

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30, 2010

VERTEX
VALUE FUND

Integrity | Service | Performance | Independence



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

A copy of the Quarterly Portfolio Disclosure for the fund is available on our website www.vertexone.com or by contacting us using the above methods.

MANAGEMENT DISCUSSION AND FUND PERFORMANCE

Results of Operation

For the six months ending June 30, 2010, the net assets per Class F Share of the fund were \$10.56 after payment of distributions to securityholders compared to \$10.42 on December 31, 2009. For the six months ending June 30, 2010, the net assets per Class B Share of the fund were \$10.53 after payment of distributions to securityholders compared to \$10.41 on December 31, 2009. The Fund returned, net of expenses: 1.34% (F Class) and 1.15% (B Class). The performance of the Fund compared favourably with the Fund's benchmark indices over the same period:

(50%) S&P/TSX Composite Total Return Index returned: -2.55%

(50%) S&P 500 Total Return Index \$CAD: -5.41%

Total Benchmark return: -3.98%

The construction of the portfolio remained stable throughout the reporting period as new cash was used to augment established positions. The investment theme of the portfolio continues to favour stocks trading with share prices at discounts to their inherent value, as seen in P&C Insurance companies, Forestry related products, and regional US banks. The majority of the positions in the portfolio despite experiencing price appreciation in the first quarter were sold off as part of the general market selloff in May. As a result, despite some large winners such as Fairfax Holdings, which performed well through the period, many of the companies we hold still trade either below or barely above book value.

We are confident in the business we own and will wait patiently for the day when the stock prices begin to reflect the value of the underlying companies. We see a bright future ahead for forestry stocks, as owning that sector goes well beyond a rebound in the US housing market (which is still on a government administered slow drip of iron). After a decade-long rout in forestry, the companies left standing are the best of breed, running highly efficient operations. Wood pellets are viewed as a green fuel alternative in Europe and the use of lumber vs. concrete as a building material in earthquake zones such as China, Japan & India is on the rise. Forests are replenishing after the pine beetle infestation and all the bad news has been priced into the stocks. These companies tend to be misunderstood and overlooked by the general investment community (they make up less than one percent of the TSX Composite Index) and that is why we believe the timing is right to be holding them. With limited downside, and plenty of upside potential, we want to be early for when forestry products become the next hot commodity.

Looking forward we anticipate there will be no major changes to the portfolio. Although, we will keep our eyes open for any opportunity that arises in this unstable market.

Recent Developments

HARMONIZED SALES TAX (HST)

Effective July 1, 2010 the provinces of Ontario and British Columbia will take steps to harmonize the provincial sales tax with the Government Sales Tax (GST). The resultant harmonized sales tax (HST) will equate to 13% in Ontario and 12% British Columbia; this stands in contrast to the 5% GST, being payable in those provinces for a number of expenses. The introduction of the HST will result in a taxation increase payable by the Fund as fees and expenses previously subject to GST will be subject to HST. Any increased

costs resulting from an increase in such tax payable by the Fund may be borne by some or all of the unit holders of the Fund.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

At June 30, 2010 the Manager is continuing to develop 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 June 30, 2010, the Fund incurred performance fees in the amount of \$135,833 (including GST) to its manager, Vertex One Asset Management. As described in Note 5 to the financial statements of the Fund, certain 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)

Class F	June 30, 2010	December 31, 2009
Net Assets, beginning of period (1)	\$ 10.42	\$ 10.00
Increase (decrease) from operations:		
Total revenue	0.08	0.04
Total expenses	(0.28)	(0.16)
Realized gains (losses) for the period	(0.02)	0.02
Unrealized gains (losses) for the period	(0.22)	0.80
Total increase (decrease) from operations (1)	(0.44)	0.70
Distributions :		

From income (excluding dividends)	-	-
From dividends	-	0.01
From capital gains	-	0.01
Return of capital	-	-
Total annual distributions ⁽²⁾	-	0.02
Net Assets, end of period	\$ 10.56	\$ 10.42

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/unaudited 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

Class B	June 30, 2010	December 31, 2009
Net Assets, beginning of period (1)	\$ 10.41	\$ 10.00
Increase (decrease) from operations:		
Total revenue	0.08	0.03
Total expenses	(0.28)	(0.16)
Realized gains (losses) for the period	(0.02)	0.01
Unrealized gains (losses) for the period	(0.17)	0.23
Total increase (decrease) from operations (1)	(0.39)	0.11
Distributions :		
From income (excluding dividends)	-	-
From dividends	-	0.01
From capital gains	-	0.01
Return of capital	-	-
Total annual distributions ⁽²⁾	-	0.02
Net Assets, end of period	\$ 10.53	\$ 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/unaudited 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

