.000%	31-Jan-11	29,965	30,000	
2,000,000	MGM Resorts International	6.750%	1-Sep-12	1,944,422	1,977,365	
10,000,000	Miram Corp., Escrow Shares*	2.500%	15-Jan-21	-	-	
13,700,000	National Money Mart Co.	10.375%	15-Dec-16	14,582,497	14,702,054	
1,311,100	New Gold Inc.	10.000%	28-Jun-17	1,270,471	1,406,286	
500,000	Nortel Networks Ltd.	10.750%	15-Jul-16	162,524	419,817	
25,949,000	Northgroup Preferred Capital Corp.	6.378%	29-Jan-49	19,004,292	23,776,420	
790,000	Paramount Resources Ltd.	8.250%	13-Dec-17	790,170	801,850	
9,260,000	Patriot Coal Corp.	3.250%	31-May-13	8,024,669	8,683,637	
3,400,000	SanDisk Corp.	1.000%	15-May-13	3,267,583	3,251,722	
5,000,000	Seagate HDD Cayman	7.750%	15-Dec-18	5,079,278	5,030,356	
4,000,000	Silver Standard Resources Inc.	4.500%	1-Mar-28	4,014,737	4,074,961	
22,000,000	SLM Corp.*	6.000%	10-May-12	16,516,565	21,467,366	
68,000	SLM Corp.	5.000%	15-Apr-15	51,314	65,093	
500,000	SLM Corp.	5.000%	15-Jun-18	284,777	422,287	
10,445,000	SLM Corp.	8.450%	15-Jun-18	10,160,755	10,787,185	
3,000,000	SLM Corp.	8.000%	25-Mar-20	2,888,437	3,022,417	
6,000,000	Sprint Capital Corp.	8.750%	15-Mar-32	6,058,730	6,021,522	
3,000,000	Stone Energy Corp.	6.750%	15-Dec-14	2,132,760	2,906,428	
4,000,000	The Manitowoc Co., Inc.	9.500%	15-Feb-18	4,264,557	4,352,190	
4,500,000	US Oncology Holdings Inc.	6.737%	15-Mar-12	4,551,976	4,504,963	
4,000,000	US Oncology Inc.	10.750%	15-Aug-14	4,215,143	4,118,682	
6,900,000	US Oncology Inc.	9.125%	15-Aug-17	8,658,295	8,450,253	

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at December 31, 2010

Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
2,000,000	UT2 Funding PLC	5.321%	30-Jun-16	2,103,723	1,970,220	
26,159,000	Wachovia Capital Trust III	5.800%	31-Dec-49	18,397,812	22,548,845	
2,500,000	WMG Holdings Corp.	9.500%	15-Dec-14	1,773,749	2,378,551	
10,500,000	XL Group PLC	6.500%	15-Mar-49	8,394,163	8,972,665	
	Total Corporate Bonds			291,354,647	315,233,581	36.32
	TOTAL BONDS			291,354,647	315,233,581	36.32

Number of Shares	STOCKS	Average Cost \$	Fair Value \$	% of Total
	ENERGY			
3,184,211	Africa Oil Corp.	4,794,272	6,336,580	
150,000	Ambit Energy Corp., Subscription Agreement *	77,476	298,095	
1,002,887	Americas Petrogas Inc.	772,116	1,454,186	
154,700	ARC Energy Trust	3,742,884	3,930,927	
2,936,145	Athabasca Oil Sands Corp.	42,466,313	44,042,174	
158,400	Atlas Energy Inc.	6,946,298	6,914,329	
20,000	ATP Oil & Gas Corp.	998,641	1,782,187	
300,000	Australia Energy Corp., Subscription Receipts *	600,000	600,000	
1,000,000	Australia Energy Co., Ltd.*	1,012,473	2,000,000	
377,519	Avenir Diversified Income Trust	2,033,823	2,321,742	
3,544,899	Bolivar Energy Corp.	155,307	638,082	
1,060,000	Bonanza Resources Corp.	266,804	477,000	
530,000	Bonanza Resources Corp., Warrants (15Dec12)	29	151,701	
38,300	Bonavista Energy Trust	1,087,394	1,103,040	
147,982	Bonavista Energy Trust, Exchangeable Shares *	2,367,706	10,210,758	
56,994	Bridge Energy ASA, Private Placement	164,916	146,147	
800,000	Broadview Energy Ltd., Subscription Agreement *	600,000	600,000	
2,666,800	Calston Exploration Inc., Restricted Shares *	1,000,050	666,701	
1,333,400	Calston Exploration Inc., Subscription Receipts *	-	333,350	
1,333,400	Calston Exploration Inc., Warrants (17Jun13) *	-	1	
3,280,000	Canadian International Oil Corp.*	5,039,939	7,544,000	
6,710,000	Canadian International Oil Corp., Warrants (17Aug15) *	957,995	6,039,000	
137,000	Canadian Oil Sands Trust	3,756,526	3,623,650	
4,000,000	Canadian Overseas Petroleum Ltd.	2,004,391	3,400,000	
2,000,000	Canadian Overseas Petroleum Ltd., Warrants (12Jan13)	-	822,058	
500,000	Colonial Coal International Corp.	255,459	765,000	
1,363,000	East West Petroleum Corp.	1,499,300	2,126,280	
681,500	East West Petroleum Corp., Warrants (22Dec12)	-	458,570	
48,200	Enerplus Resources Fund	1,406,990	1,478,294	
1,041,666	Excelsior Energy Ltd., Warrants (01Sep15)	1,886	284,021	
1,000,000	Excelsior Energy Ltd., Warrants (11Sep11)	-	42,864	
1,818,816	Fort Chicago Energy Partners LP, Class A	14,663,713	21,607,533	
50,001	Gear Energy Ltd., Subscription Receipts *	249,325	200,004	
618,000	Geomark Exploration Ltd.	617,498	729,240	
100,000	Gran Tierra Energy Inc.	860,740	798,895	
200,000	Greenfields Petroleum Corp., Subscription Agreement	1,428,311	1,820,000	
1,083,500	Hawk Exploration Ltd., Class A	1,132,076	910,140	
571,430	La Cortez Energy Inc.	993,841	630,260	
285,715	La Cortez Energy Inc., Warrants (20Apr13)	-	30,665	
1,250,000	Longford Energy Inc., Warrants (02Jul11)	-	3,551	
2,000,000	Madison Petrogas Ltd., Subscription Agreement *	1,000,000	1,000,000	
1,000,000	Madison Petrogas Ltd., Warrants (05Oct12) *	-	1	
300,000	Mantra Resources Ltd.	2,349,820	2,383,377	
664,000	Mart Resources Inc.	330,910	451,520	
500,000	Novus Energy Inc.	511,632	550,000	
176,003	Orca Exploration Group Inc., Class B	580,724	948,656	
5,123,333	PI Energy Corp., Subscription Receipts *	6,917,784	14,089,166	
2,001,000	Paranax Resources Ltd.	951,701	330,165	
1,800,000	Paranax Resources, Warrants (06May12)	-	137,808	
2,305,711	Parex Resources Inc.	7,577,030	19,829,115	

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at December 31, 2010

Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
92,000	Pengrowth Energy Trust	1,208,684	1,175,760	
164,100	Penn West Energy Trust	3,749,563	3,910,503	
1,917,000	Petroamerica Oil Corp.	1,057,378	1,131,030	
14,300,000	Petroamerica Oil Corp., Warrants (04Nov14)	-	1,244,229	
2,600,000	Petromanas Energy Inc.	1,026,531	1,014,000	
1,250,000	Petromanas Energy Inc., Warrants (26May12)	1,848	150,000	
100,000	PetroNova Inc.	114,709	151,000	
1,667,000	Porto Energy Corp.*	1,021,143	993,849	
1,667,000	Porto Energy Corp., Warrants (26Nov12) *	-	2	
1,667,000	Porto Energy Corp., Warrants (26Nov12) *	-	2	
1,667,000	Porto Energy Corp., Warrants (26Nov12) *	-	2	
500,000	Prophecy Resource Corp., Warrants (17Mar12)	821	161,784	
100,000	Provident Energy Trust	773,128	791,000	
3,200,000	Quetzal Energy Ltd., Warrants (20Apr12)	-	178,013	
3,224,500	Range Energy Resources Inc.	641,661	451,430	
5,000,000	Range Metals Inc., Warrants (21Oct11)	-	137,255	
2,000,000	Realm Energy International Corp.	1,580,808	2,180,000	
2,000,000	Realm Energy International Corp., Subscription Receipts	1,502,415	2,180,000	
2,000,000	Realm Energy International Corp., Warrants (08Dec12)	-	180,000	
8,600,000	Reliable Energy Ltd.	2,608,489	2,881,000	
396,135	Riversdale Mining Ltd.	6,456,895	6,789,941	
283,000	Rodinia Oil Corp., Warrants (19Mar12)	3,816	614,896	
3,190,000	Shoal Point Energy Ltd.	836,157	893,200	
712,909	Silverbirch Energy Corp.	4,416,753	5,061,654	
480,323	Sonde Resources Corp.	1,582,247	1,695,540	
33,000	Sonde Resources Corp., Class B, PFD *	3,479,961	3,978,656	
2,000,000	Southern Andes Energy Inc., Restricted Shares (15Dec12)	801,756	930,000	
2,000,000	Southern Andes Energy Inc., Warrants (15Dec12)	-	592,612	
498,679	Stetson Oil and Gas Ltd., PFD	20	9,974	
1,500,000	Strategic Oil & Gas Ltd.	1,278,750	1,755,000	
150,000	Stream Oil & Gas Ltd., Subscription Agreement	226,070	534,545	
75,000	Stream Oil & Gas Ltd., Warrants (24Nov12)	-	-	
400,000	Touchstone Exploration Inc.	199,892	286,171	
969,034	Touchstone Exploration Inc., Subscription Receipts	545,844	-	
484,517	Touchstone Exploration Inc., Warrants (06Jun12)	-	-	
4,666,666	Uracan Resources Ltd., Restricted Shares	1,073,333	1,353,333	
3,333,333	Uracan Resources Ltd., Warrants (24Dec12)	-	264,380	
239,000	Vermilion Energy Inc.	9,779,408	11,044,190	
220,000	Wavefront Technology Solutions Inc., Warrants (27Apr11)	-	211	
3,000	Whiting Petroleum Corp., PFD	549,612	825,157	
1,750,000	Xinergy Ltd.	4,830,000	5,967,500	
126,500	Xinergy Ltd., Warrants (21Dec11)	39,897	58,190	
	TOTAL ENERGY	175,561,682	238,606,842	27.49
	MATERIALS			
167,250	Alder Resources Ltd.	42,345	64,391	
1,513,512	AngloGold Ashanti Ltd., PFD	83,544,291	83,815,394	
2,991,441	Calibre Mining Corp.	447,653	358,973	
3,000,000	Calibre Mining Corp., Warrants (16Jul11)	-	34,068	
2,675,000	Castle Resources Inc.	860,733	1,230,500	
1,337,500	Castle Resources Inc., Warrants (07Oct12)	-	303,793	
1,200,000	Catalyst Copper Corp.	180,412	210,000	
600,000	Catalyst Copper Corp., Warrants (16Apr15)	-	31,412	
860,000	CB Gold Inc.	401,760	1,229,800	
830,000	CB Gold Inc., Warrants (21Oct15)	5,550	622,500	
150,000	Centurion Minerals Ltd., Warrants (01Dec12)	239	108,361	
833,200	Chemtrade Logistics Income Fund	10,130,150	12,597,983	
224,153	Chesapeake Gold Corp.	642,917	2,712,251	
28,873	Chesapeake Gold Corp., Warrants (23Feb12)	158	108,275	
700,000	Corvus Gold Inc., Private Placement	616,000	553,000	
637,500	Crosshair Exploration & Mining Corp.	497,335	2,537,250	
637,500	Crosshair Exploration & Mining Corp., Warrants (23Nov12)	-	-	
358,000	Diamond Frank Exploration Inc.	87,306	61,250	
350,000	Diamond Frank Exploration Inc., Warrants (05Apr12)	-	20,030	

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at December 31, 2010

Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
3,846,000	Duran Ventures Inc.	499,980	980,730	
1,923,000	Duran Ventures Inc., Warrants (23Dec12)	-	301,561	
5,000,000	ESO Uranium Corp., Warrants (30Apr15)	284	535,285	
950,000	Estrella International Energy Services Ltd., Warrants (18Feb15)	-	-	
2,372,000	Excellon Resources Inc.	2,220,983	3,154,760	
250,000	Excelsior Mining Corp., Warrants (15Apr12)	-	-	
4,680,000	Farallon Mining Ltd.	3,662,999	3,697,200	
57	First Quantum Minerals Ltd.	4,697	6,146	
950,000	Prima Colombia Hardwood Inc., Restricted Shares	191,136	304,000	
950,000	Prima Colombia Hardwood Inc., Warrants (26Aug15)	-	235,782	
1,250,000	Galway Resources Ltd., Restricted Shares	1,250,000	1,387,500	
625,000	Galway Resources Ltd., Warrants (13Jan13)	-	174,164	
524,999	Galway Resources Ltd., Warrants (29Sep11)	2,066	223,146	
790,000	GMV Minerals Inc.	357,085	505,600	
395,000	GMV Minerals Inc., Warrants (27Oct12)	-	160,756	
350,000	Gold Wheaton Gold Corp.	1,754,000	1,792,000	
1,000,000	Golden Predator Royalty & Development Corp., Warrants (09Sep11)	-	150,685	
600,000	Goldgroup Mining Inc.	604,608	774,000	
240,000	Heela Mining Co., Warrants (10Aug 14)	23,373	2,118,797	
300,000	Impact Silver Co., Warrants (29Nov12)	-	243,973	
600,000	Impact Silver Corp.	752,634	1,044,000	
1,300	Kinross Gold Corp.	24,065	24,531	
1,286,145	Kinross Gold Corp.	5,987,013	5,929,128	
188,000	Market Vectors - Gold Miners ETF	11,295,262	11,464,303	
952,765	Mazorro Resources Inc.	283,925	152,442	
2,208,299	Medoro Resources Ltd., Warrants (03Nov11)	789,497	463,743	
16,666	Mega Uranium Ltd., Warrants (06Jun12)	21	2,250	
1,636,100	NEMI Northern Energy & Mining Inc.	1,585,823	1,750,627	
7,053,598	New Gold Inc., Warrants (28Jun17)	10,752,859	19,820,610	
700,000	New Pacific Metals Corp.	945,000	1,645,000	
350,000	New Pacific Metals Corp., Warrants (22Jun11)	-	221,888	
100,000	North American Palladium Ltd.	367,438	689,000	
700,000	Northern Superior Resources Inc.	691,110	574,000	
440,000	Northland Resources SA	1,000,152	1,333,200	
687,500	Oceanic Iron Ore Corp.	276,762	618,750	
800,000	Oceanic Iron Ore Corp., Restricted Shares	401,142	720,000	
343,750	Oceanic Iron Ore Corp., Warrants (26Oct15)	-	85,938	
800,000	Oceanic Iron Ore Corp., Warrants (30Nov15)	-	-	
712,500	Oro Gold Resources Ltd., Warrants (07Jan11)	-	1	
5,225,500	Orsu Metals Corp.	1,308,804	1,776,670	
3,650,000	Orsu Metals Corp., Warrants (16Apr12)	-	343,680	
260,228	Pan American Silver Corp., Warrants (07Dec14)	547,993	3,497,464	
1,500,000	Petaquilla Minerals Ltd.*	1,500,000	1,890,956	
1,500,000	Petaquilla Minerals Ltd., Restricted Shares	1,500,000	1,605,000	
1,500,000	Petaquilla Minerals Ltd., Warrants (20Dec13)	-	571,911	
600,000	Raytec Metals Corp., Warrants (16Jun11)	-	5,635	
451,491	Regulus Resources, Inc.	424,402	505,670	
170,263	Riva Gold Corp.	4,255	328,608	
94,715	RSTK Anchor Glass *	1,872,490	4,021,475	
1,645,800	Sacre-Coeur Minerals Ltd.	2,555,964	2,090,166	
1,000,000	Seafield Resources Ltd., Restricted Shares	500,000	580,000	
1,430,000	Seafield Resources Ltd., Warrants (04Jun12)	5,531	801,212	
1,000,000	Seafield Resources Ltd., Warrants (22Dec12)	-	285,842	
157,500	Silver Wheaton Corp.	4,296,725	6,136,200	
15,592,000	Sino Resources Group Ltd.	1,937,068	866,962	
706,250	Skana Exploration Ltd., Restricted Shares *	1,530,723	2,118,750	
250,000	Strategic Metals Ltd.	564,748	550,000	
5,742,200	Sunridge Gold Corp.	6,980,380	7,292,594	
292,500	Tronox Inc., Class B	193,751	357,491	
800,000	Volta Resources Inc.	1,441,190	1,912,000	
825,000	Western Coal Corp.	9,069,891	10,147,500	
1,320,867	Wildcat Silver Corp.	902,357	792,520	
200,000	Wildcat Silver Corp., Warrants (04Jun11)	-	36,489	
	TOTAL MATERIALS	180,317,035	217,599,522	25.07

