

VERTEX VALUE FUND

First Quarter Report, 2011

It's the wood that makes it good.

The first quarter passed like many others for your fund...quickly - and we are all another three months older. Are we closer to our objectives? The answer is yes - we're all richer today than at December 31st. Pretty much everything in our portfolio is going the correct direction but nothing has been more simpatico with upward mobility than wood - and I'm not talking about your portfolio manager. The returns from forestry stocks have been breathtaking since bottoming in early 2009. Our holdings in Interfor, Fibrek, West Fraser, Canfor, Norbord, and PRT have doubled or tripled in the last two years. Special mention should also go to Valeant Pharmaceuticals, which we purchased for around \$15 at the inception of the fund and now trades for \$50 a share. That aside, many more deserve mention but the lesson learned here is that during a panic one should not be shy.

Moving on to current events: the two most obvious are the Middle East and Japan. The first did nothing but hurt our portfolio as oil, gold and the Canadian (commodity) dollar went up, while just about everything else went down. The latter event (Japan) gave us more mixed results. On one hand our insurance stocks got battered by the belief that claims would be staggering and only recovered after analysts realized two things: global re-insurers will be on the hook for a relatively small portion of the damage and this large scale event will likely end the softening of insurance pricing and possibly even a hardening of pricing. On the other hand, forestry stocks took off on the understanding that Japan would need to rebuild and will require quite a lot of lumber to do so. Not to mention the plywood mills that are shut down and the lumber sitting around on docks that washed away.

Returning to my earlier comments, it would be easy for one to come to the conclusion that the profits have already been made in the tree sector, but this is not the case. Forestry stocks have come from down and out, to surviving, to being ho-hum in the mind of investors. Think about how often we hear of the forestry sector (or don't) and furthermore how often we hear about it in a positive light. Compare and contrast this to how often we hear of gold, oil and copper...and it's obvious the forestry sector has a long way to go! Please call me when you see a front page headline titled "Global Shortage of Wood". Until then, we'll stay in the sector. In previous reports, I've highlighted our investing rationale: Pine beetle devastation, US housing recovery, Chinese demand, green fuel, earthquake-safe building material, new technology to build up to ten stories using wood and, and, ... I'm just scratching the surface. My point is that with forestry stocks trading much cheaper on average when compared to those receiving all the love - oil & gold - a few things going right will really drive prices up, as they're still priced for safety.

PERFORMANCE (Class B)

Net Asset Value	1 Month	3 Month	Year-to-Date	1 Year	Total Cumulative
\$12.85	4.79%	6.42%	6.42%	10.49%	28.76%

This statistical information is intended to provide you with information about the Vertex Value Fund. Important information about the Fund is contained in the Simplified Prospectus which should be read carefully before investing. You can obtain a prospectus from Vertex One Asset Management Inc. The Simplified Prospectus 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 funds are not guaranteed; their values change frequently and past performance may not be repeated.