Class F	June 30, 2010	December 31, 2009
Total net asset value (\$ 000's) ⁽¹⁾	3,406	1,994
Number of units outstanding ⁽¹⁾	321,111	191,029
Management expense ratio (%) ⁽²⁾	4.77	5.45
Management expense ratio before waivers or absorptions (%)	6.52	14.01
Portfolio turnover rate (%) ⁽³⁾	4.56	0.13
Trading expense ratio (%) ⁽⁴⁾	0.31	1.46
Net asset value per unit (\$)	10.61	10.45

Class B	June 30, 2010	December 31, 2009
Total net asset value (\$ 000's) ⁽¹⁾	4,660	2,228
Number of units outstanding ⁽¹⁾	440,319	213,567
Management expense ratio (%) ⁽²⁾	4.79	5.65
Management expense ratio before waivers or absorptions (%)	6.55	10.32
Portfolio turnover rate (%) ⁽³⁾	4.56	0.13
Trading expense ratio (%) ⁽⁴⁾	0.31	1.46
Net asset value per unit (\$)	10.58	10.44

- (1) The information is provided as at June 30 and 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:

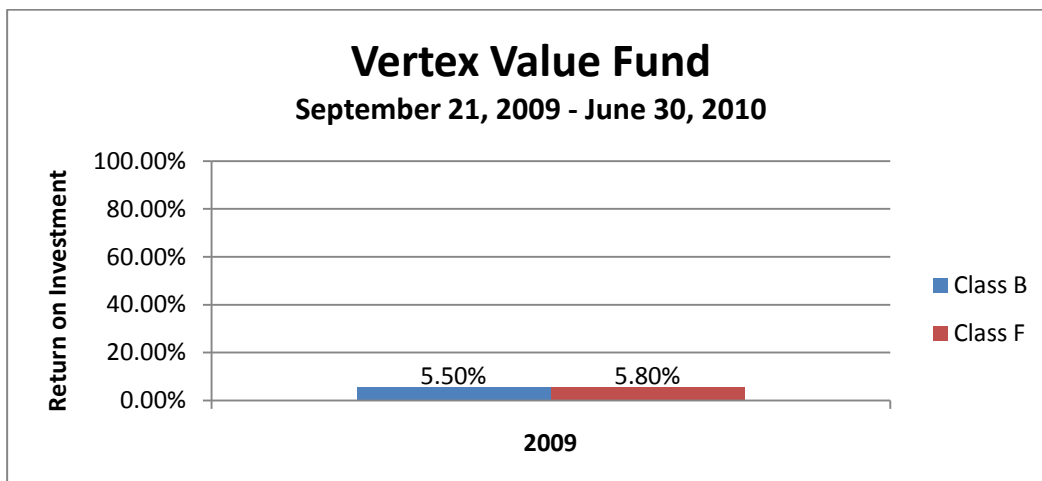
Services Provided	Class B	Class F
Distribution related costs	62.5%	0%
Portfolio Advisor and Management Services	37.5%	100%

PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

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 September 30, 2010.

Top 25 Holdings	
Issuers	% of Fund Net Asset Value
Fairfax Financial Holdings Ltd.	9.21%
Timberwest Forest Group	5.46%
Mattel Inc.	5.11%
International Forest Products Ltd., Class A	4.56%
Celestica Inc.	4.44%
PartnerRe Ltd.	4.42%
Norbord Inc.	4.41%
Canfor Corp	4.24%
West Fraser Timber Co. Ltd.	3.67%
Biovail Corp.	3.59%
Montpelier Re Holdings Ltd.	3.30%
Citigroup Inc.	3.08%
Eacom Timber Corp.	2.94%
Pfizer Inc.	2.79%
Conifex Timber Inc.	2.75%
Platinum Underwriters Holdings Ltd.	2.72%
Bristol-Myers Squibb Co.	2.71%
Old Republic International Corp.	2.68%
XL Capital Ltd.	2.53%
Fibrex Inc.	2.45%
QLT Inc.	2.44%
Aspen Insurance Holdings Ltd.	2.37%
Merck & Co. Ltd.	2.33%
PRT Forest Regeneration Income Fund	2.33%
Keycorp	1.51%

The following chart sets out the percentage (based on net asset value) of the Fund's portfolio as at June 30, 2010.

