VERTEX ONE
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VERTEX FUND

Third Quarter Report, 2009

"The Bank never goes broke. If the Bank runs out of money, the Banker may issue as much as needed by writing on any ordinary paper." - Parker Brothers "Monopoly Rules"

The big banks have been saved and smaller banks in the US have been fed to the wolves. Weekly bankruptcies for small US banks are regular fare, causing the increase in market share of their larger counterparts. Eventually the US market will look like the Canadian market. Thousands of banks that existed will become extinct and ten major ones will control 80% of all banking.

The strength now of the banking sector with a steep yield curve means the banks have never been more profitable and more importantly, the numerous equity issues being done are helping to recapitalize the economy and lower leverage. G20 Nations have all driven interest rates lower to boost their economies. This has been met with great success as markets have rebounded creating the greatest stock and bond rally since 1933. Interest rates have decreased to such levels that they are lower than low, so low that we saw rates hit negative levels in Sweden. Canada's pseudo twin Australia is the first G20 nation to raise rates as unemployment figures fell to low single digits. Canada may be next but we expect it to be quite some time before we see rates rise in the US and other countries that are experiencing double digit unemployment rates or Spain, the epicenter of Europe's housing bubble. The strong commodity rally has put a strong bid on the Aussie dollar and we are seeing the same momentum in the Canadian dollar. Hedging our US dollar exposure over this period has helped the fund's performance significantly.

In this last quarter de-leveraging of corporate Canada has continued. Canada's largest bought deal ever occurred with the raising of over three billion for American Barrick. Demand was so strong the deal was upsized and sold out in 24 hours. This deal was ten times larger than Canada's largest equity deal just 12 years ago with the IPO of Air Canada. Any good and even some bad businesses can now get funding - the opposite of what occurs during a credit crunch. 12 months ago people were running to the exits and now they are starting to run for the entrance. In this spirit of rising markets the Vertex fund has been able to beat the market indicies as we have continued our overweight position in fixed income securities.

	2008	Year to date 2009
TSX	-32.3%	29.5%
Vertex Fund	-40.2%	65.2%

Bonds have beaten stocks this year in absolute returns. We believe this is the best time in over 15 years to own bonds. The fund today has a yield in excess of 7.5% which puts it in a defensive position which should offer much better protection now compared with last year and the eight weeks of credit crunch hell in September and October. We would like to forget those eight weeks but the lessons of that time will stay with us forever.

We have continued our theme from the last quarter and reduced our weighting in Mergers and Acquisitions and continue to increase our weight in fixed income from convertibles, preferred shares, income trusts, REITs and mainly corporate bonds. Many of the bonds that we purchased this year with 10% yields are now yielding less than 7%. We are recycling these bonds by selling the quick gains that we have received and welcoming other US corporate bonds that are yielding over 9% currently. We are thinking bonds, bonds, bonds and hope these yields stay high forever as it makes our job of investing easier and provides better compound returns with less downside risk for our unitholders.

With all the printing of money globally our favorite theme is bonds that are fixed to floating coupon resets. They have great yields that will perform well in deflationary times, and if inflation comes back with a vengeance, their reset interest rate will be a huge bonus. We think these bonds can be a win-win regardless of one's optimistic or pessimistic view of the economic climate.

It is truly a unique opportunity when you can win making an investment regardless of economic growth which is represented by our largest bond position in Wells Fargo (which just happens to be Warren Buffett's favorite bank).

Also of note is that we were rewarded on our roller coaster investment in Athabasca Oil Sands. This privately held company decreased by over 80% in the fund last year during the credit crunch only to reach new highs this past quarter when the Chinese purchased a stake in the company for $1.9 billion. We expect to receive a dividend for around four dollars a share which will be a return of capital for the most part so it will not be taxable for unit holders - another win-win in the investment world that we don't often see. Assuming the company receives Investment Canada approvals this has inadvertently become our largest M&A deal. It is the perfect time for us to reduce our position in the company and we have now sold 50% of our holdings. It still, however, represents a 10% weight in the fund due to the gigantic appreciation of this 30 bagger. We look forward to placing the proceeds into more fixed income products.

PERFORMANCE

The Vertex Fund (Class A) returned 32.46% for the year ended September 30, 2009.

	Rate of Return (Class A)					
Net Asset Value	**3 Mos.**	**Year To Date**	**1 Yr.**	**3 Yrs.***	**5 Yrs.***	**Since Inception***
$55.2087	**20.21%**	**65.22%**	**32.46%**	**6.72%**	**11.20%**	**18.77%**

*Annualized

Past performance is not indicative of future results
All data are based on the Class A unit values

Vertex One Asset Management