

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2009

VERTEX GROWTH FUND

Integrity | Service | Performance | Independence



This annual management report of Fund performance contains financial highlights but does not contain the complete annual financial statements of the investment Fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-681-5787, by writing to us at:

Vertex One Asset Management Inc.
Suite 1920 – 1177 West Hastings Street
Vancouver, BC
V6E 2K3

or by visiting our website at

www.vertexone.com

or

SEDAR at www.sedar.com

Unitholders may also contact us using one of these methods to request a copy of the investments Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION AND FUND PERFORMANCE

INVESTMENT OBJECTIVE AND STRATEGIES

The Fundamental investment objective of Vertex One Asset Management's Growth Fund (the "Fund") is to achieve long term capital growth by investing in growth-oriented equity and equity-related securities of North American companies. Analysis of business cycles, industry sectors and market outlook will lead the investment decision.

To achieve the Fund's investment objective, the manager will use Fundamental analysis to identify superior investment opportunities with the potential for above average capital appreciation over the long term.

The key investment strategy places an emphasis on finding companies where event catalysts can surface to create shareholder value. The Fund may make use of the following investment strategies: the use of derivatives, investing in undervalued securities, trading in securities of distressed issuers, special warrant arbitrage, merger arbitrage, convertible arbitrage, participating in restructuring situations, leverage, short selling and other investments such as preferreds, convertibles, corporate and sovereign debt securities.

The inception date of the Fund was September 21, 2009.

Risk

In the initial three months since inception of the Fund, the portfolio has adhered to its strategic objectives. As initial capital entered the Fund and strategic allocations were made, the Fund at times held levels of cash that were higher than can be expected going forward, which led to a reduced amount of risk in the portfolio than can be expected going forward. As well, due to the Fund's infancy, asset allocation may at times not have been indicative of future weightings. The risks remain as disclosed in current prospectus. The main risks for the Fund are currency risk, equity risk, derivative risk, and market risk. The Fund is suitable for long term investors with a medium to high tolerance for risk. The Fund is not appropriate for an investor with a short-term investment horizon.

In addition to the normal risks of mutual Fund investing, including credit risk, interest rate risk, and equity risk, there are risks associated with the practice of short selling. These risks include:

- The size of loss in respect of a short sale is not limited as there is no limit on the amount a security sold short may increase in value.
- The Fund may experience difficulties repurchasing and returning a borrowed security if a liquid market for the security does not exist.
- The lender may recall the borrowed securities at any time.
- The lender from who the Fund has borrowed shares may go bankrupt and the Fund may lose the collateral deposited with the lender.

The Fund will adhere to controls and limits that are intended to mitigate these risks by short selling only liquid securities, by limiting the amount of exposure for short sales and by placing a stop loss to repurchase securities sold short if their value exceeds 120% of the price at which the securities were sold short. Furthermore, only regulated Canadian lenders will be used.

Foreign currency exposure is kept to a minimum through hedging practices designed to insulate the Fund from any deviations in foreign currency that could have an impact on the Fund's returns.

RESULTS OF OPERATION

The Fund commenced operation September 21, 2009, with a portfolio concentrated on investments in domestic and foreign securities illustrating growth-like characteristics where value has been created but is not being recognized by the broader market. The sector allocations of the Fund were fairly evenly spread out with the top three allocations being energy at 22.88%, materials at 18.68%, and industrials at 22.56%.

At December 31, 2009, the geographic allocation of the Fund was skewed slightly in favour of Canadian investments at 56.35%. This is mainly due to a large investment in energy and resource related Canadian companies that the manager selected for their combination of growth, good value, and catalyst for exploration success. Exposure to the US dollar was limited through hedging strategies utilizing forward contracts.

Since inception, September 21, 2009, the Fund invested in securities with characteristics that indicated the presence of a catalyst that would lead to price appreciation, but was unrecognized by the general market. Examples of such catalysts could be a sudden change in profitability, potential for a company takeover, company restructuring, a change in macro-trends including commodity pricing, and specific events or conditions.

This bottom up approach to investing may lead to increased position turnover and less generic investment themes. That being said, for the first three months of operation the portfolio remained fairly stable and concentrated at 17 positions; which resulted in volatile returns during the period. It is expected that as the Fund's assets grow, volatility will decrease and the number of positions will increase. However, there is no guarantee of such forward looking statements.

At December 31, 2009 companies belonging to the energy, materials, and industrial sector were found to have the most potential for growth and made up 64.12% of the portfolio. The remainder of the portfolio comprised of positions in information technology, consumer discretionary, financials and utilities.

We do not foresee any changes to the management of the Fund in the near future, nor do we see any shift in strategic positioning.

RECENT DEVELOPMENTS

At December 31, 2009 the Manager is developing a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (CICA) for changeover to International Financial Reporting Standards (IFRS), which will include identifying differences between the Fund's current accounting policies

and those it expects to adopt under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on the NAV of the Fund. The key elements of the plan include disclosures of the qualitative impact in the 2009 annual financial statement, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The manager has presently determined that there will likely be no impact to net asset value per unit from the changeover to IFRS but will continue to assess based on changes to existing IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosures in the financial statements of the Fund.

Related Party Transactions

During the period ended December 31, 2009, the fund paid performance fees in the amount of \$105,479.00 to its manager, Vertex One Asset Management. As described in Note 5 to the financial statements of the Fund, management fees and certain other administrative expenses were absorbed by the manager due to the size of the Fund in the months following its launch date.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period.