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at December 31, 2010

Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
INDUSTRIALS				
Capital Goods				
85,000	Bucyrus International Inc.	7,718,269	7,546,528	
13,467,150	Baocom Timber Corp.	6,749,519	8,753,648	
499,429	New Flyer Industries Inc.	5,053,197	5,643,548	
	Total Capital Goods	19,520,985	21,943,724	2.53
Commercial Services & Supplies				
375,000	Alexco Resource Corp.	3,075,000	3,075,000	
	Total Commercial Services & Supplies	3,075,000	3,075,000	0.35
Transportation				
243,941	ACE Aviation Holdings Inc., Class A	1,666,468	3,120,005	
124,585	ACE Aviation Holdings Inc., Class B	839,366	1,592,196	
650,000	Airtran Holdings Inc.	4,856,705	4,773,001	
	Total Transportation	7,362,539	9,485,202	1.09
	TOTAL INDUSTRIALS	29,958,524	34,503,926	3.97
CONSUMER DISCRETIONARY				
Consumer Services				
3,500	Las Vegas Sands Corp., PFD	1,126,419	2,642,071	
725,000	Whistler Blackcomb Holdings Inc.	8,821,552	8,707,250	
	Total Consumer Services	9,947,971	11,349,321	1.31
Consumer Durables & Apparel				
8,544,000	MEGA Brands Inc., Warrants (30Mar15)	27,703	2,221,440	
	Total Consumer Durables & Apparel	27,703	2,221,440	0.26
Media				
83,298	Ascent Media Corporation, Class A	2,547,362	3,208,131	
683,164	Promotora de Informaciones SA	6,165,888	6,414,909	
	Total Media	8,713,250	9,623,040	1.11
Retailing				
224,900	Dillards Inc., Class A	5,190,982	8,476,293	
1,835,000	Liquidation World Inc.	1,566,743	2,055,200	
	Total Retailing	6,757,725	10,531,493	1.21
	TOTAL CONSUMER DISCRETIONARY	25,446,649	33,725,294	3.89
CONSUMER STAPLES				
Food Beverage & Tobacco				
11,000	Bunge Ltd., PFD	1,043,253	1,023,063	
193,700	Del Monte Foods Co.	3,668,107	3,618,438	
50,000	Maple Leaf Foods Inc.	525,318	569,500	
	Total Food Beverage & Tobacco	5,236,678	5,211,001	0.60
	TOTAL CONSUMER STAPLES	5,236,678	5,211,001	0.60
HEALTH CARE				
Health Care Equipment & Services				
95,000	Alcon Inc.	15,384,735	15,420,662	
750,000	Haemacure Corp., Series A, Warrants (05Jan12) *	-	1	
750,000	Haemacure Corp., Series B, Warrants (16Jan12) *	-	1	
36,499	Sun Healthcare Group Inc.	448,065	458,055	
	Total Health Care Equipment & Services	15,832,800	15,878,719	1.83
Pharmaceuticals, Biotechnology & Life Sciences				
120,000	Genzyme Corp.	8,821,398	8,494,520	
50,000	Indevus Pharmaceuticals Inc. *	-	32,790	
350,000	King Pharmaceuticals Inc.	4,998,732	4,886,277	
175,000	MSI Methylation Sciences Inc., Class B *	175,000	175,000	
	Total Pharmaceuticals, Biotechnology & Life Sciences	13,995,130	13,588,587	1.57
	TOTAL HEALTH CARE	29,827,930	29,467,306	3.40

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at December 31, 2010

Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
FINANCIALS				
Banks				
350,000	Marshall & Isley Corp.	2,415,891	2,406,622	
10,864	Wells Fargo & Co., PFD	8,126,596	10,795,020	
	Total Banks	10,542,487	13,201,642	1.52
Diversified Financials				
3,188	Bank of America Corp., PFD	3,038,576	3,021,091	
349,288	Davis & Henderson Income Fund	5,781,603	6,926,381	
359,438	Dundee Corp., Class A	5,401,462	7,350,507	
596,071	Guardian Capital Group Ltd., Class A	2,458,486	5,126,211	
96,929	ING Groep NV, 7.05% PFD	2,906,286	2,199,802	
176,279	ING Groep NV, 7.20% PFD	3,756,242	4,049,693	
125,000	iPATH S&P 500 VIX Mid-Term Futures ETN	8,369,501	8,135,513	
1,666,700	Mira Resources Corp., Restricted Shares	500,010	683,347	
1,666,700	Mira Resources Corp., Warrants (17Jun12)	-	282,232	
375,000	Newstrike Capital Inc.	151,230	326,250	
	Total Diversified Financials	31,463,396	38,101,027	4.39
Insurance				
1,450,000	AXA Asia Pacific Holdings Ltd.	9,101,803	9,319,108	
124,500	CNA Surety Corp.	2,926,343	2,928,204	
20,000	Greenlight Capital Re Ltd., Class A	574,305	532,795	
294,000	Hartford Financial Services Group Inc., PFD	7,866,575	7,458,162	
412,200	XL Group Pl.C, PFD	12,493,113	12,664,299	
	Total Insurance	32,962,139	32,902,568	3.79
Real Estate				
19,368	Crombie Real Estate Investment Trust	146,703	244,424	
191,058	Dundee Real Estate Investment Trust	3,464,933	5,769,952	
1,963,291	Extendicare Real Estate Investment Trust	18,514,545	18,023,011	
99,999	Sabra Healthcare REIT Inc.	2,604,012	1,825,318	
4,000	Sovereign Real Estate Investment Trust	4,816,078	4,531,047	
	Total Real Estate	29,546,271	30,393,752	3.50
	TOTAL FINANCIALS	104,514,293	114,598,989	13.20
INFORMATION TECHNOLOGY				
Software & Services				
200,000	Infocast Corp., Restricted Shares*	15,963	20	
1,508,544	KAB Distribution Inc.	(7,410)	1,504	
30,414	Lucent Technologies Capital Trust I, PFD	23,410,575	26,775,707	
168,500	McAfee Inc.	8,173,123	7,753,689	
	Total Software & Services	31,592,251	34,530,920	3.98
Technology Hardware & Equipment				
40,000	Apple Inc.	12,703,341	12,817,297	
50,000	CommScope Inc.	1,610,533	1,550,095	
450,000	Motorola Inc.	3,804,446	4,046,642	
	Total Technology Hardware & Equipment	18,118,320	18,414,034	2.12
	TOTAL INFORMATION TECHNOLOGY	49,710,571	52,944,954	6.10
TELECOMMUNICATIONS SERVICES				
16,000	Crown Castle International Corp., PFD	990,354	973,778	
30,000	Motorola Inc.	1,204,127	1,132,762	
299,094	Windstream Corp.	3,208,174	4,142,897	
	TOTAL TELECOMMUNICATIONS SERVICES	5,402,655	6,249,437	0.72
UTILITIES				
1,493,099	Capital Power Income LP	19,902,214	26,801,127	
148,970	Macquarie Power & Infrastructure Contingency Value Receipts *	-	-	
	TOTAL UTILITIES	19,902,214	26,801,127	3.09
	TOTAL STOCKS	625,878,231	759,708,398	87.53

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at December 31, 2010

Number of Shares	Description	Average Cost \$	Fair Value \$	% of Total
FORWARD CONTRACTS				
	Sell USD 20,000,000, Buy CAD 20,519,660 @1.025983 - January 05, 2011	-	644,346	
	Sell USD 10,000,000, Buy CAD 10,063,680 @1.006368 - January 06, 2011	-	125,874	
	Sell USD 10,000,000, Buy CAD 10,181,760 @1.018176 - January 11, 2011	-	242,817	
	Sell USD 25,000,000, Buy CAD 25,500,800 @1.020032 - January 19, 2011	-	649,030	
	Sell USD 10,000,000, Buy CAD 10,109,090 @1.010909 - January 20, 2011	-	168,243	
	Sell USD 25,000,000, Buy CAD 25,503,650 @1.020146 - January 21, 2011	-	650,781	
	Sell USD 10,000,000, Buy CAD 10,205,090 @1.020509 - January 21, 2011	-	263,939	
	Sell USD 25,000,000, Buy CAD 25,504,275 @1.020171 - January 21, 2011	-	651,406	
	Sell USD 25,000,000, Buy CAD 25,519,825 @1.020793 - February 22, 2011	-	649,979	
	Sell USD 25,000,000, Buy CAD 25,453,575 @1.018143 - January 05, 2011	-	609,497	
	Sell USD 750,000, Buy CAD 764,232 @1.018976 - January 12, 2011	-	18,794	
	Sell USD 25,000,000, Buy CAD 25,462,900 @1.018516 - January 24, 2011	-	608,429	
	Sell USD 10,000,000, Buy CAD 10,158,460 @1.015846 - January 06, 2011	-	220,619	
	Sell USD 25,000,000, Buy CAD 25,403,650 @1.016146 - January 06, 2011	-	559,044	
	Sell USD 25,000,000, Buy CAD 25,403,650 @1.016146 - January 06, 2011	-	559,044	
	Sell USD 20,000,000, Buy CAD 20,327,600 @1.01638 - February 23, 2011	-	431,491	
	Sell USD 25,000,000, Buy CAD 25,402,550 @1.016102 - January 24, 2011	-	548,141	
	Sell USD 10,000,000, Buy CAD 10,126,420 @1.012642 - January 07, 2011	-	188,374	
	Sell USD 20,000,000, Buy CAD 20,254,840 @1.012742 - January 07, 2011	-	378,747	
	TOTAL FORWARD CONTRACTS	-	8,168,595	0.94
OPTIONS				
Call Options				
5,000	CBS Corp., Class B, Jan/12.5	1,106,227	3,179,680	
5,000	CBS Corp., Class B, Jan/12.5	1,770,962	3,477,775	
5,500	CBS Corp., Class B, Jan/20	127,001	109,302	
1,000	Dillards Inc., Jan/40	129,698	59,619	
27,000	iShares Silver Trust, Jan/20	4,338,767	27,096,835	
18,000	iShares Silver Trust, Jan/20	8,348,295	19,405,984	
250	Novartis AG, Apr/60	50,564	42,230	
1,300	Savient Pharmaceutical Inc., Jan/22.5	452,623	-	
250	Southwest Airlines Co., Jan/14	17,627	1,242	
46,980	Sprint Nextel Corp., Jan/4	4,102,100	3,967,943	
	Total Call Options	20,443,864	57,340,610	6.61
Put Options				
303	Airtran Holdings Inc., Apr/6	3,224	-	
426	Genzyme Corp., Apr/65	122,216	56,722	
	Total Put Options	125,440	56,722	0.01
	TOTAL OPTIONS	20,569,304	57,397,332	6.62
	TOTAL LONG	937,802,182	1,140,507,906	131.41
	TOTAL SHORT (Schedule 1)	(280,922,698)	(272,637,112)	(31.41)
	TOTAL INVESTMENTS	656,879,484	867,870,794	100.00
	Transaction Costs (Note 2)	(1,001,546)		
	TOTAL INVESTMENTS	655,877,938	867,870,794	100.00

* Denotes a manually price security using a fair valuation model.

Vertex Fund

Statement of Investments

As at December 31, 2010

Schedule 1

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Proceeds \$	Fair Value \$	% of Total
SHORT						
BONDS						
Corporate Bonds						
(2,000,000)	WMG Acquisition Corp.	9.500%	15-Jun-16	(2,186,712)	(2,151,253)	
	Total Corporate Bonds			<u>(2,186,712)</u>	<u>(2,151,253)</u>	<u>(0.25)</u>
	TOTAL BONDS			<u>(2,186,712)</u>	<u>(2,151,253)</u>	<u>(0.25)</u>
STOCKS						
ENERGY						
(25,000)	Atlas Pipeline Partners LP			(643,204)	(613,579)	
(900,000)	Oilexco Inc.			(137,304)	(58,500)	
(350,000)	Patriot Coal Corp.			(5,812,886)	(6,739,932)	
(155,000)	Progress Energy Resources Corp.			(1,687,665)	(1,970,050)	
	TOTAL ENERGY			<u>(8,281,059)</u>	<u>(9,382,061)</u>	<u>(1.08)</u>
MATERIALS						
(108,500)	Centurion Minerals Ltd.			(288,333)	(166,005)	
(32,600)	Franco-Nevada Corp.			(1,051,976)	(1,086,884)	
(500,000)	Nevsun Resources Ltd.			(3,100,087)	(3,750,000)	
(10,000)	Proshares UltraShort Gold			(314,580)	(275,937)	
(28,330)	Walter Energy Inc.			(3,134,288)	(3,600,400)	
	TOTAL MATERIALS			<u>(7,889,264)</u>	<u>(8,879,226)</u>	<u>(1.02)</u>
INDUSTRIALS						
Capital Goods						
(200,000)	The Manitowoc Co., Inc.			(2,232,961)	(2,605,352)	
	Total Capital Goods			<u>(2,232,961)</u>	<u>(2,605,352)</u>	<u>(0.30)</u>
Transportation						
(51,250)	Southwest Airlines Co.			(675,899)	(661,001)	
	Total Transportation			<u>(675,899)</u>	<u>(661,001)</u>	<u>(0.08)</u>
	TOTAL INDUSTRIALS			<u>(2,908,860)</u>	<u>(3,266,353)</u>	<u>(0.38)</u>
CONSUMER DISCRETIONARY						
Retailing						
(280,000)	Barnes & Noble Inc.			(4,328,388)	(3,953,537)	
(200,000)	Indigo Books & Music Inc.			(2,904,014)	(2,930,000)	
	Total Retailing			<u>(7,232,402)</u>	<u>(6,883,537)</u>	<u>(0.79)</u>
Media						
(833,492)	Central European Media Enterprises Ltd., Class A			(19,331,378)	(16,853,866)	
(299,500)	Media General Inc., Class A			(1,766,974)	(1,723,094)	
(502,071)	Wamer Music Group Corp.			(2,543,043)	(2,818,690)	
	Total Media			<u>(23,641,395)</u>	<u>(21,395,650)</u>	<u>(2.47)</u>
	TOTAL CONSUMER DISCRETIONARY			<u>(30,873,797)</u>	<u>(28,279,187)</u>	<u>(3.26)</u>

(See accompanying notes to the financial statements)

Vertex Fund

Statement of Investments

As at December 31, 2010

Schedule I

Number of Shares	Description	Proceeds \$	Fair Value \$	% of Total
HEALTH CARE				
Health Care Equipment & Services				
(82,152)	Loewen Group Inc.*	(4,721)	-	
(10,000)	Loewen Group Inc., PFD.*	(393)	-	
	Total Health Care Equipment & Services	(5,114)	-	-
Pharmaceuticals & Biotechnology				
(30,000)	Novartis AG, ADR	(1,601,600)	(1,757,867)	
	Total Pharmaceuticals & Biotechnology	(1,601,600)	(1,757,867)	(0.20)
	TOTAL HEALTH CARE	(1,606,714)	(1,757,867)	(0.20)
FINANCIALS				
Banks				
(44,000)	Bank of Montreal	(2,542,948)	(2,529,120)	
(91,800)	Bank of Nova Scotia	(4,918,931)	(5,241,780)	
	Total Banks	(7,461,879)	(7,770,900)	(0.90)
Diversified Financials				
(141,733)	CurrencyShares British Pound Sterling Trust	(22,824,809)	(21,937,568)	
(257,200)	CurrencyShares Euro Trust	(35,252,502)	(34,046,626)	
(100,000)	CurrencyShares Japanese Yen Trust	(11,882,219)	(12,095,708)	
(12,009)	Horizons BetaPro NYMEX Natural Gas Bull Plus ETF, Class A	(139,861)	(80,220)	
(204,999)	iPATH S&P 500 VIX Short-Term Futures ETN	(10,196,932)	(7,648,836)	
(50,000)	iShares Barclays 1-3 Year Treasury Bond Fund	(4,220,220)	(4,172,339)	
(350,000)	iShares Barclays 20+ Year Treasury Bond Fund	(33,728,956)	(32,736,315)	
(71,000)	iShares MSCI EMU Index Fund	(2,577,645)	(2,488,270)	
(428,450)	iShares S&P National Municipal Bond Fund	(43,193,242)	(42,262,176)	
(636,000)	iShares S&P/TSX Capped Energy Fund	(11,964,609)	(12,879,000)	
(221,107)	SPDR Barclays Capital International Treasury Bond ETF	(12,764,162)	(12,843,843)	
(250,000)	SPDR Lehman Municipal Bond ETF	(5,637,838)	(5,437,753)	
(112,500)	United States Oil Fund LP	(4,043,656)	(4,359,642)	
	Total Diversified Financials	(198,426,651)	(192,988,296)	(22.23)
Insurance				
(200,000)	AMP Ltd.	(1,011,480)	(1,085,762)	
(130,000)	XL Group PLC	(2,646,833)	(2,819,881)	
	Total Insurance	(3,658,313)	(3,905,643)	(0.45)
Real Estate				
(400,000)	The St Joe Co.	(7,481,385)	(8,688,481)	
	Total Real Estate	(7,481,385)	(8,688,481)	(1.00)
	TOTAL FINANCIALS	(217,028,228)	(213,353,320)	(24.58)
INFORMATION TECHNOLOGY				
Technology Hardware & Equipment				
(600,000)	Alcatel-Lucent/France, ADR	(1,738,803)	(1,764,724)	
(300,000)	L-1 Identity Solutions Inc.	(3,567,419)	(3,556,275)	
(2,500,000)	Nortel Networks Corp.	(4,487,801)	(34,408)	
	Total Technology Hardware & Equipment	(9,794,023)	(5,355,407)	(0.62)
	TOTAL INFORMATION TECHNOLOGY	(9,794,023)	(5,355,407)	(0.62)
	TOTAL STOCKS	(278,381,945)	(270,273,421)	(31.14)

