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VERTEX MANAGED VALUE PORTFOLIO

Fourth Quarter Report, 2010

Worries...Worries...Worries.
Every day, in fact every few seconds, if you have a Bloomberg trading terminal, you're bombarded with everything that's about to take our investments apart, and… it's just around the corner. We have reckless bankers, reckless governments, and reckless investors. The need to protect our portfolios from the next leg down is obvious and one would have to be a moron to not see it. However, if history is to be a guide though "our current worries", they will fade into obscurity as so many other over-popular ideas have. People want something new to worry about. We are in the age of adult ADD, where boredom comes easily and focus is hard to come by. One simply doesn't want to rely on the same old worries for more than a year or two…..booorrrring. We want new worries and crave new reasons to justify our belief that just around the corner the "crisis" will return or some other form of darkness will overcome us. Eventually, with the passing of time and Mr. Doom being conspicuously absent, a new belief will emerge – a belief or feeling that things are good and well… and when things are good… they can only get better. THIS IS WHEN YOU SHOULD WORRY!!! It's where the global mind was in 2000 and 2008. If I were to make a prediction (a dumb thing to do indeed) – as long as the "crisis" and "great recession" are still on our minds, equities will be a great investment and will provide excellent returns. It's only when we forget about 2008 or when a new generation of investors with a new, new, *new* idea (new, new idea has already been taken) comes along that equity gets risky again. Not all equities are without risk, as some are now trading at top valuations, but the majority (those outside of the energy and material complex) is very reasonably priced today. Overconfidence is where the great risks dwell and it gives me confidence that so little confidence is placed in our portfolio companies.

Taking a snapshot of our portfolio at the beginning of 2010 and comparing it to today, one will notice that your portfolio manager has done either a superb job of picking stocks or is exceptionally lazy, depending on one's perspective, for portfolio turnover has been close to zero. Your fund is still invested in property and casualty insurance companies, forest products, and regional banks in America. The only reason to trade from my perspective is if a stock has become overvalued or is an obvious mistake. Lazy? Maybe - but both instances haven't occurred this year. Even after two years of compelling gains, our portfolio companies' earnings have risen more rapidly than their underlying stock prices and thus remain incredibly good value. For example, Fairfax Financial, one of our longest held positions still sells for just its book value after performing very well on all fronts, but stock price performance. What's really appealing about Fairfax today is they're embarking upon a program of acquisition at the bottom of a market. Most firms only make acquisitions at market tops – the reason being that's when companies have cash and optimism in their industry is at its peak. The problem here is that this is usually when acquisitions are most expensive. In Fairfax's case, insurance companies are trading at or below book value resulting from an on-going soft insurance market. This is exactly the right time to embark upon an acquisition program. Few firms ever do though. They buy only when they're feeling rich and the money's jingling out of their jeans at the top of their respective industry's cyclical peak. It's just human nature to be over-confident in good times and under-confident in bad. For this reason I like my Fairfax odds.

To conclude, with pessimism still high and the world's largest economy improving, I believe we're in for another excellent year in 2011. Our American banks are working through their non-performing loan portfolios and will likely see a profit this year. Lumber has doubled in price to $300 and this will help the beleaguered forest sector. P&C insurance will just tick along making good profits. Overall, there are many reasons to feel confident going into 2011 and the most compelling one of all is the overwhelming under-confidence in the recovery!

PERFORMANCE (Class A)

The Vertex Managed Value Portfolio returned 10.30% for the year ended December 31, 2010.

Net Asset Value	1 Month	3 Month	Year-to-Date	3 Year+	5 Year+	Since Inception+
$15.4912	3.88%	5.61%	10.30%	8.44%	5.23%	8.18%

Distribution: $0.00

+annualized returns

THE PORTFOLIO

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

Fairfax Financial Holdings
Platinum Underwriters Hldgs.
Montpelier Re Holdings
Mattel Inc.
Partner Re Ltd.
International Forest Products
Pfizer Inc.
Timberwest Forest Corp.
Ingersoll-Rand
West Fraser Timber Co.
Eacom Timber Corp.
PRT Forest Regen. I F
Genworth Financial Inc.
Canfor Corp.
Aspen Ins. Holdings
Fibrek Inc.
XL Group Plc.
Zions Bancorp.
Valeant Pharmaceutical Int'l.
QLT Inc.

ASSET MIX

Cash	0%
Fixed Income CAD	2%
Fixed Income USD	5%
Canadian Equities	37%
Foreign Equities	56%

Vertex One Asset Management, Inc.

This statistical information is intended to provide you with information about the Vertex Managed Value Portfolio. Advertised performance is based on Class A shares. Important information about the Fund is contained in the Offering Memorandum which should be read carefully before investing. You can obtain an offering memorandum from Vertex One Asset Management Inc. The Offering Memorandum for Vertex One Asset Management Inc.'s Investment Funds does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The indicated rates of return are the historical annual compounded total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently and past performance may not be repeated.