

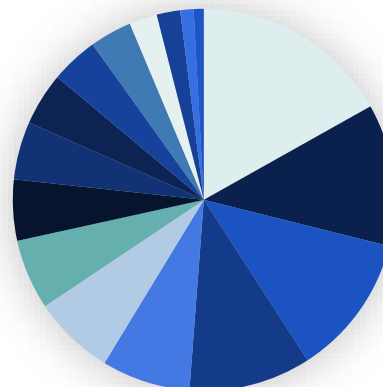
VERTEX VALUE FUND

Fourth Quarter Report, 2015

In recent reports, we've mentioned an increase in diversification. This remains true. Our current positioning leaves your portfolio well diversified; albeit, not in large companies where most seem very pricey.

Sector Exposure:

Forest Products 16.9%	Mining 12.06%
Banks 11.99%	Home Builders 10.37%
Oil & Gas Producers 7.52%	Savings & Loans 6.92%
Electronics 5.96%	Telecommunications 5.17%
Semiconductors 4.92%	Auto 4.48%
Toys/Games/Hobbies 4.03%	Office Equipment 3.57%
Insurance 2.36%	Iron/Steel 1.99%
Computers/Software 1.13%	Other 0.86%



Value works. We like to use the analogy of buying the cheapest house on a great street and selling it prior to becoming more expensive than the average. This discipline has kept us out of major trouble. The Vertex Managed Value Portfolio has posted annualized returns of 8.6% with an annualized volatility of 11.4% (for nearly 18 years). Over the same period the TSX returned 5.5% annually with volatility of 15.3%. The S&P 500 statistics are almost identical. The process does work.

As such, we don't devote much time to discussing individual holdings. It's the investment process that leads to returns, thus, getting into the weeds is of less value. As fund unitholders, I expect you've invested in this fund because you found our process to be logical, durable and proven throughout some of the toughest investing periods in history. The main purpose in writing these quarterly reports is to explain how we're executing congruent with our principles. Really though, our obligation is to help investors stay the course; it's the only thing that counts over time. It is well documented that a large percentage of investors in great funds have lost money from simply selling when the fund is down and buying after it's up. Our entire philosophy is to buy stocks when they're down and sell when they're up. The same is true for unitholders, stay invested and add to holdings (if possible) after down periods. Speaking as your fund manager and largest unitholder, I've done exactly that and I'm quite pleased with the results.

That said, about not getting down in the weeds, we'll deviate briefly and delve into a specific holding. Bank of Internet (BOFI) is now the largest holding in your fund. It is a branchless bank that could best be described as a disruptor. BOFI's earnings yield is just under 9% and has been growing these earnings at a rate of 30%. We're hard pressed to find anything like it priced around 10 times earnings. This is also a financial that sailed through the financial crisis and was able to take advantage of opportunities in the aftermath. BOFI is not new to our portfolio as we've owned a smaller position for years. However, recently the company was subject to a short seller attack which resulted in its stock price being cut in half. This paired with the above data points get us

excited. Thus, it has become the fund's largest holding. Other holdings remain intact as their fundamentals and relative value suggest so. Just like our insurance holdings of yesteryear, they will reach fair valuation and at that point we will sell. Incidentally, this resulted in a capital gains distribution for 2015 (a first in many years).

For years, we discussed how the Canadian dollar would get crushed vis-à-vis the USD. This has now happened. We also spoke about oil going back to its inflation adjusted average, this too has occurred. With this as a backdrop, low oil prices are now the best stimulus to the global economy. Oil is a tax on economic activity. The USA is now one of the lowest cost producers in the world where supply is the problem, not demand. A decade of almost \$100 oil brought on one of the largest supply responses in modern history. As this low price works its way through the economy: margins improve, profits rise and shareholders make money. This bodes favorably for 2016; although, as at the time of writing stocks haven't fared well. The Canadian market has likely seen its worst with the commodity bust reflected in stock prices already. There was a large correction in most stocks last year but the real impact was masked by a handful of \$200+ billion companies rising.

Despite a decent recovery in the fourth quarter, your fund finished down for 2015. A down year is expected now and then, especially subsequent to very large returns in 2012, 2013 and 2014. 2015 will be our fourth down year in 17 for the Vertex Managed Value Portfolio and second since inception of the Vertex Value Fund. One thing that's not predictable is what asset prices do in short intervals. What is important, however, is controlling the quality and price paid for assets held within your fund. By doing so, with time the return on investment will take care of itself. Regardless of the month-to-month pricing of your fund, take comfort in knowing that your holdings are inexpensive versus the market and not a large part of other portfolios. They're rarely mentioned on CNBC or BNN. For that reason, this fund provides your overall portfolio of investments excellent diversification and an opportunity for other sources of return.

For positions recently added, the major fall has already occurred. These companies are operating businesses whose stocks have disconnected from their underlying worth. Their stocks may drop further but at book value or less, after staggering declines, these companies appear relatively safe. Especially when compared to the market leaders trading at high multiples to earnings and/or book cost. The risk/reward appears highly skewed in your favor. It's hard to fathom expensive stocks getting more expensive. They may, but my money is on the majority of stocks that were punished last year recovering with blue-chips flat or down. Owning an index dominated by a few very high-priced stocks is not where we'll be positioned. Highlighted in our 2013 year-end report was the notion that it would be hard to outperform the general markets. This view has changed with the miserable breadth of index returns. With the pull of a stronger US economy, the tide of federal stimulus and ultra-low-rates is ebbing. From this, indexes may lag and actively managed portfolios (like yours) look well-positioned to outpace in the back half of the decade.

Comparison of Valuation Metrics

(source: Morningstar)

Fund/Market	Price/Forward Earnings	Price/Book	Price/Cash Flow	Dividend Yield (%)
Vertex Value Fund	12.94	1.01	3.91	2.31
Vertex Managed Value Portfolio	12.33	1.03	4.43	2.38
S&P 500 (USA)	17.22	2.34	10.18	2.27
iShares MSCI World	16.63	2.03	7.54	2.68
iShares MSCI Canada	14.87	1.69	6.37	3.50

PERFORMANCE (Class F shares as at December 31, 2015)

Net Asset Value*	1 Month	3 Month	Year to Date	1 Year	3 Year⁺	5 Year⁺	Since Inception⁺
\$19.5882	-1.31%	4.41%	-7.78%	-7.78%	13.56%	11.97%	12.84%

Net of all fees and includes reinvested distributions.

⁺annualized returns

*Post-Distribution

2015 DISTRIBUTION

	Capital Gains	Income	Total
Class F	\$1.23401942	-	\$1.23401942
Class B	\$1.08047180	-	\$1.08047180

THE PORTFOLIO

Top 20 holdings by weight in the Vertex Value Fund on December 31, 2015 are:

BOFI HOLDING INC (US)	MDC HOLDINGS INC (US)
INTL FOREST PRODUCTS-CLASS A (CN)	RIO TINTO PLC-SPON ADR (US)
JABIL CIRCUIT INC (US)	BEAZER HOMES USA INC (US)
QORVO INC (US)	WESTERN FOREST PRODUCTS INC (CN)
SKYWORKS SOLUTIONS INC (US)	ROYAL GOLD INC (US)
GOODYEAR TIRE & RUBBER CO (US)	KEYCORP (US)
SYNOVUS FINANCIAL CORP (US)	CATCHMARK TIMBER TRUST INC-A (US)
MATTEL INC (US)	CANFOR CORP (CN)
CENTURY COMMUNITIES COMMON	ZIONS BANCORPORATION (US)
XEROX CORP (US)	SCHNITZER STEEL INDS INC-A (US)

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.