(See accompanying notes to the financial statement(s))

Vertex Fund

Statement of Investments

As at December 31, 2010

Schedule 1

Number of Shares	Description	Proceeds \$	Fair Value \$	% of Total
OPTIONS				
Call Options				
(370)	Bucyrus International Inc., Jan/90	(7,927)	(4,044)	
(150)	Crown Castle Interational, Jan/44	(14,857)	(11,924)	
(350)	Genzyme Corp., Jan/70	(116,102)	(82,771)	
(870)	Genzyme Corp., Jan/72.5	(180,532)	(76,938)	
(10)	Whiting Petroleum Corp., Jan/115	(3,509)	(4,571)	
(23)	Whiting Petroleum Corp., Jan/120	(3,812)	(4,685)	
	Total Call Options	(326,739)	(184,933)	(0.02)
Put Options				
(370)	Bucyrus International Inc., Jan/85	(9,058)	(11,030)	
(76)	Genzyme Corp., Jan/65	(10,175)	(4,551)	
(100)	Southwest Airlines Co., Jan/14	(8,069)	(11,924)	
	Total Put Options	(27,302)	(27,505)	-
	TOTAL OPTIONS	(354,041)	(212,438)	(0.02)
	TOTAL SHORT	(280,922,698)	(272,637,112)	(31.41)

(See accompanying notes to the financial statements)

Vertex Fund

Notes to Financial Statements

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1. Establishment of trust

Vertex Fund (the "Fund") was created on December 3, 2001 under the laws of British Columbia. Vertex One Asset Management Inc. is the Investment Manager, Computershare Trust Company of Canada is the Trustee of the Fund, and TD Securities is the custodian of the Fund. The Fund commenced operations on January 1, 2002, and Class BB and Class FF commenced operations on May 5, 2009. These financial statements have been prepared for the year ended December 31, 2010 and 2009.

The investment objective of the Fund is to maximize returns on an absolute basis. The Fund searches for investment opportunities on a global basis and unlike many hedge funds, the Fund does not use futures and leveraging is restricted to 15% of total portfolio assets.

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.

Fair Value Disclosure

In accordance with amendments to CICA Section 3862, Financial Instruments – Disclosures the Fund is required to disclose the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Fund's financial instruments are recorded at fair value or at amounts that approximates fair value in the financial statements.

Amendments to CICA 3862, Financial Instruments – Disclosures, establish 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.

Valuation of investments and securities sold short

The valuation methods adopted pursuant to 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 year. The NAV continues to be computed using the Fund's previous valuation

Vertex Fund
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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 (transactional NAV).

As at December 31, 2010 and 2009, the Fund's net asset value per unit was:

As at December 31	Net Assets Per Unit		Net Asset Value Per Unit	
	2010	2009	2010	2009
Class A	\$ 71.32	\$ 61.86	\$ 71.16	\$ 61.55
Class B	10.43	9.11	10.41	9.06
Class BB	-	14.40	-	14.34
Class F	68.04	59.15	67.88	58.85
Class FF	-	14.45	-	14.39

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 (GAAP Net Assets). 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 bid price. If the warrants are not listed, but a secondary market exists then the average price of two independent brokers (if available), who trade in such market will be used. If no secondary market exists, the warrants will be valued using industry accepted techniques in accordance with Section 3855 methodologies.

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.

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

Vertex Fund

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Under the terms of the prime brokerage service level agreement with the custodian, Toronto Dominion Securities Inc. (TDSI), the margin for the investments sold short can be represented by a combination of cash, government debt securities and high quality common shares. TDSI follows the Investment Industry Regulatory Organization of Canada's (IIROC) methodology to calculate margin; however, TDSI reviews and can reduce the loan value of a particular security. As at December 31, 2010, margin on investments sold short was represented by common shares included in the investments held at market value.

Other assets and liabilities

For the purposes of categorization in accordance with Section 3862, accrued interest and dividends receivable, amounts due from brokers, subscriptions receivable and other assets are designated as loans and other receivables and recorded at cost or amortized cost. Similarly, amount due to brokers, accounts payable and accrued liabilities, redemptions payable dividends and interest payable on securities sold short, securities borrowing fees payable and distribution 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 Statements of Operations. The embedded transaction costs in the cost of investment portfolio as at December 31, 2010 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 recorded 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.

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 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 Statements 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.

Vertex Fund

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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 Operations. 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 year-end date. Included in cash and cash equivalents is an amount held with broker for collateral in respect of forward contracts, 2010 - \$28,429,042 (2009 - \$9,002,404).

Options

Options may be used by the Fund, but only to the extent considered appropriate by the Manager. Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected in the Statement of Investments. Exchange traded options are valued at current fair value and over the counter options are valued using industry-accepted modeling techniques on each valuation day, based on the value that would be realized if the option was closed out in the valuation date.

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 – realized gains will arise equal to the intrinsic value of the option; or
- iii) Closing of the purchased options – realized gains or losses will arise equal to the proceeds from selling 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 – 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; 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 “realized gain (loss) on sale of investments” in the Statements of Operations.

Foreign currency translation

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.

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Notes to Financial Statements
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Increase (decrease) in net assets from operations for each Class

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

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 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 the current fair value as described above under Valuation of investments and securities sold short. 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.

Repurchase agreements, reverse repurchase agreements and loans

The Fund engages in repurchase agreements (“Repo”) which are, in effect, short-term lending arrangements that are usually collateralized by securities. A Repo transaction consists of the purchase of securities for immediate cash settlement along with an agreement by the counterparty in the transaction to repurchase the securities at a higher price at a later date. The difference in price represents an interest charge to the counterparty for the use of cash lent by the Fund during the course of the agreement. The counterparty to a Repo transaction may engage in a reverse repurchase agreement (“Reverse Repo”), that is, the sale of securities with an agreement to repurchase them at a later date.

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.

3. Fair Value Disclosure

The Fund’s assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 2 for a discussion of the Fund’s policies regarding this hierarchy. 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.

Vertex Fund

Notes to Financial Statements

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Financial Assets at fair value as at December 31, 2010				
	Level 1	Level 2	Level 3	Total
Equities - Long	\$ 639,437,316	\$ 24,102,771	\$ 50,753,570	\$ 714,293,657
Bonds - Long	-	281,815,489	33,418,092	315,233,581
Warrants	22,674,508	16,701,223	6,039,010	45,414,741
Options	57,397,332	-	-	57,397,332
Forward contracts	-	8,168,595	-	8,168,595
	<u>\$ 719,509,156</u>	<u>\$ 330,788,078</u>	<u>\$ 90,210,672</u>	<u>\$ 1,140,507,906</u>

Financial Liabilities at fair value as at December 31, 2010				
	Level 1	Level 2	Level 3	Total
Equities - Short	\$ (270,180,513)	\$ (92,908)	\$ -	\$ (270,273,421)
Bonds - Short	-	(2,151,253)	-	(2,151,253)
Option contracts	(212,438)	-	-	(212,438)
	<u>\$ (270,392,951)</u>	<u>\$ (2,244,161)</u>	<u>\$ -</u>	<u>\$ (272,637,112)</u>

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, 2009.

Financial Assets at fair value as at December 31, 2009				
	Level 1	Level 2	Level 3	Total
Equities - Long	\$ 400,741,301	\$ 25,561,780	\$ 115,477,397	\$ 541,780,478
Bonds - Long	-	342,884,158	41,590,942	384,475,100
Warrants	4,892,064	3,104,740	12,857,187	20,853,991
Forward contracts	-	533,049	-	533,049
	<u>\$ 405,633,365</u>	<u>\$ 372,083,727</u>	<u>\$ 169,925,526</u>	<u>\$ 947,642,618</u>

Financial Liabilities at fair value as at December 31, 2009				
	Level 1	Level 2	Level 3	Total
Equities - Short	\$ (99,815,193)	\$ -	\$ (57,506)	\$ (99,872,699)
Bonds - Short	-	(3,681,368)	(818,980)	(4,500,348)
Forward contracts	-	(242,524)	-	(242,524)
Option contracts	(1,063,700)	-	-	(1,063,700)
	<u>\$ (100,878,893)</u>	<u>\$ (3,923,892)</u>	<u>\$ (876,486)</u>	<u>\$ (105,679,271)</u>

The following were the transfers between Levels 1 and 2 from December 31, 2009 to December 31, 2010:

	Transfer from level 1 to level 2		Transfer from level 2 to level 1	
	2010		2010	
Equities - Long	\$	34,408	\$	26,775,707

Vertex Fund
Notes to Financial Statements
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The following were the transfers between Levels 1 and 2 from December 31, 2008 to December 31, 2009:

	Transfer from level 1 to level 2 2009	Transfer from level 2 to level 1 2009
Equities - Long	\$ 15,737,566	\$ 543,910

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

	Fair value measurements using level 3 inputs		
	Warrants	Equities - Long	Bonds - Long
Balance at December 31, 2009	\$ 12,857,187	\$ 115,477,397	\$ 41,590,942
Net purchases and sales	(346,633)	172,589	(12,936,039)
Net transfers in (out)	(7,687,522)	(14,858,058)	1,951,628
Gains (Losses)			
Realized	1,427,284	3,610,353	4,273,281
Unrealized	(211,306)	(53,648,711)	(1,461,720)
Balance at December 31, 2010	\$ 6,039,010	\$ 50,753,570	\$ 33,418,092
Total change in unrealized gain (loss) during the period for assets held at December 31, 2010	\$ 5,018,817	\$ 15,599,470	\$ (80,041)

	Fair value measurements using level 3 inputs	
	Equities - Short	Bonds - Short
Balance at December 31, 2009	\$ (57,506)	\$ (818,980)
Net purchases and sales	-	749,708
Net transfers in (out)	58,500	-
Gains (Losses)		
Realized	-	(221,021)
Unrealized	(994)	290,293
Balance at December 31, 2010	\$ -	\$ -
Total change in unrealized gain (loss) during the period for assets held at December 31, 2010	\$ -	\$ -

Vertex Fund
Notes to Financial Statements
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The following is a reconciliation of Level 3 fair value measurements from December 31, 2008 to December 31, 2009:

	Fair value measurements using level 3 inputs		
	Warrants	Equities - Long	Bonds - Long
Balance at December 31, 2008	\$ -	\$ 90,759,892	\$ 10,116,873
Net purchases and sales	-	27,562,635	4,795,777
Net transfers in (out)	12,857,187	(87,195,900)	26,427,444
Gains (Losses)			
Realized	-	24,754,114	1,785,250
Unrealized	-	59,596,656	(1,534,402)
Balance at December 31, 2009	\$ 12,857,187	\$ 115,477,397	\$ 41,590,942
Total change in unrealized gain (loss) during the period for assets held at December 31, 2009	\$ -	\$ 59,596,656	\$ (1,534,402)

	Fair value measurements using level 3 inputs	
	Equities - Short	Bonds - Short
Balance at December 31, 2008	\$ -	\$ -
Net purchases and sales	-	-
Net transfers in (out)	(57,506)	-
Gains (Losses)		
Realized	-	-
Unrealized	-	(818,980)
Balance at December 31, 2009	\$ (57,506)	\$ (818,980)
Total change in unrealized gain (loss) during the period for assets held at December 31, 2009	\$ -	\$ (818,980)

Level 3 sensitivity analysis

The Fund applies judgment in determining unobservable inputs to calculate the fair value of Level 3 financial instruments of \$90,210,672 as of December 31, 2010 (2009 - \$ 169,049,040). 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 \$4,510,533 (2009 - \$8,387,411).

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4. Unitholders' equity

Unitholders' equity includes amounts representing net fund unit subscriptions, undistributed net income, undistributed realized gains (losses) on the sale of investments and unrealized appreciation (depreciation) in the 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 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 units for the year:

	2010				
	Class A	Class B	Class BB	Class F	Class FF
Units - Beginning of year	4,846,415	19,829,644	793,620	5,423,440	3,206,530
Units issued	126,960	4,055,330	-	2,074,573	-
Units reinvested	148,005	690,437	-	236,854	-
Units redeemed	(499,133)	(1,915,601)	(793,620)	(804,224)	(3,206,530)
Units - End of year	4,622,247	22,659,810	-	6,930,643	-

	2009				
	Class A	Class B	Class BB	Class F	Class FF
Units - Beginning of year	5,232,701	21,665,590	-	5,808,972	-
Units issued	87,460	447,287	821,012	181,773	3,450,053
Units reinvested	-	-	-	-	-
Units redeemed	(473,746)	(2,283,233)	(27,392)	(567,305)	(243,523)
Units - End of year	4,846,415	19,829,644	793,620	5,423,440	3,206,530

5. Related party transactions

During the period from December 9 to December 21, 2010, Vertex Offshore Fund Ltd ("Vertex Offshore") and Vertex Fund, both managed by Vertex One Asset Management Inc., engaged in transactions whereby Vertex Offshore sold certain investment holdings to Vertex Fund. The transactions were performed at the fair market value of the securities in question as at their respective transaction dates, with a total consideration of \$9,058,999 being paid by Vertex Fund to Vertex Offshore.

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Notes to Financial Statements
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6. Fees and expenses

a) Management fee

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

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 BB: 1/12 of 2% (2% per annum) of the Net Asset Value of the Class BB 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.

Class FF: 1/12 of 1% (1% per annum) of the Net Asset Value of the Class FF Units of the Fund on the last business day of the preceding month.

b) Performance fee

The Investment Manager is entitled to a performance fee equal to 20% of the amount by which the performance of the Fund exceeds the previous high-water mark for each Class of units. The performance fee is accrued monthly and is payable for each calendar quarter, provided that the high-water mark is exceeded, as referred to below. The performance fee will be payable by the Fund within 10 business days from the quarter-end. Upon the redemption of units of a particular class, the accrued portion of the performance fee allocated to the redeemed units for that class will be payable by the Fund within 10 business days of the end of the month in which the units were redeemed.

The highest quarter-end Net Asset Value per unit for each class of units from time to time establishes a high-water mark for each class of units which must be exceeded in subsequent quarters for the performance fee applicable to each class of units to be payable.

No change in the Investment Manager's performance fee payment policy will be made without at least 60 days notice to the unitholders.

Performance fees amounting to \$45,607,564 were incurred for the year ended December 31, 2010 (2009 - \$3,928,062) of which \$22,549,037 (2009 - \$2,919,744) were outstanding at year end.

c) Administration fees and expenses

The Fund is responsible for the payment of all fees and expenses relating to its operations, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising

Vertex Fund

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and promotional expenses which are paid for by the Investment Manager), and legal fees and expenses, custody and safekeeping charges.

7. Distribution of net investment income and capital gains

Net taxable income and net taxable capital gains of the Fund are distributed to unitholders of record as of the close of business on the last valuation date in the year or at such other dates as determined by the Investment Manager from time to time, according to each unitholder's proportionate share of the Fund. All distributions are reinvested automatically in additional units of the Fund unless the unitholder has made other arrangements with the Investment Manager.

