

Report to Vertex Fund Limited Partners April 15,1998

Dear Limited Partner:

1998	<u>Net Asset Value</u>	<u>Monthly Performance</u>
February 9	\$10.00	
February 27	\$10.05	.5%
March 31	\$11.72	16.6%

This is our first letter to unitholders of the Vertex Fund for the first quarter of 1998. Although based on the above valuation you can see we really got to work in March, after finding our trading legs in February and understanding our relationship with our custodian, lawyers and auditors (this is just as new to us, as we are to you).

Our double-digit returns for the month can be explained by a buoyant market and the fact that we held mainly long positions with a small number of shorts to lock in profits from broker underwritings. We also had a couple of successful I.P.O's and one company in the portfolio, **Intelligent Electronics**, taken over by Xerox. We don't anticipate such a frenzy over the next quarter or double-digit monthly returns in the future.

We will have our website up and running (www.vertexone.com) by the end of the next quarter for quicker access to our partners to see monthly valuations. The **Financial Post** and the **Globe & Mail** have agreed to carry our valuations in the mutual fund section under "other funds".

Our new fund the **Vertex Balanced Fund** launched this week with monthly valuations and the same minimums as the **Vertex Fund** but it is R.R.S.P. eligible!!!! Call us if you would like more information.

Since starting the **Vertex Fund** almost everyone asks us what size we would close off the fund to new investors, at today's value of \$3.8m those days seem very far away. Given that most funds we see as competition are in the hundreds of millions of dollars we have a long way to grow. Thanks for your confidence and your belief in the future.

Sincerely,

John Thiessen, Limited Partner
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