

## VERTEX MANAGED VALUE PORTFOLIO

### First Quarter Report, 2010

Up 6% - so far so good. It is interesting to note that this 6% rise occurred while absorbing another 3% decline in the value of the US dollar affecting approximately 65% of total investments. As I put pen to paper, we are yet again at parity. How long it lasts and how much further the mighty mini buck goes is anyone's guess but most analysts and commentators are cheerleading for the underdog. We are, at the core, a commodity currency and commodities are certainly on a tear. If this continues, so will the upward trajectory of our Canadian dollar. This outcome does not warrant concern, however, as the rationale for investors being so excited about commodities is that global economies are growing faster than expected and this causes US equities to rise commensurate with their consistently beating depressed expectations. American stocks are simply rising faster than US currency is declining.

There have been no major alterations to your fund over the quarter. Asset mix remains skewed towards equities with our largest holdings in two industries; forest products (22%) and property casualty insurance (32%). These two sectors along with regional US banks represent a tremendous value proposition where all trade below book value in an overall market trading at two times book value. In addition, when including both dividends from stocks and interest from our small bond allocation, your fund yields in excess of 3% per annum. Thus we get paid very well as we wait for our portfolio (under book value) to trade places with "the market" (two times book value). That's a potential double from here just to trade level with the market.....or like in 2008 it gives us the peace of mind to know that if the market is carved in two and falls to book value we can sleep safely knowing we're already there.

Although there are fewer opportunities than at this time last year (see our 2009 first quarter report), many stocks and bonds with great upside remain. Going forward, as current investments hit price to value targets, we will exit these positions and replace them with lower price to value investments as we did with Lululemon last year and Rockwell this year.

As you may have noted you did not receive a tax slip from Vertex this year as none of our funds were in a taxable position in 2009 due to tax loss carry forward.

### PERFORMANCE

Net Asset Value	Rate of Return (Class A)					
	<u>1 Mo.</u>	<u>3 Mos.</u>	<u>1 Yr.</u>	<u>3 Yrs.*</u>	<u>5 Yrs.*</u>	<u>Since Inception*</u>
\$14.9082	1.98%	6.15%	37.07%	1.60%	5.27%	8.37%

\*Annualized

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

## THE PORTFOLIO

The top 20 holdings in the Vertex Managed Value Portfolio at March 31st, 2010 are:

Fairfax Financial Holdings	Pfizer Inc.	Aspen Ins. Holdings
Partner Re Ltd.	Ingersoll-Rand Co.	Canfor Corp.
Platinum Underwriters Holdings	Genworth Financial Inc.	PRT Forest Regen. I F
Mattel Inc.	Timberwest Forest Corp.	XL Capital Ltd.
Montpelier Re Holdings	SFK Pulp Fund	Norbord Inc.
Walt Disney Co.	West Fraser Timber Co.	Athabasca Oil Sands
Internat'l Forest Products	Eacom Timber Rcpts.	

## ASSET MIX

Cash	0%	Canadian Equities	34%
Fixed Income		Foreign Equities	59%
Canadian	3%		
Foreign	4%		

Vertex One Asset Management