8. Income taxes

The Fund is a mutual fund trust as defined by the Income Tax Act. No provisions for income taxes are made in the financial statements as the net taxable income and net taxable capital gains are distributed to the unitholders and immediately reinvested in the Fund. As of December 31, 2010, there were \$3,047,160 (2009 - \$77,349,613) of capital losses and \$nil (2009 - \$677,525) of non capital losses to be carried forward. The capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future periods.

9. Soft dollar commissions

Soft dollar commissions relate to amounts paid to brokers in exchange for research or other services provided to the investment manager. The Fund paid \$477,193 (2009 - \$364,739) in soft dollar commissions during the year.

10. Security Borrowing Agreement

As of December 31, 2010, the Fund did not borrow any securities from TD Securities (2009 – nil). Securities are borrowed to cover the Fund's obligation in respect of securities sold short.

The Fund pays commissions and other fees to TDSI with respect to short sale transactions. Such commissions and other fees will be at TDSI's customary rates in the circumstances or as negotiated from time to time.

11. Financial Risk Management

The Fund's financial instruments consist of cash, investments, including derivative contracts, short-term receivables and payables. 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 interest rate risk, other price risk, and currency risk), credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

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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 Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges. As at December 31, 2010, the overall market exposures were as follows:

	At December 31, 2010		At December 31, 2009	
	Fair Value	% Net Assets	Fair Value	% Net Assets
Securities (Long) held for trading	\$ 1,074,401,979	103.55%	\$ 947,109,569	110.26%
Derivative assets				
Option contracts	57,937,332	5.58%	-	-
Forward contracts	8,168,595	0.79%	533,049	0.06%
Total market exposure	\$ 1,140,507,906	109.92%	\$ 947,642,618	110.32%

	2010		2009	
	Fair Value	% Net Assets	Fair Value	% Net Assets
Securities (Short) held for trading	\$ (272,424,674)	(26.26%)	\$ (104,373,047)	(12.15%)
Derivative liabilities				
Forward contracts	-	-	(242,524)	(0.03%)
Option contracts	(212,438)	(0.02%)	(1,063,700)	(0.12%)
Total market exposure	\$ (272,637,112)	(26.28%)	\$ (105,679,271)	(12.30%)

Short selling risk is the risk of loss related to short selling transactions. The Fund will profit from a short sale transaction if the value of the borrowed security declines in value from the time the Fund sells the stock to the time the Fund closes out its short position. There is no certainty that the security price will decline, and unlike long positions, where the risk of loss is limited to the amount of the initial investment, short positions may be closed out at a price that would result in a significant loss for the Fund. The Fund's discretion may be limited in an open short sale transaction. For example, the lender may recall the security unexpectedly, or go bankrupt thereby jeopardizing the recoverability of collateral. As well, the Fund may encounter difficulty repurchasing the security should that security's liquidity become compromised in the marketplace. The Fund mitigates such risk by shorting only liquid securities, and by depositing the appropriate collateral against the short positions.

Vertex Fund

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As of December 31, 2010, if the S&P/TSX Composite Index (which the Fund was exposed to) had increased or decreased by 5%, with all other variables held constant, this would have approximately increased or decreased net assets to amount in difference of \$27,357,994 (2009 - \$23,138,089). Actual results may differ from this sensitivity analysis and those results could be material

b) *Interest rate risk*

As at December 31, 2010, 56.94% (2009 – 45.14%) of the Funds' investment portfolio includes interest bearing corporate bonds, as well as cash and cash equivalents. As a result, the Fund is subject to interest rate risk due to fluctuations in the prevailing level of market interest rates which could impact the Fund's cash flows. Cash and cash equivalents, both excess amounts of \$152,625,956 (2009 - \$29,370) and amounts held as collateral of \$28,429,042 (2009 - \$9,002,404), are invested in short-term securities.

The table below summarizes the Fund's exposure to interest rate risk. It includes the Fund's financial assets and liabilities at fair value, 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	Non Interest bearing	Total
As at December 31, 2010					
Assets					
Financial assets held for trading					
Equities	\$ -	\$ -	\$ -	\$ 759,708,398	\$ 759,708,398
Bonds	30,000	93,237,936	221,965,645	-	315,233,581
Forward contracts	8,168,595	-	-	-	8,168,595
Option contracts	57,397,332	-	-	-	57,397,332
Cash and cash equivalents	-	-	-	181,054,998	181,054,998
Accrued interest and dividends receivable	-	-	-	6,901,030	6,901,030
Miscellaneous receivable	-	-	-	116,846	116,846
Due from broker	-	-	-	3,777	3,777
Subscriptions receivable	-	-	-	14,249,993	14,249,993
Total Assets	\$ 65,595,927	\$ 93,237,936	\$ 221,965,645	\$ 962,035,042	\$ 1,342,834,550
Liabilities					
Financial liabilities at fair value					
Equities	\$ -	\$ -	\$ -	\$ 270,273,421	\$ 270,273,421
Bonds	-	-	2,151,253	-	2,151,253
Option contracts	212,438	-	-	-	212,438
Accrued performance fee	-	-	-	22,549,037	22,549,037
Dividends and interest payable on securities short	-	-	-	1,167,556	1,167,556
Distribution payable	-	-	-	136,615	136,615
Securities borrowing fees payable	-	-	-	905,347	905,347
Accounts payable and accrued liabilities	-	-	-	115,838	115,838
Due to broker	-	-	-	4,250,000	4,250,000
Redemptions payable	-	-	-	3,525,825	3,525,825
Total Liabilities	212,438	-	2,151,253	302,923,639	305,287,330
Total Interest sensitivity gap	\$ 65,383,489	\$ 93,237,936	\$ 219,814,392	\$ 659,111,403	\$ 1,037,547,220

Vertex Fund
Notes to Financial Statements
December 31, 2010 and 2009

	Less than 1 year	1 - 5 years	More than 5 years	Non Interest bearing	Total
As at December 31, 2009					
Assets					
Financial assets held for trading					
Equities	\$ -	\$ -	\$ -	\$ 562,634,469	\$ 562,634,469
Bonds	1,915,527	163,799,224	204,497,132	14,263,217	384,475,100
Forward contracts	533,049	-	-	-	533,049
Cash and cash equivalents	-	-	-	8,973,034	8,973,034
Accrued interest and dividends receivable	-	-	-	6,692,720	6,692,720
Due from broker	-	-	-	1,833,240	1,833,240
Subscriptions receivable	-	-	-	11,124,941	11,124,941
Total Assets	\$ 2,448,576	\$ 163,799,224	\$ 204,497,132	\$ 605,521,621	\$ 976,266,553
Liabilities					
Financial liabilities at fair value					
Equities	\$ -	\$ -	\$ -	\$ 99,872,699	\$ 99,872,699
Bonds	-	2,261,189	2,239,159	-	4,500,348
Forward contracts	242,524	-	-	-	242,524
Option contracts	1,063,700	-	-	-	1,063,700
Accrued performance fee	-	-	-	2,919,744	2,919,744
Dividends and interest payable on securities sold short	-	-	-	789,485	789,485
Securities borrowing payable	-	-	-	311,417	311,417
Accounts payable and accrued liabilities	-	-	-	141,599	141,599
Accounts payable and accrued liabilities	-	-	-	1,728,155	1,728,155
Redemptions payable	-	-	-	5,701,272	5,701,272
Total Liabilities	1,306,224	2,261,189	2,239,159	111,464,371	117,270,943
Total Interest sensitivity gap	\$ 1,142,352	\$ 161,538,035	\$ 202,257,973	\$ 494,057,250	\$ 858,995,610

At December 31, 2010, 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 \$2,887,874 (2009 - \$3,230,213). 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 investments denominated in currencies, other than Canadian Dollars, the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. 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 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

Vertex Fund
Notes to Financial Statements
December 31, 2010 and 2009

enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies.

As at December 31, 2010, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to decrease or increase by 5%, with all other variables held constant, the increase or decrease respectively in net assets would approximately amount to values as disclosed in the table below:

Currency	December 31, 2010 Exposure	December 31, 2009	December 31, 2010 5% Decrease / Increase	December 31, 2009
British Pound	\$ 20,864,046	\$ 16,782,635	\$ 1,043,202	\$ 839,132
Australian Dollar	32,271,948	29,875,203	1,613,597	1,493,760
Euro Currency	28,597,637	6,881,506	1,429,882	344,075
Hong Kong Dollar	866,962	2,427,501	43,348	121,375
US Dollar	404,077,559	100,843,307	20,203,878	5,042,165

Actual results may differ from this sensitivity analysis and those results could be material.

d) 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. Investments held as at December 31, 2010 that may be subject to liquidity risk have been identified on the Statement of Investments. In addition, the Fund retains sufficient cash and cash equivalents to maintain liquidity.

e) 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 managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund invests in financial assets, 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 at December 31, 2010 are noted below:

Vertex Fund
Notes to Financial Statements
December 31, 2010 and 2009

Portfolio by rating category

Rating	December 31, 2010	December 31, 2009
A/A	6.25%	10.19%
BBB/Bbb	4.51%	5.63%
BB/Bb	3.00%	3.92%
B/B	5.22%	8.83%
CCC/Ccc	5.38%	2.83%
CC/Cc	2.22%	1.43%
Unclassified	3.60%	11.93%
Total	30.18%	44.76%

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/made payment. Payment is made/received 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.

As at December 31, 2010 and 2009, the Fund's net assets were also exposed to credit risk arising from derivative contracts. The credit rating of the counterparties as at December 31, 2010 and 2009 was:

Portfolio by rating category

Rating	December 31, 2010	December 31, 2009
AA/A+/A	6.30%	(0.09%)
Total	6.30%	(0.09%)

12. Exemption from Regulatory Filing

In accordance with section 2.11 (c) of National Instrument 81-106 ("NI 81-106"), Vertex One Asset Management Inc., as investment manager to the Fund, has provided notice to the securities regulatory authority that it is relying on the exemption granted by section 2.11 of NI 81-106 whereby Vertex One Asset Management Inc. will not be filing the annual financial statements for the Fund with the regulator.

13. Comparative figures

Certain 2009 comparative figures have been reclassified to conform with the financial statements presentation adopted per the current year.

**UNAUDITED FINANCIAL STATEMENTS OF
VERTEX FUND
AS AT JUNE 30, 2011**

Vertex Fund

Semi-Annual Financial Statements

June 30, 2011 (Unaudited)

Vertex Fund

Statements of Net Assets

As at June 30, 2011 (unaudited) and December 31, 2010 (audited)

	June 30, 2011	December 31, 2010
Assets		
Investments at fair value	\$ 1,150,541,812	\$ 1,140,507,906
Cash and cash equivalents	663,143,241	181,054,998
Accrued interest and dividends receivable	5,778,789	6,901,030
Miscellaneous receivable	335,368	116,846
Due from broker	25,444,228	3,777
Subscriptions receivable	11,818,770	14,249,993
	<u>1,857,062,208</u>	<u>1,342,834,550</u>
Liabilities		
Securities sold short at fair value	550,853,607	272,637,112
Accrued performance fees	-	22,549,037
Dividends and interest payable on securities sold short	1,771,895	1,167,556
Distributions payable	-	136,615
Securities borrowing fees payable	1,849,526	905,347
Accounts payable and accrued liabilities	100,332	115,838
Due to broker	212,459,821	4,250,000
Redemptions payable	9,560,861	3,525,825
	<u>776,596,042</u>	<u>305,287,330</u>
Net assets representing unitholders' equity	<u>\$ 1,080,466,166</u>	<u>\$ 1,037,547,220</u>
Net assets representing unitholders' equity per Class		
Class A	\$ 333,406,763	\$ 329,657,264
Class B	\$ 246,551,102	\$ 236,338,704
Class F	<u>\$ 500,508,301</u>	<u>\$ 471,551,252</u>
Net assets per unit (Note 2)		
Class A	\$ 71.52	\$ 71.32
Class B	\$ 10.41	\$ 10.43
Class F	<u>\$ 68.23</u>	<u>\$ 68.04</u>

Approved by the Fund Manager

(signed) "John Thiessen"

John W. Thiessen

Director

(signed) "Jeffrey McCord"

Jeffrey McCord

Director

(See accompanying notes to financial statements)

Vertex Fund

Statements of Operations

For the six months ended June 30 (unaudited)

	2011	2010
Investment income		
Dividends (net of withholding taxes: \$337,469; 2010 - \$1,352,942)	\$ 15,982,825	\$ 36,918,576
Interest and other	14,002,985	13,598,841
	<u>29,985,810</u>	<u>50,517,417</u>
Expenses (Note 6)		
Management fee	7,442,423	5,795,354
Dividends and interest - short sales	4,139,403	1,632,049
Securities borrowing fee	6,466,862	2,173,655
Performance fee	17,212,013	23,029,277
Securityholder reporting costs	191,928	146,273
Other administrative expenses	72,304	62,395
Audit fees	229,538	24,000
Custody fees	-	12,000
Legal fees	13,330	12,000
Trustee fees	2,666	22,723
Derivatives transaction fees	27,706	11,963
	<u>35,798,173</u>	<u>32,921,689</u>
Net investment income (loss)	<u>(5,812,363)</u>	<u>17,595,728</u>
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain on sale of investments	169,653,232	141,657,221
Realized loss on securities sold short	(2,857,438)	(8,698,578)
Transaction costs (Note 2)	(5,548,420)	(2,613,947)
Change in unrealized depreciation in value of investments and securities sold short	(154,042,009)	(140,457,917)
Change in unrealized depreciation in value of foreign currency	(1,117,525)	(9,138,842)
Net realized and unrealized gain (loss) on investments	<u>6,087,840</u>	<u>(19,252,063)</u>
Increase (decrease) in net assets from operations	<u>275,477</u>	<u>(1,656,335)</u>
Increase (decrease) in net assets from operations per Class		
Class A	\$ 834,110	\$ 283,172
Class B	\$ (1,006,387)	\$ (1,056,324)
Class BB	\$ -	\$ 72,976
Class F	\$ 447,754	\$ (1,289,203)
Class FF	\$ -	\$ 333,044
Increase (decrease) in net assets from operations per unit (Note 2)*		
Class A	\$ 0.18	\$ 0.06
Class B	\$ (0.04)	\$ (0.05)
Class F	\$ 0.06	\$ (0.21)

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

(See accompanying notes to financial statements)

Vertex Fund

Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)

	Class A		Class B		Class BB	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 329,657,264	\$ 299,799,422	\$ 236,338,704	\$ 180,642,568	\$ -	\$ 11,429,039
Increase (decrease) in net assets from operations	834,110	283,172	(1,006,387)	(1,056,324)	-	72,976
Capital transactions (Note 4)						
Proceeds from issuance of units	11,333,209	6,090,265	25,741,062	24,606,030	-	-
Redemption of units	(8,506,236)	(22,067,817)	(14,543,471)	(9,730,689)	-	(11,502,015)
Reinvestment of distributions	88,416	-	21,194	-	-	-
	<u>2,915,389</u>	<u>(15,977,552)</u>	<u>11,218,785</u>	<u>14,875,341</u>	<u>-</u>	<u>(11,502,015)</u>
Net assets, end of period	\$ 333,406,763	\$ 284,105,042	\$ 246,551,102	\$ 194,461,585	\$ -	\$ -
	Class F		Class FF		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 471,551,252	\$ 320,794,999	\$ -	\$ 46,329,582	\$ 1,037,547,220	\$ 858,995,610
Increase (decrease) in net assets from operations	447,754	(1,289,203)	-	333,044	275,477	(1,656,335)
Capital transactions (Note 4)						
Proceeds from issuance of units	45,897,353	87,268,004	-	(110,000)	82,971,624	117,854,299
Redemption of units	(17,374,370)	(15,782,973)	-	(46,552,626)	(40,424,077)	(105,636,120)
Reinvestment of distributions	(13,688)	-	-	-	95,922	-
	<u>28,509,295</u>	<u>71,485,031</u>	<u>-</u>	<u>(46,662,626)</u>	<u>42,643,469</u>	<u>12,218,179</u>
Net assets, end of period	\$ 500,508,301	\$ 390,990,827	\$ -	\$ -	\$ 1,080,466,166	\$ 869,557,454

(See accompanying notes to financial statements)

Vertex Fund

Statements of Cash Flows

For the six months ended June 30 (unaudited)

	2011	2010
Operating Activities		
Increase (decrease) in net assets from operations	\$ 275,477	\$ (1,656,335)
Adjustment for non-cash items:		
Realized gain on sale of investments	(169,653,232)	(141,657,221)
Net realized gain (loss) on securities sold short	2,857,438	8,698,578
Transaction costs	5,548,420	2,613,947
Change in unrealized depreciation of investments and securities sold short	154,042,009	140,457,917
Change in unrealized depreciation on foreign currency	1,117,525	9,138,842
	<u>(5,812,363)</u>	<u>17,595,728</u>
Changes in operating assets and liabilities:		
Increase (decrease) in accrued interest and dividends receivable	903,719	(1,488,208)
Increase in securities borrowing payable	944,179	119,518
Increase in due from broker	(25,440,451)	(91,914,334)
Increase (decrease) in accounts payable and accrued liabilities	(15,506)	12,940
Increase (decrease) in dividends and interest payable on securities sold short	604,339	(84,332)
Decrease in performance fees payable	(22,549,037)	(2,919,744)
Decrease in distributions payable	(136,615)	-
Increase in due to broker	208,209,821	1,961,330
	<u>162,520,449</u>	<u>(94,312,830)</u>
Proceeds on disposition of investments	2,639,455,837	1,193,220,653
Purchase of investments	(2,365,089,486)	(1,100,377,012)
	<u>274,366,351</u>	<u>92,843,641</u>
Net Cash From (provided to) Operating Activities	<u>431,074,437</u>	<u>16,126,539</u>
Financing Activities		
Proceeds from sale of units	82,971,624	117,854,299
Units redeemed	(40,424,077)	(105,636,120)
Increase in subscriptions receivable	2,431,223	5,958,992
Decrease in redemptions payable	6,035,036	4,556,073
	<u>51,013,806</u>	<u>22,733,244</u>
Net Cash From (provided to) Financing Activities	<u>51,013,806</u>	<u>22,733,244</u>
Increase (decrease) in cash and cash equivalents	<u>482,088,243</u>	<u>38,859,783</u>
Cash and cash equivalents, Beginning of period	<u>181,054,998</u>	<u>8,973,034</u>
Cash and cash equivalents, End of period	<u>\$ 663,143,241</u>	<u>\$ 47,832,817</u>

(See accompanying notes to the financial statements.)

