

1st Quarter Report to Vertex Fund Limited Partners April 25, 2000

Dear Limited Partner:

2000	Net Asset Value per Share	Performance Year to Date
January 1	\$17.90	
March 31	\$22.10	23.5%
Since Fund Inception (February 6, 1998)		121%

If one characterized this quarter with any one theme it would be that all industry sectors moved as individual investors bought all stocks with only greed as their motive (as opposed to the month of April where investors are only selling).

Currently 50% of the portfolio is hedged in Mergers and Financing deals, although in hindsight 100% would have been ideal. Having a portfolio that is 100% hedged would help us in avoiding the downdrafts that we are currently experiencing, but it also means we compromise future gains with the upside of strong markets. After all, performance is the key and like life it is a game of give and take. We are trying to live with the best of both worlds.

During the first quarter we held a large position in Sierra Wireless and the strong financing activity in Canada helped propel the fund to its best quarter since inception. These two factors will not be present in the second quarter of this year, which will mean that returns will be much more modest.

Word of mouth advertising has also caused the fund to grow. As you know we don't have a marketing department or an advertising budget yet the fund grew by nearly 100% over the quarter to a size of \$26 million.

Thank you for your support and please call us if you have any questions!

Sincerely,

Vertex One Asset Management
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