The Fund's Net Assets per Unit (3)

2009	Class F	Class B
Net Assets, beginning of period (1)	\$ 10.00	\$ 10.00
Increase (decrease) from operations:		
Total revenue	0.05	0.06
Total expenses	(0.27)	(0.27)
Realized gains (losses) for the period	(0.31)	(0.37)
Unrealized gains (losses) for the period	0.62	0.45
Total increase (decrease) from operations (1)	0.09	(0.13)
Distributions :		
From income (excluding dividends)	-	-
From dividends	0.01	0.01

From capital gains	-	
Return of capital	-	-
Total annual distributions ⁽²⁾	0.01	0.01
Net Assets, end of period	\$ 9.97	\$ 9.95

- (1) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (2) Distributions were paid in cash/reinvested in additional units of the Fund, or both.
- (3) This information is derived from the Portfolio's audited annual financial statements. The net assets presented in the financial statements differs from the net asset value calculated for Fund pricing purposes. An explanation of these differences can be found in Note 2 of the notes to the financial statements.
- (4) Fund Commenced operations on September 21, 2009

Ratios and Supplemental Data

2009	Class F	Class B
Total net asset value (\$ 000's) ⁽¹⁾	4,104	1,278
Number of units outstanding ⁽¹⁾	406,284	126,699
Management expense ratio (%) ⁽²⁾	9.59	9.77
Management expense ratio before waivers or absorptions (%)	13.41	14.15
Portfolio turnover rate (%) ⁽³⁾	39.30	39.30
Trading expense ratio (%) ⁽⁴⁾	1.75	1.75
Net asset value per unit (\$)	10.10	10.08

- (1) The information is provided as at December 31 of the year shown.
- (2) Management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during the year.
- (3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Management Fees

In consideration of the services provided by Vertex One Asset Management Inc, the Fund pays Vertex One a management fee, monthly in arrears, and calculated daily, on each business day, as a percentage of the net asset value of each class of Units that comprise a Fund.

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 such Fund. The management fee for each of the existing classes of Units is as follows:

Class B: 1/12 of 2% (2% per annum) of the net asset value of the Class B Units on the last business day of the preceding month.

Class F: 1/12 of 1% (1% per annum) of the net asset value of the Class F Units on the last business day of the preceding month.

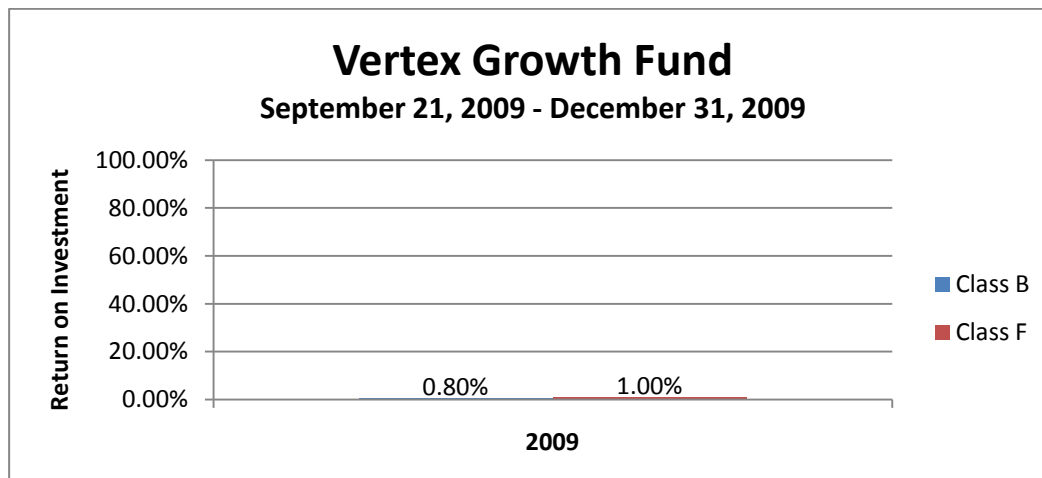
The Fund received services in consideration of the management fees as follows:

Services Provided	Class B	Class F
Distribution related costs	62.5%	0%
Portfolio Advisor and Management Services	37.5%	100%

PAST PERFORMANCE

Year-by-Year Returns

The following chart shows the performance of the Fund since its inception date of September 21, 2009.



Annual Compound Return

The Fund has not completed a full year of subscription.

SUMMARY OF INVESTMENT PORTFOLIO

The major portfolio categories and top holdings (up to 25) of the Fund at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at March 31, 2010.

Top Holdings	
Issuers	% of Fund Net Asset Value
SLM Corp.	8.56%
Superior Plus Corp.	8.47%
Parex Resources Inc.	8.11%
CBS Corp., Class B	8.00%
Affiliated Computer Services Inc.	7.93%
Breakwater Resources Ltd.	7.42%
Eacon Timber Corp.	7.24%
Energy Partners Ltd.	6.90%
The Manitowoc Co. Inc	6.62%
Dillards Inc.	4.72%
Wildcat Silver Corp.	4.38%
Greystar Resources Ltd., Warrants (07Jan10)	4.07%
Capital Power Income LP	3.73%
Range Metals Inc., Warrants (20Oct10)	2.89%
Range Metals Inc.	2.72%
Primera Energy Resources Ltd.	2.06%
Petaquilla Minerals Ltd.	1.48%
P1 Energy Corp.	0.68%
Primera Energy Resources Ltd., Warrants (14Oct10)	0.41%

The table sets out the percentage (based on net asset value) of the Fund’s portfolio as at December 31, 2009.