Vertex Fund

Statement of Investments

As at June 30, 2011 (Unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
LONG						
BONDS						
Corporate Bonds						
11,375,000	ABN Amro North American Holding Preferred Capital Repackage	6.523%	8-Nov-12	10,530,938	10,154,682	
13,600,000	ACE Cash Express Inc.	11.000%	1-Feb-19	13,644,988	13,158,200	
3,000,000	Aegon NV	3.290%	29-Jul-49	2,182,988	1,999,498	
750,000	Alange Energy Corp.	9.000%	5-May-14	750,000	750,000	
17,000,000	ATP Oil & Gas Corp.	11.875%	1-May-15	14,881,433	16,652,834	
4,000,000	Barclays Bank PLC	14.000%	15-Jun-19	7,948,265	7,770,065	
15,000,000	BayernLB Capital Trust I	6.203%	31-May-17	7,377,572	8,287,813	
8,100,000	Caesars Entertainment	12.750%	15-Apr-18	8,202,283	7,797,782	
6,850,000	CCS Inc.*	11.000%	15-Nov-15	6,252,442	6,842,331	
7,300,000	Central European Media Enterprises Ltd.	11.625%	15-Sep-16	10,504,099	10,823,289	
2,000,000	Circus&Eldor/Silver Leg	10.125%	1-Mar-12	1,919,902	1,814,392	
5,000,000	Clearwire Communications LLC/Clearwire Finance Inc.	12.000%	1-Dec-15	5,240,452	5,169,327	
250,000	ColCan Energy Corp.	6.000%	1-Aug-13	250,000	250,000	
1,400,000	Community Choice Financial Inc.	10.750%	1-May-19	1,334,973	1,371,410	
5,000,000	Detour Gold Corp.	5.500%	30-Nov-17	5,368,918	5,266,774	
3,000,000	Flint Energy Services Ltd.	7.500%	15-Jun-19	2,970,000	2,966,616	
16,212,000	Great Atlantic & Pacific Tea Co.	11.375%	1-Aug-15	14,695,955	16,663,237	
1,000,000	Harrahs Operating Co. Inc.	6.500%	1-Jun-16	826,526	762,431	
7,522,000	ING Capital Funding TR III	3.846%	29-Dec-49	6,995,557	6,855,723	
6,000,000	Jaguar Mining Inc.	4.500%	1-Nov-14	6,019,212	5,131,929	
2,500,000	LBG Capital No.2 PLC	15.000%	21-Dec-19	3,773,151	5,193,291	
2,000,000	Lloyds Banking Group PLC	6.413%	10-Jan-35	1,307,592	1,399,398	
3,000,000	Local TV Finance LLC	9.250%	15-Jun-15	2,958,031	2,898,925	
4,180,000	MEGA Brands Inc.	10.000%	31-Mar-15	4,333,941	4,348,036	
30,000	Methylation Sciences Inc.	8.000%	31-Jul-11	29,965	30,000	
2,050,000	Millar Western Forest Products Ltd	8.500%	1-Apr-21	1,994,144	1,780,613	
13,700,000	National Money Mart Co.	10.375%	15-Dec-16	14,582,497	14,511,031	
5,000,000	Neo Material Technologies Inc	5.000%	31-Dec-17	4,974,780	4,837,573	
1,311,100	New Gold Inc.	10.000%	28-Jun-17	1,270,471	1,382,555	
500,000	Nortel Networks Ltd.	10.750%	15-Jul-16	162,524	464,455	
21,169,000	Northgroup Preferred Capital Corp.	6.378%	29-Jan-49	15,942,935	19,266,944	
1,500,000	P1 Energy Inc.	12.000%	30-Sep-12	1,523,897	1,579,258	
1,800,000	Parex Resources Inc.	5.250%	30-Jun-16	1,800,000	1,863,000	
7,000,000	Silver Standard Resources Inc.	4.500%	1-Mar-28	7,087,536	6,920,350	
22,000,000	SLM Corp.	6.000%	10-May-12	16,516,565	22,205,718	
1,200,000	Speedy Cash Inc	10.750%	15-Oct-18	1,142,041	1,184,180	
2,000,000	State Street Capital Trust III	5.237%	15-Mar-42	1,994,753	1,931,053	
5,000,000	Telcordia Technologies Inc.	11.000%	1-May-18	6,229,640	6,092,206	
2,000,000	Touchstone Exploration Inc.	9.500%	30-Jun-16	2,000,000	2,000,000	
4,111,000	Valeant Pharmaceuticals International Inc.	7.000%	1-Oct-20	3,867,817	3,838,589	
31,159,000	Wachovia Capital Trust III	5.570%	31-Dec-49	24,103,378	27,515,524	
9,000,000	Xinergy Corp.	9.250%	15-May-19	8,539,710	8,772,776	
10,500,000	XL Group PLC	6.500%	15-Mar-49	8,394,163	9,297,551	
	Total Corporate Bonds			<u>262,426,034</u>	<u>279,801,359</u>	<u>46.66</u>
	TOTAL BONDS			<u>262,426,034</u>	<u>279,801,359</u>	<u>46.66</u>
STOCKS						
ENERGY						
225,000	Alange Energy Corp.			-	14,625	
150,000	Ambit Energy Corp., Subscription Agreement*			77,476	289,531	
2,822,907	Athabasca Oil Sands Corp.			41,770,490	42,767,041	
20,000	ATP Oil & Gas Corp.			998,641	1,775,764	
5,956,899	Bolivar Energy Corp.			677,784	387,198	
530,000	Bonanza Resources Corp., Warrants (15Dec12)			29	12,505	
356,513	Bonavista Energy Corp., Exchangeable Shares			2,367,706	10,359,115	
800,000	Broadview Energy Ltd., Subscription Agreement			600,000	600,000	
1,060,000	BRS Resources Ltd			266,804	222,600	
2,666,800	Calston Exploration Inc., Restricted Shares			1,000,050	1,000,050	
1,333,400	Calston Exploration Inc., Subscription Receipts			-	500,025	
1,333,400	Calston Exploration Inc., Warrants(17Jun13)			-	1	
50,000	Canadian International Oil Corp.			76,828	160,000	
6,835,000	Canadian International Oil Corp., Warrants (17Aug15)			1,831,220	9,569,000	

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at June 30, 2011 (Unaudited)

Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Total
2,000,000	Canadian Overseas Petroleum Ltd.	-	121,846	
1,777,300	Cinch Energy Corp.	3,148,464	3,590,146	
1,363,000	East West Petroleum Corp.	1,499,300	831,430	
681,500	East West Resources Corp., Warrants (22Dec12)	-	74,965	
1,041,666	Excelsior Energy Ltd., Warrants (01Sep15)	1,886	280,837	
1,000,000	Excelsior Energy Ltd., Warrants (11Sep11)	-	195,844	
150,000	EXCO Resources Inc.	2,869,232	2,552,212	
50,001	Gear Energy Ltd., Subscription Receipts	249,325	160,003	
592,000	Geomark Exploration Ltd.	591,519	615,680	
1,083,500	Hawk Exploration Ltd., Class A	1,132,076	801,790	
571,430	La Cortez Energy Inc.	993,841	253,685	
285,715	La Cortez Energy Inc., Warrants (20Apr13)	-	17,492	
1,670,500	LNG Energy Ltd.	1,033,325	668,200	
1,250,000	Longford Energy Inc., Warrants (02Jul11)	-	1	
2,000,000	Madison Petrogas Ltd., Subscription Agreement	1,000,000	1,000,000	
1,000,000	Madison Petrogas Ltd., Warrants (05Oct12)	-	1	
864,000	Marathon Oil Corp.	42,675,648	43,877,085	
5,269,151	P1 Energy Corp., Subscription Receipts	7,438,552	15,807,453	
276,000	Pan Orient Energy Corp.	1,667,893	1,440,720	
200,000	Parallel Energy Trust	2,000,000	1,990,000	
2,001,000	Paramax Resources Ltd.	951,701	140,070	
1,800,000	Paramax Resources, Warrants (06May12)	-	63	
1,893,911	Parex Resources Inc.	6,223,772	14,924,019	
14,300,000	Petroamerica Oil Corp., Warrants (04Nov14)	-	272,973	
1,250,000	Petromanas Energy Inc., Warrants (26May12)	1,848	31,250	
4,048,400	Porto Energy Corp.	3,402,543	3,157,752	
1,667,000	Porto Energy Corp., Warrants (26Nov12)	-	427,495	
500,000	Prophecy Resource Corp., Warrants (17Mar12)	821	32,613	
3,200,000	Quetzal Energy Ltd., Warrants (20Apr12)	-	23,811	
719,700	Range Energy Resources Inc.	143,217	50,379	
5,000,000	Range Metals Inc., Warrants (21Oct11)	-	1,275	
2,000,000	Realm Energy International Corp., Warrants (08Dec12)	-	672,230	
3,560,000	Reliable Energy Ltd.	1,079,793	1,281,600	
283,000	Rodinia Oil Corp., Warrants (19Mar12)	3,816	108,058	
2,600,000	Royal Coal Corp.	650,000	481,000	
112,909	Silverbirch Energy Corp.	699,516	818,590	
596,423	Sonde Resources Corp.	2,219,881	1,848,911	
33,000	Sonde Resources Corp., Class B, PFD	3,479,961	3,163,667	
1,200,000	Southern Andes Energy Inc.	481,054	252,000	
2,000,000	Southern Andes Energy Inc., Warrants (15Dec12)	-	90,624	
2,478,700	Strategic Oil & Gas Ltd.	2,548,857	2,305,191	
75,000	Stream Oil & Gas Ltd., Warrants (24Nov12)	-	9,278	
1,050,000	Torquay Oil Corp., Class A	1,858,121	1,659,000	
484,517	Touchstone Exploration Inc	-	-	
1,169,034	Touchstone Exploration Inc.	636,793	701,420	
2,500,000	Twin Butte Energy Ltd.	7,585,350	6,050,000	
2,991,667	Uracan Resources Ltd.	688,083	224,375	
3,333,332	Uracan Resources Ltd., Warrants (24Dec12)	-	23,493	
700,000	US Oil Sands Inc.	-	38,500	
1,618,816	Veresen Inc.	14,664,050	22,469,166	
3,000	Whiting Petroleum Corp., PFD	549,612	775,595	
1,885,500	Xinergy Ltd., Warrants (21Dec11)	2,014,372	1,150,155	
	TOTAL ENERGY	165,851,250	205,121,398	34.20
	MATERIALS			
1,748,512	AngloGold Ashanti Ltd., PFD	95,717,573	83,733,367	
498,900	Breakwater Resources Ltd.	3,700,847	3,696,849	
2,291,441	Calibre Mining Corp.	342,902	274,973	
3,000,000	Calibre Mining Corp., Warrants (16Jul11)	-	3	
1,263,700	Canexus Income Fund	8,309,159	8,441,516	
3,175,000	Castle Resources Inc.	1,270,634	2,000,250	
1,337,500	Castle Resources Inc., Warrants (07Oct12)	-	254,335	
600,000	Catalyst Copper Corp., Warrants (16Apr15)	-	34,967	
830,000	CB Gold Inc., Warrants (21Oct15)	5,550	306,243	
150,000	Centurion Minerals Ltd., Warrants (01Dec12)	239	36,608	
810,900	Chemtrade Logistics Income Fund	10,053,677	11,676,960	
28,873	Chesapeake Gold Corp., Warrants (23Feb12)	158	130,218	
637,500	Crosshair Exploration & Mining Corp., Warrants (23Nov12)	-	26,718	
291,600	Diamond Frank Exploration Inc.	72,739	23,328	

(See accompanying notes to the financial statements)

Vertex Fund

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As at June 30, 2011 (Unaudited)

Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Total
350,000	Diamond Frank Exploration Inc., Warrants (05Apr12)	-	69	
3,846,000	Duran Ventures Inc.	499,980	846,120	
1,923,000	Duran Ventures Inc., Warrants (04Jan13)	-	203,161	
450,000	East Asia Minerals Corp.	2,758,705	1,372,500	
5,000,000	ESO Uranium Corp., Warrants (30Apr15)	284	250,785	
950,000	Estrella International Energy Services Ltd.	-	161,416	
142,500	Ethiopian Potash Corp.	58,943	116,850	
1,050,000	Ethiopian Potash Corp. Warrants (09Sep12)	-	320,250	
2,372,000	Excellon Resources Inc.	2,220,983	1,660,400	
250,000	Excelsior Mining Corp., Warrants (15Apr12)	-	10,000	
950,000	Flagship Industries Inc., Warrants (26Aug15)	-	61,750	
625,000	Galway Resources Ltd., Warrants (13Jan13)	-	81,038	
524,999	Galway Resources Ltd., Warrants (29Sep11)	2,066	107,057	
395,000	GMV Minerals Inc., Warrants (27Oct12)	-	64,128	
1,000,000	Golden Predator Royalty & Development Corp., Warrants (09Sep11)	-	175,592	
500,000	Goldstone Resources Inc.	418,150	440,000	
2,208,299	Gran Columbia Gold Corp.	789,497	44,166	
200,000	Great Western Minerals Group Ltd.	162,228	138,000	
240,000	Hecla Mining Co., Warrants (10Aug 14)	23,373	1,222,126	
1,429,745	Kinross Gold Corp.	6,520,094	3,431,388	
76,500	Lubrizol Corp.	10,045,263	9,915,409	
952,765	Mazorro Resources Inc.	283,925	333,468	
16,666	Mega Uranium Ltd., Warrants (06Jun12)	21	333	
1,636,100	NEMI Northern Energy & Mining Inc.	1,585,823	1,112,548	
7,253,598	New Gold Inc., Warrants (28Jun17)	11,281,799	21,035,434	
350,000	New Pacific Metals Corp., Warrants (22Jun11)	-	89,732	
343,750	Oceanic Iron Ore Corp.	-	27,500	
800,000	Oceanic Iron Ore Corp., Warrants (30Nov15)	-	60,000	
1,611,500	Orsu Metals Corp.	403,624	265,898	
3,650,000	Orsu Metals Corp., Warrants (16Apr12)	-	16,323	
451,228	Pan American Silver Corp., Warrants (07Dec14)	3,105,643	2,797,614	
2,000,000	Petaquilla Minerals Ltd.	2,000,000	1,260,000	
3,000,000	Petaquilla Minerals Ltd., Warrants (20Dec13)	-	145,584	
450,000	Prima Colombia Hardwood Inc.	90,538	76,500	
723,000	Primer Mining Corp.	3,419,263	2,291,910	
1,300,000	Royal Coal Corp. Warrants (23Feb13)	-	26,000	
94,715	RSTK Anchor Glass*	1,872,490	5,116,197	
1,123,000	Sandstorm Metals & Energy Ltd.	962,973	522,195	
1,430,000	Seafield Resources Ltd., Warrants (03Jun12)	5,531	210,031	
1,000,000	Seafield Resources Ltd., Warrants (22Dec12)	-	80,000	
918,800	Silver Quest Resources Ltd.	920,514	1,056,620	
206,250	Skana Exploration Ltd., Restricted Shares*	447,025	618,750	
250,000	Strategic Metals Ltd.	564,748	777,500	
5,542,200	Sunridge Gold Corp.	6,737,255	4,101,228	
	TOTAL MATERIALS	176,654,216	173,279,905	28.89
	INDUSTRIALS			
	Capital Goods			
88,000	Bucyrus International Inc.	7,901,541	7,784,589	
6,332,200	Eacom Timber Corp.	3,173,597	1,867,999	
312,700	Mira Resources Corp.	93,810	93,810	
	Total Capital Goods	11,168,948	9,746,398	1.63
	Commercial Services & Supplies			
400,000	DirectCash Payments Inc.	8,412,000	8,880,000	
750,000	Iron Mountain Inc.	23,367,175	24,660,767	
	Total Commercial Services & Supplies	31,779,175	33,540,767	5.59
	Transportation			
1,167,902	Seaspan Corp., PFD	29,785,341	30,714,686	
1,147,700	Student Transportation Inc.	7,827,683	7,069,832	
	Total Transportation	37,613,024	37,784,518	6.30
	TOTAL INDUSTRIALS	80,561,147	81,071,683	13.52

