

2nd Quarter Report to Vertex Fund Limited Partners July 20, 2000

Dear Limited Partner:

2000	Net Asset Value per Share	Performance Year to Date
January 1	\$17.90	
March 31	\$22.10	23.5%
June 30	\$23.19	29.5%
Since Fund Inception (February 6, 1998)		131%

During the quarter the fund rose approximately 5% and most children ran right by our fund returns and had eyes only for the much-anticipated Harry Potter release IV (the Goblet of Fire). Harry was quite a hit with our unit holders last Christmas and he has proved to have some stamina with children, breaking all records for a new literary release. Today's children are just like their parents (or fund managers), acting on herd instinct to get in at any cost!

Investors have heard the cattle call and have bid Nortel Networks to over 33% of the TSE 300 index. Investors who live and die by relative performance instead of absolute returns could see the meaning of being underweight Nortel during the month of June. During June the TSE was up 10% and if one backs out Nortel Networks it was up 2.5%. You can guess which overpriced Canadian high tech stock we don't own. Since Nortel has become one third of the Canadian stock market you don't really need to own anything else eh? When the music stops we will be able to sleep at night.

This last quarter NASDAQ sold off 15% in the month of April and the world index as measured by MSCI sold off 2.4% while the Vertex Fund decreased by 0.9%. Although we were not able to provide positive returns during this sell off we felt assured that we had very low volatility compared to the markets to work at our goal of providing our unitholders absolute returns regardless of market conditions.

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

Sincerely,

Vertex One Asset Management
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