

VERTEX VALUE FUND

Fourth Quarter Report, 2011

Although it is uncharacteristic of me to speak directly to short-term returns, I feel compelled to comment after the previous two dreadful quarters. The final quarter of 2011 was highlighted by some of the most terrifying economic headlines in the last decade and yet your fund saw a return of positive 6.5% (Class B). Furthermore, this rise occurred despite gold and oil being close to all-time highs, with lumber (our only commodity exposure) closer to more recent lows. If one were a tea leaf reader, chartist or Roman oracle inspecting entrails, one might deduce that there could be long term trend reversal underway here. US equities outperformed Canadian by a wide margin, even with the backdrop of high commodity prices and a declining US dollar. This is indeed an odd set of occurrences we have not seen in the prior decade. Of course, as your writer doesn't believe in any of the above as a predictor of future returns, to be honest it's more wishful thinking! Nonetheless, last quarter's performance was welcome and thus far 2012 seems to be following the most recent trend.

Yet again, I have to report there have been no changes in the portfolio. Property and Casualty insurance remains our largest holding overall and despite the industry having its worst catastrophe losses EVER... the insurance portfolio performed much better than expected under very stressful circumstances. Most likely, this is the result of just how inexpensively these stocks were priced prior to 2011 loss events, proving once again, that when companies get into trouble owning at low price-to-value provides tremendous protection. Going into 2012, it is reassuring that early indications are pointing to increasing insurance rates which would bode very well for future profitability. In addition to this positive data point, if and as the global economy continues to recover, demand should add further pressure on prices. Notwithstanding these optimistic bits and pieces, stocks are still priced at fractions of tangible book value, so that even an average year of catastrophic events and average insurance pricing should lead to decent profits for the industry.

Our overall portfolio of forest products investments didn't fare well in 2011. Initial excitement around very tight lumber markets was short lived and gave way to resignation that US housing remained in the sewer. Certainly there was a rebound as some modestly positive news regarding housing starts surfaced late in the year, however, not enough to drive stock price performance. 2012 should bring some better returns, resulting from positive housing data combined with stocks trading quite inexpensively entering the year.

US Banks were pretty much our worst performers. As noted above, housing remained depressed and European banking contagion fears led to bank stocks falling near to 2008 - 2009 lows. These lows were touched despite balance sheets and loan books being in quantumly better fitness. US Banks are now very strong with leverage ratios far lower than those of Canadian banks.

The one bright spot in our portfolio was pharma/healthcare/biotech where aggregate positive returns were achieved, with some firms hitting new 52 week highs.

At the risk of getting egg on my face, I do believe our portfolio has all the right stuff for 2012. Maybe just maybe, after 10 long years, the dual headwind of rising commodity prices and a declining US dollar has subsided.

PERFORMANCE (Class B shares)

Net Asset Value	1 Month	3 Month	1 Year	2 Year⁺	Total Cumulative
\$10.2140*	0.80%	6.51%	-13.97%	-0.23%	4.08%

⁺annualized return

*post-distribution

Distribution: \$0.17365

Vertex One Asset Management, Inc.

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.