(See accompanying notes to the financial statements)

Vertex Fund

Statement of Investments

As at June 30, 2011 (Unaudited)

Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Total
CONSUMER DISCRETIONARY				
Automobiles & Components				
65,252	Lyondellbasell Industries NV	2,380,664	2,426,420	
	Total Automobiles & Components	2,380,664	2,426,420	0.40
Consumer Services				
3,500	Las Vegas Sands Corp., PFD	1,126,419	2,576,791	
458,900	Whistler Blackcomb Holdings Inc.	5,583,738	5,314,062	
	Total Consumer Services	6,710,157	7,890,853	1.32
Consumer Durables & Apparel				
2,870,673	Eastman Kodak Co.	10,068,242	9,918,361	
8,544,000	MEGA Brands Inc., Warrants (30Mar15)	27,703	1,537,920	
	Total Consumer Durables & Apparel	10,095,945	11,456,281	1.91
Media				
385,500	Warner Music Group Corp.	3,085,191	3,050,784	
79,400	Yellow Media Inc., Preferred	1,867,912	1,792,058	
		4,953,103	4,842,842	0.81
Retailing				
400,000	Liberty Media Corp - Interactive, Class A	6,774,906	6,470,043	
	Total Retailing	6,774,906	6,470,043	1.08
	TOTAL CONSUMER DISCRETIONARY	30,914,775	33,086,439	5.52
CONSUMER STAPLES				
Food Beverage & Tobacco				
11,000	Bunge Ltd., PFD	1,043,253	1,064,797	
	Total Food Beverage & Tobacco	1,043,253	1,064,797	0.18
	TOTAL CONSUMER STAPLES	1,043,253	1,064,797	0.18
HEALTH CARE				
Health Care Equipment & Services				
750,000	Haemacure Corp., Series A, Warrants (05Jan12)	-	1	
750,000	Haemacure Corp., Series B, Warrants (16Jan12)	-	1	
200,000	Medical Facilities Corp.	2,480,000	2,352,000	
	Total Health Care Equipment & Services	2,480,000	2,352,002	0.39
Pharmaceuticals, Biotechnology & Life Sciences				
50,000	Indevus Pharmaceuticals Inc.	-	31,848	
175,000	MSI Methylation Sciences Inc., Class B*	175,000	150,500	
	Total Pharmaceuticals, Biotechnology & Life Sciences	175,000	182,348	0.03
	TOTAL HEALTH CARE	2,655,000	2,534,350	0.42
FINANCIALS				
Banks				
1,482,217	Federal Home Loan Mortgage Corp., Preferred	4,545,244	4,219,947	
1,813,290	Federal National Mortgage Association, Preferred	5,371,276	3,850,021	
1,614,000	Federal National Mortgage Association, Preferred	4,532,476	3,349,000	
78,976	Freddie Mac	237,776	205,794	
1,247,600	Marshall & Ilsley Corp.	8,959,388	9,584,327	
5,864	Wells Fargo & Co., PFD	4,386,447	5,998,919	
	Total Banks	28,032,607	27,208,008	4.54
Diversified Financials				
3,000,000	Anatolia Energy Inc.	1,200,000	1,200,000	
3,000,000	Anatolia Energy Inc. Warrants (15Mar14)	-	3	
1,350,000	Ansue Capital Corp.	607,500	607,500	
675,000	Ansue Capital Corp. Warrants (16May13)	-	1	
535,714	Bearing Resources Ltd.	225,000	300,000	
267,857	Bearing Resources Ltd., Warrants (08Jul12)	-	62,882	
200,000	Blue Cove Capital Corp.	200,000	390,000	
100,000	Blue Cove Capital Corp. Warrants (25Feb13)	-	85,029	
2,206,000	Bolivar Energy Corp.	-	26,688	

(See accompanying notes to the financial statements)

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Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Total
800,000	Bukit Energy Inc.	800,000	800,000	
800,000	Bukit Energy Inc. Warrants (09Jun14)	-	1	
1,600,000	Carmen Energy Inc.	400,000	576,000	
800,000	Carmen Energy Inc. Warrants (27Dec12)	-	205,916	
1,875,000	ColCan Energy Corp.	750,000	750,000	
62,500	ColCan Energy Corp. Warrants (01Aug13)	-	-	
175,000	CuOro Resources Corp.	350,000	341,250	
87,500	CuOro Resources Corp. (31May13)	-	31,874	
229,000	Cutpick Energy Inc.	1,854,900	2,061,000	
1,126,700	Dundee Capital Markets Inc.	1,372,140	1,295,705	
541,300	Excelsior Mining Corp.	324,780	267,944	
270,650	Excelsior Mining Corp. Warrants (18Feb13)	-	8,127	
855,403	Freddie Mac	2,575,389	2,270,265	
35,000	GLG Life Tech Corp.	-	65,193	
1,000,000	Great GulfCan Energy Inc.	500,000	500,000	
500,000	Great GulfCan Energy Inc. (30Nov13)	-	1	
491,000	Griffiths Energy International Inc.	2,716,523	3,559,750	
496,071	Guardian Capital Group Ltd., Class A	2,046,038	4,916,064	
231,000	Ivanhoe Nickel and Platinum (Ivanplats)	4,054,050	4,620,000	
833,000	Marsa Energy Inc.	2,499,000	2,499,000	
1,666,700	Mira Resources Corp.	-	187,525	
450,000	North American Tungsten Corp.	18,000	18,000	
1,600,000	Petroamerica Oil Corp.	-	72,000	
1,600,000	Petrotoro Inc.	800,000	800,000	
400,000	Petrotoro Inc.	200,000	200,000	
750,000	Sandstorm Metals & Energy Ltd., Warrants (23Dec12)	-	56,250	
664,400	Sanofi-Aventis Sa CVR Rts 31Dec20	1,279,117	1,545,325	
1,320,200	TMX Group Inc.	58,809,389	57,428,700	
450,000	Torc Oil & Gas Ltd.	1,800,000	1,800,000	
893,000	Touchstone Exploration Inc.	500,080	535,800	
1,000,000	Touchstone Exploration Inc. Warrants (14Jun14)	-	284,582	
1,650,000	Uranium North Resources Corp.	-	45,656	
4,900,000	US Oncology Inc.	-	47,290	
5,950,000	Valeura Energy Inc. Warrants (28Feb16)	-	577,436	
11,900,000	Valeura Energy Inc.	3,867,500	2,856,000	
850,000	Westward Explorations Ltd.	238,000	195,500	
850,000	Westward Explorations Ltd. Warrants (21Jan6)	-	114,964	
	Total Diversified Financials	89,987,406	94,205,221	15.71
	Insurance			
199,600	Greenlight Capital Re Ltd., Class A	5,620,381	5,062,431	
294,000	Hartford Financial Services Group Inc., PFD	7,866,575	7,252,393	
551,800	Intact Financial Corp.	28,113,415	30,155,870	
362,653	Partnerre Ltd., Preferred	8,875,936	8,805,927	
412,200	XL Group PLC, PFD	12,493,113	11,838,975	
	Total Insurance	62,969,420	63,115,596	10.52
	Real Estate			
2,950,845	Extencicare Real Estate Investment Trust	31,650,674	30,600,263	
	Total Real Estate	31,650,674	30,600,263	5.10
	TOTAL FINANCIALS	212,640,107	215,129,088	35.87
	INFORMATION TECHNOLOGY			
	Software & Services			
200,000	Infocast Corp., Restricted Shares*	15,963	19	
1,508,544	KAB Distribution Inc.	(7,410)	873	
25,614	Lucent Technologies Capital Trust I, PFD	19,916,907	24,225,718	
200,000	SAVVIS Inc.	7,658,936	7,630,096	
75,000	SRA International Inc., Class A	2,262,987	2,238,071	
	Total Software & Services	29,847,383	34,094,777	5.69
	Software & Services			
125,000	Varian Semiconductor Equipment Associates Inc.	7,426,557	7,413,189	1.25
	Total Software & Services			

(See accompanying notes to the financial statements)

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Technology Hardware & Equipment				
80,000	Apple Inc.	25,724,025	25,896,387	
212,500	Hypercom Corp.	2,495,638	2,013,926	
	Total Technology Hardware & Equipment	28,219,663	27,910,313	4.65
	TOTAL INFORMATION TECHNOLOGY	65,493,603	69,418,279	11.59
TELECOMMUNICATIONS SERVICES				
7,500,000	Level 3 Communications Inc.	14,307,604	17,588,982	
	TOTAL TELECOMMUNICATIONS SERVICES	14,307,604	17,588,982	2.93
UTILITIES				
1,493,099	Capital Power Income LP	21,087,356	28,368,881	
148,970	Macquarie Power & Infrastructure Contingency Value Receipts	-	-	
10,000,000	Mirant Corp., Escrow Shares*	-	-	
	TOTAL UTILITIES	21,087,356	28,368,881	4.73
	TOTAL STOCKS	771,208,311	826,663,802	137.85
FORWARD CONTRACTS				
	Buy CAD 24,484,775, Sell USD 25,000,000 @ 0.97939 - July 11, 2011	-	350,172	
	Buy CAD 24,488,025, Sell USD 25,000,000 @ 0.97952 - July 11, 2011	-	353,421	
	Buy CAD 24,444,200, Sell USD 25,000,000 @ 0.97777 - July 14, 2011	-	307,710	
	Buy CAD 24,446,700, Sell USD 25,000,000 @ 0.97787 - July 14, 2011	-	310,208	
	Buy CAD 24,473,775, Sell USD 25,000,000 @ 0.97895 - August 15, 2011	-	316,545	
	Buy CAD 24,209,300, Sell USD 25,000,000 @ 0.96837 - July 06, 2011	-	78,017	
	Buy CAD 24,217,350, Sell USD 25,000,000 @ 0.96869 - July 07, 2011	-	85,435	
	Buy CAD 24,219,850, Sell USD 25,000,000 @ 0.96879 - July 07, 2011	-	87,933	
	Buy CAD 24,225,325, Sell USD 25,000,000 @ 0.96901 - July 08, 2011	-	92,777	
	Buy CAD 24,227,825, Sell USD 25,000,000 @ 0.96911 - July 08, 2011	-	95,276	
	Buy CAD 27,233,220, Sell USD 28,000,000 @ 0.97262 - July 13, 2011	-	201,172	
	Buy CAD 24,319,425, Sell USD 25,000,000 @ 0.97278 - July 13, 2011	-	183,665	
	Buy CAD 24,519,300, Sell USD 25,000,000 @ 0.98077 - August 24, 2011	-	356,052	
	Buy CAD 24,506,450, Sell USD 25,000,000 @ 0.98026 - July 25, 2011	-	362,867	
	Buy CAD 24,538,400, Sell USD 25,000,000 @ 0.98154 - July 27, 2011	-	393,494	
	Buy CAD 24,486,900, Sell USD 25,000,000 @ 0.97948 - July 29, 2011	-	340,785	
	TOTAL FORWARD CONTRACTS	-	3,915,529	0.65
OPTIONS				
Call Options				
130	BP PLC Spons ADR, Jan/45	87,469	34,502	
1,000.00	Brasil Foods SA-ADR, Sep/15	510,674	246,101	
1,000.00	Brasil Foods SA-ADR, Sep/17.5	343,263	106,161	
6,000.00	Cephalon Inc., Nov/75	3,460,878	3,416,453	
2,500.00	Citigroup Inc., Jan/4	294,248	110,987	
1,000.00	Ipath S&P 500 Vix M/t Fut ETN, Sep/52	398,818	9,651	
1,000.00	Ipath S&P 500 Vix M/t Fut ETN, Sep/53	350,270	96,510	
1,000.00	Ipath S&P 500 Vix M/t Fut ETN, Sep/54	321,142	144,765	
35,000.00	Ishares Silver Trust, Jan/30	31,302,260	19,591,529	
7,000.00	Ishares Silver Trust, Jan/38	2,976,793	1,445,720	
3,000.00	Ishares Silver Trust, Jan/45	835,913	240,310	
2,000.00	Kinross Gold Corp., Jan/20	556,531	291,460	
1,254.00	Lubrizol Corp., Sep/130	642,046	568,811	
12,000	MGM Resorts Intl., Jan/12	2,326,048	2,582,608	
5,000.00	National Semiconductor, Jan/22.5	1,111,514	1,133,993	
2,000.00	NYSE Euronext, Sep/40	328,909	11,581	
839.00	Proshares Ultra Silver, Jan/200	7,236,924	1,838,062	
700.00	Proshares Ultra Silver, Jan/210	3,163,541	1,344,384	
375.00	Proshares Ultra Silver, Jan/225	3,351,485	597,156	
300.00	Proshares Ultra Silver, Jan/235	2,082,178	434,295	
250.00	Sano Fi-Aventis SA-CVR, Jul/75	32,039	33,779	
2,000.00	Silvercorp Metals Inc., Jan/10	1,031,119	250,926	
1,000.00	Silvercorp Metals Inc., Jan/10	666,193	221,973	
1,100.00	Silvercorp Metals Inc., Sep/10	486,726	69,005	
1,700.00	Silvercorp Metals Inc., Sep/11	645,225	57,423	
1,500.00	Silvercorp Metals Inc., Sep/12	524,203	28,953	
480.00	Sprint Nextel Corp., Jan/4	56,637	69,024	
63,500.00	Sprint Nextel Corp., Jan/5	5,728,031	5,025,276	
	Total Call Options	70,851,077	40,001,398	6.67

(See accompanying notes to the financial statements)

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Number of Shares/ Par Value	Description	Average Cost \$	Fair Value \$	% of Total
Put Options				
600.00	Lyondellbasell Indu., Sept/37.5	166,119	147,660	
500.00	Tanzanian Royalty Exploration, Aug/6	28,137	12,064	
Total Put Options		194,256	159,724	0.03
TOTAL OPTIONS		71,045,333	40,161,122	6.70
TOTAL LONG		1,104,679,678	1,150,541,812	191.86
TOTAL SHORT (Schedule 1)		(561,289,916)	(550,853,607)	(91.86)
TOTAL INVESTMENTS		543,389,762	599,688,205	100.00
Transaction Costs (Note 2)		(1,652,404)		
TOTAL INVESTMENTS		541,737,358	599,688,205	100.00

(See accompanying notes to the financial statements)

