

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2009

VERTEX VALUE 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

Securityholders 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 Value Fund (the "Fund") is to provide long term capital growth by investing primarily in equity securities of Canadian and United States companies. The Fund may also invest in international companies if the opportunities arise.

To achieve the Fund's investment objective, the Fund primarily seeks out companies deemed to be trading at attractive levels relative to the general market, their competitors and their growth rates. A strong emphasis is placed on companies with annuity like cash flows, strong balance sheets and high dividend yields.

Further to the primary objective the Fund may also:

- Write covered call options when premiums are attractive
- Sell put options when premiums are attractive
- Invest in securities convertible into equity 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 all of 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, and derivative 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.

The Fund has an increased exposure to currency risk because it does not engage in currency hedging. The result is that fluctuations in the US Dollar can affect returns in either a positive or negative manner proportional to the Fund's foreign exposure.

The Fund does not take part in any short selling.

RESULTS OF OPERATION

The Fund commenced operation September 21, 2009, with a portfolio concentrated on investments in domestic and foreign securities deemed to be trading at valuations significantly discounted to the general market. The two major sector allocations of the Fund were in Financials at 49.83% and Materials at 36.71%. The Fund manager found those two sectors to be the most attractive with highly undervalued

equities. By December 31, 2009 the return on investment was 4.40% for Class B units and 4.50% for Class F units.

At December 31, 2009, the Fund consisted of an approximately even mix between United States securities and Canadian securities at 50.60% United States and 49.40% Canada, with value being found both at home and south of the border. The major theme of the Fund is to invest in North American equities with attractive valuations. To that end, close to half of the Fund at 49.83% was invested in Financials. More specifically, Insurance companies made up the bulk of the investments with 36.94%. This is due to the extreme disconnect seen between the cash flow and real-world profitability of P & C Insurance companies and the valuations placed on the equity by the marketplace; Much of the stocks in the insurance portion of the portfolio trade at valuations well below one-times book value whilst the general market is trading around two-times book value.

A similar favoritism is shown for Materials companies, specifically forestry products and forestry related companies. Because of the economic fallout of the real-estate crash in the United States, the ongoing conflicts due to American tariffs and duties on Canadian forest products, and the rising costs of operations, the Forestry Industry has seen its share of struggles over the last decade. However, forestry related equity and income Funds have been trading at discounts unfair to their current operations. And certainly little expectation of a recovery has been priced into forestry related companies. Therefore, even at current operation, forestry companies represent compelling value notwithstanding a rebound in the US housing market.

The remainder of the portfolio is made up of healthcare stocks and large, multi-national companies with legacy brands or products that are experiencing new found growth and opportunities outside of North America.

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 indentifying 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 \$33,056.00 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	0.04	0.03
Total expenses	(0.16)	(0.16)
Realized gains (losses) for the period	0.02	0.01
Unrealized gains (losses) for the period	0.80	0.23
Total increase (decrease) from operations (1)	0.70	0.11
Distributions :		
From income (excluding dividends)	-	-
From dividends	0.01	0.01
From capital gains	0.01	0.01
Return of capital	-	-
Total annual distributions ⁽²⁾	0.02	0.02
Net Assets, end of period	\$ 10.42	\$ 10.41

- (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⁾	1,994	2,228
Number of units outstanding ⁽¹⁾	191,029	213,567
Management expense ratio (%) ⁽²⁾	5.45	5.65
Management expense ratio before waivers or absorptions (%)	14.01	10.32
Portfolio turnover rate (%) ⁽³⁾	0.13	0.13
Trading expense ratio (%) ⁽⁴⁾	1.46	1.46
Net asset value per unit (\$)	10.45	10.44

- (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.

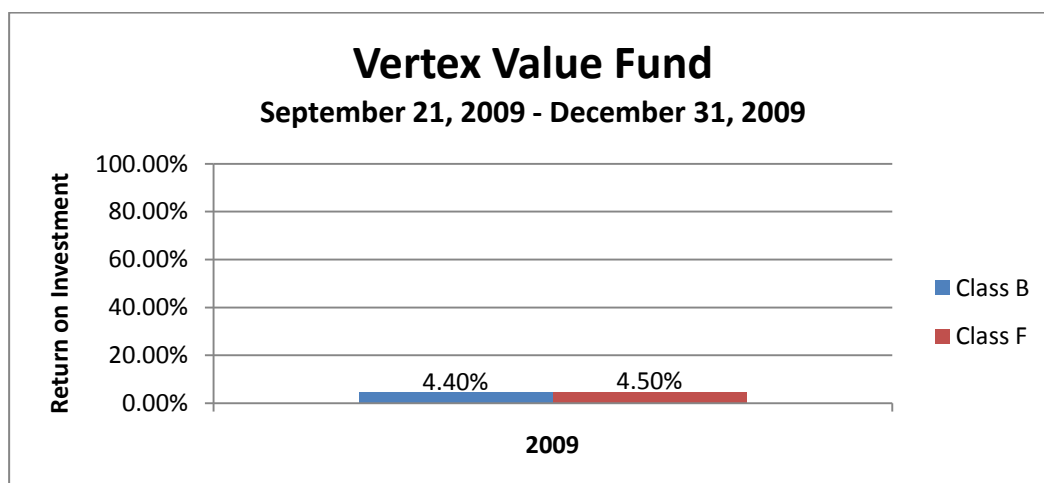
The Fund received services in consideration of the management fees as follows:

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 25 Holdings	
Issuers	% of Fund Net Asset Value
Fairfax Financial Holdings Ltd.	9.53%
Norbord Inc.	7.73%
Timberwest Forest Group	7.45%
PartnerRe Ltd.	6.87%
Montpelier Re Holdings Ltd.	6.25%
International Forest Products Ltd., Class A	5.30%
West Fraser Timber Co. Ltd.	4.69%
Aspen Insurance Holdings Ltd.	4.53%
Platinum Underwriters Holdings Ltd.	4.39%
Canfor Corp.	4.33%
Pfizer Inc.	3.90%
Validus Holdings Ltd.	2.28%
SFK Pulp Fund	2.11%
Keycorp	2.03%
Marshall & Ilsley Corp.	1.97%
Regions Financial Corp.	1.92%
Bristol-Myers Squibb Co.	1.64%
Acadian Timber Income Fund	1.51%
Bank of America Corp.	1.42%
Celestica Inc.	1.40%
Biovail Corp.	1.36%
Citigroup Inc.	1.26%
PRT Forest Regeneration Income Fund	1.22%
Merck & Co. Ltd.	1.18%
SunTrust Banks Inc.	1.16%

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