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Schedule 1

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Proceed \$	Fair Value \$	% of Total
SHORT						
BONDS						
Corporate Bonds						
(8,000,000)	Clearwire Communications LLC	12.000%	1-Dec-17	(8,258,302)	(8,126,158)	
(5,000,000)	OPTI Canada Inc.	8.250%	15-Dec-14	(2,544,618)	(2,050,842)	
(5,000,000)	OPTI Canada Inc.	7.875%	15-Dec-14	(2,363,238)	(2,026,714)	
(5,000,000)	Opti Canada Inc.	9.750%	15-Aug-13	(4,793,164)	(4,837,573)	
(3,600,000)	OPTI Canada Inc.	9.000%	15-Dec-12	(3,496,013)	(3,526,482)	
(6,000,000)	United States Treasury Notes	1.250%	15-Apr-14	(6,019,956)	(5,873,880)	
(2,000,000)	Xinergy Corp.	9.250%	15-May-19	(1,948,093)	(1,968,808)	
(8,500,000)	Yellow Media Inc.	7.750%	2-Mar-20	(7,244,625)	(7,193,382)	
Total Corporate Bonds				(36,668,009)	(35,603,839)	(5.94)
TOTAL BONDS				(36,668,009)	(35,603,839)	(5.94)
STOCKS						
ENERGY						
(207,500)	BNK Petroleum Inc.			(906,382)	(969,025)	
(367,300)	Bonavista Energy Corp.			(10,285,594)	(10,493,761)	
(200,000)	Brigham Exploration Co.			(5,674,687)	(5,777,100)	
(100,000)	Flint Energy Services Ltd.			(1,305,840)	(1,394,000)	
(50,000)	Marathon Petroleum Corp.			(1,906,159)	(1,989,075)	
(33,000)	MEG Energy Corp.			(1,575,064)	(1,660,560)	
(200,000)	Northern Oil and Gas Inc.			(3,497,502)	(4,271,541)	
(449,400)	PetroBakken Energy Ltd., Class A			(6,359,212)	(5,950,056)	
(300,000)	Rodinia Oil Corp.			(415,200)	(363,000)	
(900,000)	Scotoil Petroleum Ltd.			(137,304)	(90)	
(113,700)	Tourmaline Oil Corp.			(3,233,472)	(3,642,948)	
(497,850)	Valero Energy Corp.			(12,143,358)	(12,295,381)	
TOTAL ENERGY				(47,439,774)	(48,806,537)	(8.14)
MATERIALS						
(200,000)	AngloGold Ashanti Ltd., ADR			(8,199,047)	(8,122,298)	
(800,000)	First Majestic Silver Corp.			(13,282,850)	(14,272,000)	
(400,000)	Galway Resources Ltd.			(363,280)	(376,000)	
(700,000)	Ivanhoe Mines Ltd.			(15,958,460)	(17,101,000)	
(100,000)	Market Vectors Junior Gold Miners ETF			(3,206,570)	(3,324,776)	
(1,327,396)	New Gold Inc.			(12,096,972)	(13,207,590)	
(72,000)	Premier Gold Mines Ltd.			(383,600)	(408,960)	
(100,000)	Silver Standard Resources Inc.			(2,482,810)	(2,577,000)	
(176,000)	Tanzanian Royalty Exploration Corp.			(1,067,737)	(1,117,600)	
TOTAL MATERIALS				(57,041,326)	(60,507,224)	(10.09)
INDUSTRIALS						
Transportation						
(219,279)	Seaspan Corp.			(3,281,243)	(3,096,097)	
Total Transportation				(3,281,243)	(3,096,097)	(0.52)
TOTAL INDUSTRIALS				(3,281,243)	(3,096,097)	(0.52)

(See accompanying notes to the financial statements)

Vertex Fund

Statement of Investments

As at June 30, 2011 (Unaudited)

Schedule 1

Number of Shares/ Par Value	Description	Proceed \$	Fair Value \$	% of Total
CONSUMER DISCRETIONARY				
Retailing				
(1,225,519)	Barnes & Noble Inc.	(21,138,982)	(19,621,835)	
(300,000)	Indigo Books & Music Inc.	(4,318,034)	(3,852,000)	
(626,700)	The Bon-Ton Stores Inc.	(6,797,054)	(5,891,038)	
(200,000)	The Forzani Group Ltd., Class A	(5,255,500)	(5,268,000)	
	Total Retailing	(37,509,570)	(34,632,873)	(5.78)
Media				
(963,492)	Central European Media Enterprises Ltd., Class A	(21,775,334)	(18,383,490)	
(536,600)	Media General Inc., Class A	(2,876,294)	(1,967,920)	
(1,306,300)	Yellow Media Inc.	(6,439,663)	(3,161,246)	
(50,000)	Yellow Media Inc., Preferred	(832,965)	(757,500)	
(50,000)	Yellow Media Inc., Preferred	(924,630)	(774,000)	
	Total Media	(32,848,886)	(25,044,156)	(4.18)
	TOTAL CONSUMER DISCRETIONARY	(70,358,456)	(59,677,029)	(9.96)
CONSUMER STAPLES				
Food Beverage & Tobacco				
(500,000)	The Pantry Inc.	(7,125,530)	(9,071,958)	
	Total Food Beverage & Tobacco	(7,125,530)	(9,071,958)	(1.51)
	TOTAL CONSUMER STAPLES	(7,125,530)	(9,071,958)	(1.51)
HEALTH CARE				
Health Care Equipment & Services				
(82,152)	Loewen Group Inc.*	(4,721)	-	
(10,000)	Loewen Group Inc., PFD.*	(393)	-	
	Total Health Care Equipment & Services	(5,114)	-	-
	TOTAL HEALTH CARE	(5,114)	-	-
FINANCIALS				
Banks				
(206,740)	Bank of Montreal	(12,345,577)	(12,683,499)	
(400,000)	Barclays PLC, ADR	(6,262,998)	(6,346,510)	
(2,050,000)	Lloyds Banking Group PLC, ADR	(6,217,211)	(6,212,361)	
	Total Banks	(24,825,786)	(25,242,370)	(4.21)
Diversified Financials				
(92,733)	CurrencyShares British Pound Sterling Trust	(14,915,595)	(14,263,999)	
(130,400)	CurrencyShares Euro Trust	(17,872,963)	(18,185,222)	
(150,000)	CurrencyShares Japanese Yen Trust	(17,791,168)	(17,739,538)	
(9,300)	Direxion Daily Energy Bear 3X Shares	(175,544)	(130,862)	
(100,000)	Dollar Financial Corp.	(2,097,465)	(2,090,411)	
(551,900)	Intact Financial Corp.	(29,926,518)	(30,575,260)	
(405,000)	iPATH S&P 500 VIX Short-Term Futures ETN	(8,754,199)	(8,266,822)	
(25,000)	iShares Barclays 20+ Year Treasury Bond Fund	(2,332,078)	(2,270,644)	
(111,254)	iShares iBoxx \$ High Yield Corporate Bond Fund	(9,642,671)	(9,815,898)	
(250,000)	iShares S&P/TSX 60 Index Fund	(4,673,220)	(4,785,000)	
(1,450,000)	iShares S&P/TSX Capped Energy Fund	(29,354,643)	(28,666,500)	
(1,700,000)	iShares Silver Trust	(55,474,448)	(55,536,790)	
(100,000)	Market Vectors Coal ETF	(4,720,106)	(4,577,478)	
(1,200,000)	Pinetree Capital Ltd.	(2,472,300)	(2,736,000)	
(252,744)	SPDR Barclays Capital International Treasury Bond ETF	(14,607,827)	(15,059,850)	

(See accompanying notes to the financial statements)

Vertex Fund
Statement of Investments
As at June 30, 2011 (Unaudited)

Schedule 1

Number of Shares/ Par Value	Description	Proceed \$	Fair Value \$	% of Total
(456,400)	SPDR Lehman Municipal Bond ETF	(9,977,999)	(9,989,917)	
(528,768)	SPDR S&P Oil & Gas Exploration & Production ETF	(29,294,616)	(30,001,419)	
(75,000)	SPDR S&P Retail ETF	(3,707,189)	(3,869,576)	
(50,000)	United States Oil Fund LP	(1,780,216)	(1,797,502)	
	Total Diversified Financials	(259,570,765)	(260,358,688)	(43.42)
	Insurance			
(75,000)	Hartford Financial Services Group Inc.	(1,958,642)	(1,908,006)	
(200,000)	XL Group PLC	(4,432,503)	(4,244,518)	
	Total Insurance	(6,391,145)	(6,152,524)	(1.03)
	Real Estate			
(987,307)	The St Joe Co.	(19,585,344)	(19,857,433)	
	Total Real Estate	(19,585,344)	(19,857,433)	(3.31)
	TOTAL FINANCIALS	(310,373,040)	(311,611,015)	(51.97)
	INFORMATION TECHNOLOGY			
	Software & Services			
(48,875)	VeriFone Systems Inc.	(2,620,325)	(2,092,904)	
	Total Software & Services	(2,620,325)	(2,092,904)	(0.32)
	Technology Hardware & Equipment			
(81,000)	L-1 Identity Solutions Inc.	(905,904)	(919,317)	
(1,877,600)	Nokia OYJ, ADR	(13,167,524)	(11,651,645)	
(2,500,000)	Nortel Networks Corp.	(4,487,801)	(120,558)	
	Total Technology Hardware & Equipment	(18,561,229)	(12,691,520)	(2.12)
	TOTAL INFORMATION TECHNOLOGY	(21,181,554)	(14,784,424)	(2.47)
	Utilities			
(407,200)	Atlantic Power Corp.	(6,156,356)	(5,977,696)	
(5,000)	Direxion Daily Financial Bear 3x Shares	(186,692)	(215,893)	
(10,000)	Direxion Daily Small Cap Bear 3X Shares	(453,088)	(334,601)	
	Total Utilities	(6,796,136)	(6,528,190)	(1.09)
	TOTAL STOCKS	(523,602,173)	(514,082,474)	(85.75)
	FORWARD CONTRACTS			
	Sell CAD 25,000,000, Buy USD 25,000,000 @ 0.97236 - July 06, 2011	-	(177,724)	
	TOTAL FORWARD CONTRACTS	-	(177,724)	(0.03)
	OPTIONS			
	Call Options			
(100.00)	Bunge Ltd., Jul/70	(4,355)	(6,756)	
(500.00)	Cephalon Inc., Aug/80	(32,992)	(26,540)	
(6,000.00)	Cephalon Inc., Nov/80	(776,021)	(839,637)	
(100.00)	Las Vegas Sands Corp., Jul/40	(9,964)	(25,479)	
(20.00)	Las Vegas Sands Corp., Jul/41	(1,343)	(3,609)	
(2,019.00)	Lubrizol Corp., Sep/135	(83,422)	(19,485)	
(5,000.00)	National Semiconductor, Jan/25	(19,247)	(24,128)	
(20.00)	Whiting Petroleum Corp., Jul/57.5	(2,249)	(2,413)	
(100.00)	Whiting Petroleum Corp., Jul/60	(4,847)	(4,343)	

(See accompanying notes to the financial statements)

Total Call Options

(934,440)

(952,390)

(0.16)

Vertex Fund

Statement of Investments

As at June 30, 2011 (Unaudited)

Schedule 1

Number of Shares/ Par Value	Description	Proceed \$	Fair Value \$	% of Total
	Put Options			
(155.00)	Cephalon Inc., Aug/80	(8,527)	(8,227)	
(750.00)	Cephalon Inc., Jul/80	(47,501)	(21,715)	
(500.00)	Temple Inland, Jul/27	(29,266)	(7,238)	
	Total Put Options	(85,294)	(37,180)	(0.01)
	TOTAL OPTIONS	(1,019,734)	(989,570)	(0.17)
	TOTAL SHORT	(561,289,916)	(550,853,607)	(91.89)

(See accompanying notes to the financial statements)

Vertex Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

1. Establishment of trust

Vertex Fund (the "Fund") was created on December 3, 2001 under the laws of British Columbia. Vertex One Asset Management Inc. is the Investment Manager, Computershare Trust Company of Canada is the Trustee of the Fund, and TD Securities is the custodian of the Fund. The Fund commenced operations on January 1, 2002, and Class BB and Class FF commenced operations on May 5, 2009. These financial statements have been prepared for the period ended June 30, 2011.

The investment objective of the Fund is to maximize returns on an absolute basis. The Fund searches for investment opportunities on a global basis and unlike many hedge funds, the Fund does not use futures and leveraging is restricted to 15% of total portfolio assets.

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.

Fair Value Disclosure

In accordance with amendments to CICA Section 3862, Financial Instruments – Disclosures the Fund is required to disclose the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Fund's financial instruments are recorded at fair value or at amounts that approximates fair value in the financial statements.

Amendments to CICA 3862, Financial Instruments – Disclosures, establish 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.

Valuation of investments and securities sold short

The valuation methods adopted pursuant to 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

Vertex Fund
Notes to Financial Statements
June 30, 2011 (unaudited)

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 (transactional NAV).

As at June 30, 2011 and December 31, 2010, the Fund's net asset value per unit was:

As at December 31	Net Assets Per Unit		Net Asset Value Per Unit	
	2011	2010	2011	2010
Class A	\$ 71.52	\$ 71.32	\$ 71.66	\$ 71.16
Class B	10.41	10.43	10.43	10.41
Class F	68.23	68.04	68.36	67.88

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 (GAAP Net Assets). 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 bid price. If the warrants are not listed, but a secondary market exists then the average price of two independent brokers (if available), who trade in such market will be used. If no secondary market exists, the warrants will be valued using industry accepted techniques in accordance with Section 3855 methodologies.

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.

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

Under the terms of the prime brokerage service level agreement with the custodian, Toronto Dominion Securities Inc. (TDSI), the margin for the investments sold short can be represented by a combination of cash, government debt securities and high quality common shares. TDSI follows the Investment

Vertex Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

Industry Regulatory Organization of Canada's (IIROC) methodology to calculate margin; however, TDSI reviews and can reduce the loan value of a particular security. As at June 30, 2011, margin on investments sold short was represented by common shares included in the investments held at market value.

Other assets and liabilities

For the purposes of categorization in accordance with Section 3862, accrued interest and dividends receivable, amounts due from brokers, subscriptions receivable and other assets are designated as loans and other receivables and recorded at cost or amortized cost. Similarly, amount due to brokers, accounts payable and accrued liabilities, redemptions payable dividends and interest payable on securities sold short, securities borrowing fees payable and distribution 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 Statements 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 recorded 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.

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 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 Statements 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.

Vertex Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

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 Operations. 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. Included in cash and cash equivalents is an amount held with broker for collateral in respect of forward contracts, June 30, 2011 - \$37,537,681 (December 31, 2010 - \$28,429,042).

Options

Options may be used by the Fund, but only to the extent considered appropriate by the Manager. Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected in the Statement of Investments. Exchange traded options are valued at current fair value and over the counter options are valued using industry-accepted modeling techniques on each valuation day, based on the value that would be realized if the option was closed out in the valuation date.

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 – realized gains will arise up to the intrinsic value of the option; or
- iii) Closing of the purchased options – realized gains or losses will arise equal to the proceeds from selling 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 – 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; 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 “realized gain (loss) on sale of investments” in the Statements of Operations.

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.

Vertex Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

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

Increase (decrease) in net assets from operations per unit in the Statements of Operations represents the net increase (decrease) in net assets from operations for the period, divided by the average weighted 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 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 the current fair value as described above under Valuation of investments and securities sold short. 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.

Repurchase agreements, reverse repurchase agreements and loans

The Fund engages in repurchase agreements (“Repo”) which are, in effect, short-term lending arrangements that are usually collateralized by securities. A Repo transaction consists of the purchase of securities for immediate cash settlement along with an agreement by the counterparty in the transaction to repurchase the securities at a higher price at a later date. The difference in price represents an interest charge to the counterparty for the use of cash lent by the Fund during the course of the agreement. The counterparty to a Repo transaction may engage in a reverse repurchase agreement (“Reverse Repo”), that is, the sale of securities with an agreement to repurchase them at a later date.

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.

3. Fair Value Disclosure

The Fund’s assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 2 for a discussion of the Fund’s policies regarding this hierarchy. 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.

Vertex Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

Financial Assets at fair value as at June 30, 2011

	Level 1	Level 2	Level 3	Total
Equities - Long	\$ 711,514,031	\$ 11,460,088	\$ 60,279,403	\$ 783,253,522
Bonds - Long		270,349,770	9,451,589	279,801,359
Warrants	27,958,990	669,004	14,782,286	43,410,280
Options	40,161,122	-	-	40,161,122
Forward contracts	-	3,915,529	-	3,915,529
	<u>\$ 779,634,143</u>	<u>\$ 286,394,391</u>	<u>\$ 84,513,278</u>	<u>\$ 1,150,541,812</u>

Financial Liabilities at fair value as at June 30, 2011

	Level 1	Level 2	Level 3	Total
Equities - Short	\$ (513,961,826)	\$ (120,648)	\$ -	\$ (514,082,474)
Bonds - Short	-	(35,603,839)	-	(35,603,839)
Forward contracts		(177,724)		(177,724)
Option contracts	-	(989,570)	-	(989,570)
	<u>\$ (513,961,826)</u>	<u>\$ (36,891,781)</u>	<u>\$ -</u>	<u>\$ (550,853,607)</u>

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	\$ 639,437,316	\$ 24,102,771	\$ 50,753,570	\$ 714,293,657
Bonds - Long	-	281,815,489	33,418,092	315,233,581
Warrants	22,674,508	16,701,223	6,039,010	45,414,741
Options	57,397,332	-	-	57,397,332
Forward contracts	-	8,168,595	-	8,168,595
	<u>\$ 719,509,156</u>	<u>\$ 330,788,078</u>	<u>\$ 90,210,672</u>	<u>\$ 1,140,507,906</u>

Financial Liabilities at fair value as at December 31, 2010

	Level 1	Level 2	Level 3	Total
Equities - Short	\$ (270,180,513)	\$ (92,908)	\$ -	\$ (270,273,421)
Bonds - Short	-	(2,151,253)	-	(2,151,253)
Option contracts	(212,438)	-	-	(212,438)
	<u>\$ (270,392,951)</u>	<u>\$ (2,244,161)</u>	<u>\$ -</u>	<u>\$ (272,637,112)</u>

The following were the transfers between Levels 1 and 2 from December 31, 2010 to June 30, 2011:

	Transfer from level 1 to level 2 2011	Transfer from level 2 to level 1 2011
Equities - Long	\$ 253,685	\$ 140,000

Vertex Fund
Notes to Financial Statements
June 30, 2011 (unaudited)

The following were the transfers between Levels 1 and 2 from December 31, 2009 to December 31, 2010:

	Transfer from level 1 to level 2	Transfer from level 2 to level 1
	2010	2010
Equities - Long	\$ 34,408	\$ 26,775,707

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	Bonds - Long
Balance at December 31, 2010	\$ 6,039,010	\$ 50,753,570	\$ 33,418,092
Net purchases and sales	(1,017,206)	11,316,859	(5,868,035)
Net transfers in (out)	3,533,451	4,378,167	(19,382,188)
Gains (Losses)			
Realized	621,968	5,479,597	650,800
Unrealized	5,605,063	(11,648,790)	632,920
Balance at June 30, 2011	\$ 14,782,286	\$ 60,279,403	\$ 9,451,589
Total change in unrealized gain (loss) during the period for assets held at June 30, 2011	\$ -	\$ (6,532,489)	\$ 3,529,993

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

	Fair value measurements using level 3 inputs		
	Warrants	Equities - Long	Bonds - Long
Balance at December 31, 2009	\$ 12,857,187	\$ 115,477,397	\$ 41,590,942
Net purchases and sales	(346,633)	172,589	(12,936,039)
Net transfers in (out)	(7,687,522)	(14,858,058)	1,951,628
Gains (Losses)			
Realized	1,427,284	3,610,353	4,273,281
Unrealized	(211,306)	(53,648,711)	(1,461,720)
Balance at December 31, 2010	\$ 6,039,010	\$ 50,753,570	\$ 33,418,092
Total change in unrealized gain (loss) during the period for assets held at December 31, 2010	\$ 5,018,817	\$ 15,599,470	\$ (80,041)

Vertex Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

	Fair value measurements using level 3 inputs	
	Equities - Short	Bonds - Short
Balance at December 31, 2009	\$ (57,506)	\$ (818,980)
Net purchases and sales	-	749,708
Net transfers in (out)	58,500	-
Gains (Losses)		
Realized	-	(221,021)
Unrealized	(994)	290,293
Balance at December 31, 2010	\$ -	\$ -
Total change in unrealized gain (loss) during the period for assets held at December 31, 2010	\$ -	\$ -

Level 3 sensitivity analysis

The Fund applies judgment in determining unobservable inputs to calculate the fair value of Level 3 financial instruments of \$84,513,278 as of June 30, 2011(December 31, 2010 - \$ 90,210,672). The unobservable inputs used in the valuation of these financials 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 \$4,225,664 (December 31, 2010 - \$4,510,533).

4. Unitholders' equity

Unitholders' equity includes amounts representing net fund unit subscriptions, undistributed net income, undistributed realized gains (losses) on the sale of investments and unrealized appreciation (depreciation) in the 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 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 units for the period:

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	2011				
	Class A	Class B	Class BB	Class F	Class FF
Units - Beginning of period	4,622,247	22,659,810	-	6,930,643	-
Units issued	152,893	2,381,838	-	648,686	-
Units reinvested	1,242	2,037	-	(202)	-
Units redeemed	(114,916)	(1,351,551)	-	(243,354)	-
Units - End of period	4,661,466	23,692,134	-	7,335,773	-

	2010				
	Class A	Class B	Class BB	Class F	Class FF
Units - Beginning of period	4,846,415	19,829,644	793,620	5,423,440	3,206,530
Units issued	91,418	2,626,706	-	1,438,584	(8,356)
Units reinvested	-	-	-	-	-
Units redeemed	(347,302)	(1,022,389)	(793,620)	(256,764)	(3,198,174)
Units - End of period	4,590,531	21,433,961	-	6,605,260	-

5. Related party transactions

During the period from December 9 to December 21, 2010, Vertex Offshore Fund Ltd (“Vertex Offshore”) and Vertex Fund, both managed by Vertex One Asset Management Inc., engaged in transactions whereby Vertex Offshore sold certain investment holdings to Vertex Fund. The transactions were performed at the fair market value of the securities in question as at their respective transaction dates, with a total consideration of \$9,058,999 being paid by Vertex Fund to Vertex Offshore.

6. Fees and expenses

a) Management fee

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

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 BB: 1/12 of 2% (2% per annum) of the Net Asset Value of the Class BB Units of the Fund on the last business day of the preceding month.

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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.

Class FF: 1/12 of 1% (1% per annum) of the Net Asset Value of the Class FF Units of the Fund on the last business day of the preceding month.

b) Performance fee

The Investment Manager is entitled to a performance fee equal to 20% of the amount by which the performance of the Fund exceeds the previous high-water mark for each Class of units. The performance fee is accrued monthly and is payable for each calendar quarter, provided that the high-water mark is exceeded, as referred to below. The performance fee will be payable by the Fund within 10 business days from the quarter-end. Upon the redemption of units of a particular class, the accrued portion of the performance fee allocated to the redeemed units for that class will be payable by the Fund within 10 business days of the end of the month in which the units were redeemed.

The highest quarter-end Net Asset Value per unit for each class of units from time to time establishes a high-water mark for each class of units which must be exceeded in subsequent quarters for the performance fee applicable to each class of units to be payable.

No change in the Investment Manager's performance fee payment policy will be made without at least 60 days notice to the unitholders.

Performance fees amounting to \$17,212,013 were incurred for the period ended June 30, 2011 (June 30, 2010 - \$23,029,277) of which \$nil (December 31, 2010 - \$22,549,037) were outstanding at period end.

c) Administration fees and expenses

The Fund is responsible for the payment of all fees and expenses relating to its operations, 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), and legal fees and expenses, custody and safekeeping charges.

7. Distribution of net investment income and capital gains

Net taxable income and net taxable capital gains of the Fund are distributed to unitholders of record as of the close of business on the last valuation date in the period or at such other dates as determined by the Investment Manager from time to time, according to each unitholder's proportionate share of the Fund. All distributions are reinvested automatically in additional units of the Fund unless the unitholder has made other arrangements with the Investment Manager.

8. Income taxes

The Fund is a mutual fund trust as defined by the Income Tax Act. No provisions for income taxes are made in the financial statements as the net taxable income and net taxable capital gains are distributed to the unitholders and immediately reinvested in the Fund. As of December 31, 2010, there were \$3,047,160 (2009 - \$77,349,613) of capital losses and \$nil (2009 - \$677,525) of non capital losses to be

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carried forward. The capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future periods.

9. Soft dollar commissions

Soft dollar commissions relate to amounts paid to brokers in exchange for research or other services provided to the investment manager. The Fund paid \$19,000 (2010 - \$462,419) in soft dollar commissions during the period.

10. Security Borrowing Agreement

As of June 30, 2011, the Fund borrowed amounting to \$ 855,020,380 from TD Securities (December 31, 2010 – 318,305,693). Securities are borrowed to cover the Fund's obligation in respect of securities sold short.

The Fund pays commissions and other fees to TDSI with respect to short sale transactions. Such commissions and other fees will be at TDSI's customary rates in the circumstances or as negotiated from time to time.

11. Financial Risk Management

The Fund's financial instruments consist of cash, investments, including derivative contracts, short-term receivables and payables. 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 interest rate risk, other price 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 Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges. As at June 30, 2011, the overall market exposures were as follows:

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	At June 30, 2011		At December 31, 2010	
	Fair Value	% Net Assets	Fair Value	% Net Assets
Securities (Long) held for trading	\$ 1,106,465,161	102.41%	\$ 1,074,401,979	103.55%
Derivative assets				
Option contracts	40,161,122	3.72%	57,937,332	5.58%
Forward contracts	3,915,529	0.36%	8,168,595	0.79%
Total market exposure	\$ 1,150,541,812	106.49%	\$ 1,140,507,906	109.92%

	At June 30, 2011		At December 31, 2010	
	Fair Value	% Net Assets	Fair Value	% Net Assets
Securities (Short) held for trading	\$ (549,686,313)	(50.87%)	\$ (272,424,674)	(26.26%)
Derivative liabilities				
Forward contracts	(177,724)	(0.02%)	-	-
Option contracts	(989,570)	(0.09%)	(212,438)	(0.02%)
	\$ (550,853,607)	(50.98%)	\$ (272,637,112)	(12.30%)

Short selling risk is the risk of loss related to short selling transactions. The Fund will profit from a short sale transaction if the value of the borrowed security declines in value from the time the Fund sells the stock to the time the Fund closes out its short position. There is no certainty that the security price will decline, and unlike long positions, where the risk of loss is limited to the amount of the initial investment, short positions may be closed out at a price that would result in a significant loss for the Fund. The Fund's discretion may be limited in an open short sale transaction. For example, the lender may recall the security unexpectedly, or go bankrupt thereby jeopardizing the recoverability of collateral. As well, the Fund may encounter difficulty repurchasing the security should that security's liquidity become compromised in the marketplace. The Fund mitigates such risk by shorting only liquid securities, and by depositing the appropriate collateral against the short positions.

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 \$15,629,066(December 31, 2010 - \$27,357,994). Actual results may differ from this sensitivity analysis and those results could be material.

b) Interest rate risk

As at June 30, 2011, 151.30% (December 31, 2010 – 56.94%) of the Funds' investment portfolio includes interest bearing corporate bonds, as well as cash and cash equivalents. As a result, the Fund is subject to interest rate risk due to fluctuations in the prevailing level of market interest rates which could impact the Fund's cash flows. Cash and cash equivalents, both excess amounts of \$625,605,560 (December 31, 2010 - \$152,625,956) and amounts held as collateral of \$37,537,681 (December 31, 2010 - \$28,429,042), are invested in short-term securities.

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

	Less than 1 year	1 - 5 years	More than 5 years	Non Interest bearing	Total
As at June 30, 2011					
Assets					
Financial assets held for trading					
Equities	\$ -	\$ -	\$ -	\$ 826,663,802	\$ 826,663,802
Bonds	24,050,110	75,065,990	180,685,259	-	279,801,359
Forward contracts	3,915,529	-	-	-	3,915,529
Option contracts	40,161,122	-	-	-	40,161,122
Cash and cash equivalents	663,143,241	-	-	-	663,143,241
Accrued interest and dividends receivable	5,778,789	-	-	-	5,778,789
Miscellaneous receivable	335,368	-	-	-	335,368
Due from broker	25,444,228	-	-	-	25,444,228
Subscriptions receivable	11,818,770	-	-	-	11,818,770
Total Assets	\$ 774,647,157	\$ 75,065,990	\$ 180,685,259	\$ 826,663,802	\$ 1,857,062,208
Liabilities					
Financial liabilities at fair value					
Equities	\$ -	\$ -	\$ -	\$ 514,082,474	\$ 514,082,474
Bonds	-	18,315,492	17,288,347	-	35,603,839
Forward contracts	177,724	-	-	-	177,724
Option contracts	989,570	-	-	-	989,570
Dividends and interest payable on securities short	1,771,895	-	-	-	1,771,895
Securities borrowing fees payable	1,849,526	-	-	-	1,849,526
Accounts payable and accrued liabilities	100,332	-	-	-	100,332
Due to broker	212,459,821	-	-	-	212,459,821
Redemptions payable	9,560,861	-	-	-	9,560,861
Total Liabilities	226,909,729	18,315,492	17,288,347	514,082,474	776,596,042
Total Interest sensitivity gap	\$ 547,737,428	\$ 56,750,498	\$ 163,396,912	\$ 312,581,328	\$ 1,080,466,166

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Notes to Financial Statements
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	Less than 1 year	1 - 5 years	More than 5 years	Non Interest bearing	Total
As at December 31, 2010					
Assets					
Financial assets held for trading					
Equities	\$ -	\$ -	\$ -	\$ 759,708,398	\$ 759,708,398
Bonds	30,000	93,237,936	221,965,645	-	315,233,581
Forward contracts	8,168,595	-	-	-	8,168,595
Option contracts	57,397,332	-	-	-	57,397,332
Cash and cash equivalents	181,054,998	-	-	-	181,054,998
Accrued interest and dividends receivable	-	-	-	6,901,030	6,901,030
Miscellaneous receivable	-	-	-	116,846	116,846
Due from broker	-	-	-	3,777	3,777
Subscriptions receivable	-	-	-	14,249,993	14,249,993
Total Assets	\$ 246,650,925	\$ 93,237,936	\$ 221,965,645	\$ 780,980,044	\$ 1,342,834,550
Liabilities					
Financial liabilities at fair value					
Equities	\$ -	\$ -	\$ -	\$ 270,273,421	\$ 270,273,421
Bonds	-	-	2,151,253	-	2,151,253
Option contracts	212,438	-	-	-	212,438
Accrued performance fee	-	-	-	22,549,037	22,549,037
Dividends and interest payable on securities short	-	-	-	1,167,556	1,167,556
Distribution payable	-	-	-	136,615	136,615
Securities borrowing fees payable	-	-	-	905,347	905,347
Accounts payable and accrued liabilities	-	-	-	115,838	115,838
Due to broker	-	-	-	4,250,000	4,250,000
Redemptions payable	-	-	-	3,525,825	3,525,825
Total Liabilities	212,438	-	2,151,253	302,923,639	305,287,330
Total Interest sensitivity gap	\$ 246,438,487	\$ 93,237,936	\$ 219,814,392	\$ 478,056,405	\$ 1,037,547,220

At June 30, 2011, 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 period would amount to approximately \$1,752,069 (December 31, 2010 - \$2,887,874). 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 investments denominated in currencies, other than Canadian Dollars, the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. 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 the securities denominated in other currencies fluctuate due to changes in exchange rates.

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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.

As at December 31, 2010, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to decrease or increase by 5%, with all other variables held constant, the increase or decrease respectively in net assets would approximately amount to values as disclosed in the table below:

Currency	June 30, 2011 Exposure	December 31, 2010	June 30, 2011 5% Decrease / Increase	December 31, 2010
British Pound	\$ -	\$ 20,864,046	\$ -	\$ 1,043,202
Australian Dollar	12,963,356	32,271,948	648,168	1,613,597
Euro Currency	10,823,289	28,597,637	541,164	1,429,882
Hong Kong Dollar	22,205,716	866,962	1,110,286	43,348
US Dollar	337,967,612	404,077,559	16,898,381	20,203,878

Actual results may differ from this sensitivity analysis and those results could be material.

d) 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. Investments held as at June 30, 2011 that may be subject to liquidity risk have been identified on the Statement of Investments. In addition, the Fund retains sufficient cash and cash equivalents to maintain liquidity.

e) 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 managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund invests in financial assets, 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 at June 30, 2011 are noted below:

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Portfolio by rating category

Rating	June 30, 2011	December 31, 2010
A/A	9.10%	6.25%
BBB/Bbb	7.05%	4.51%
BB/Bb	3.69%	3.00%
B/B	8.91%	5.22%
CCC/Ccc	9.09%	5.38%
CC/Cc	0.23%	2.22%
Unclassified	8.59%	3.60%
Total	46.66%	30.18%

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/made payment. Payment is made/received 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.

As at June 30, 2011 and December 31, 2010, the Fund's net assets were also exposed to credit risk arising from derivative contracts. The credit rating of the counterparties as at June 30, 2011 and December 31, 2010 was:

Portfolio by rating category

Rating	June 30, 2011	December 31, 2010
AA/A+/A	7.15%	6.30%
Total	7.15%	6.30%

12. Exemption from Regulatory Filing

In accordance with section 2.11 (c) of National Instrument 81-106 ("NI 81-106"), Vertex One Asset Management Inc., as investment manager to the Fund, has provided notice to the securities regulatory authority that it is relying on the exemption granted by section 2.11 of NI 81-106 whereby Vertex One Asset Management Inc. will not be filing the annual financial statements for the Fund with the regulator.

13. Comparative figures

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

CERTIFICATE

This Offering Memorandum does not contain a misrepresentation.

Vertex Fund, by its
Investment Manager, Vertex One Asset Management Inc.

DATED this 31st day of August, 2011.

(signed) "John Thiessen"

John Thiessen, Director

(signed) "Jeffrey McCord"

Jeffrey McCord, Director

(signed) "Matthew Wood"

Matthew Wood, Director