

Vertex Enhanced Income Fund

Semi-Annual Financial Statements

June 30, 2011 (Unaudited)

Vertex Enhanced Income Fund

Statements of Net Assets

	(Unaudited) June 30, 2011	(Audited) December 31, 2010
Assets		
Investments at fair value (cost - \$118,576,846; \$70,274,940) 2010 -	\$ 117,425,123	\$ 72,453,943
Cash and cash equivalents	2,510,771	249,127
Unrealized gain on forward contracts	1,195,074	955,235
Due from broker	26,618	-
Accrued interest and dividends receivable	1,177,659	673,024
Subscriptions receivable	727,204	740,599
	<u>123,062,449</u>	<u>75,071,928</u>
Liabilities		
Unrealized loss on options	263,166	100,962
Distributions payable	76,882	23,467
Accounts payable and accrued liabilities	77,573	49,064
Due to broker	-	400,000
Redemptions payable	247,127	733,731
	<u>664,748</u>	<u>1,307,224</u>
Net assets representing unitholders' equity	<u>\$ 122,397,701</u>	<u>\$ 73,764,704</u>
Net assets representing unitholders' equity per Class		
Class B	\$ 69,174,444	\$ 44,360,093
Class F	\$ 53,223,257	\$ 29,404,611
Net assets per unit (Note 2)		
Class B	\$ 11.61	\$ 11.45
Class F	\$ 11.61	\$ 11.47

Approved by the Fund Manager

(signed) "Matthew A. Wood"

Matthew A. Wood

Director

(signed) "Jeffrey McCord"

Jeffrey McCord

Director

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Statements of Operations

For the period ended June 30, 2011 (unaudited)

	2011	2010
Investment income		
Dividends (net of withholding tax: \$56,400 ; 2010: \$23,255)	\$ 1,059,070	411,405
Interest	2,541,957	933,215
	<u>3,601,027</u>	<u>1,344,620</u>
Expenses (Note 5)		
Performance fees (Note 5b)	983,964	647,304
Management fees	653,864	232,508
Securityholder reporting costs	50,515	86,008
Other administrative expenses	41,769	10,362
Custody fees	16,306	6,318
Audit fees	37,727	9,750
Legal fees	6,853	8,901
Trustee fees	5,246	
IRC fees	20,739	10,250
Derivative transaction fee	31,562	-
	<u>1,848,545</u>	<u>1,011,401</u>
Net investment income before absorbed expenses	1,752,482	333,219
Expenses absorbed by manager (Note 5)	-	69,774
Net investment income	1,752,482	402,993
Realized and unrealized gain (loss) on investments		
Realized gain on sale of investments	3,012,067	877,889
Transaction costs (Note 2)	(54,169)	(26,652)
Change in unrealized depreciation in value of investments	(3,161,919)	(1,759,057)
Change in unrealized appreciation (depreciation) in value of foreign currency	(5,132)	12,556
Net realized and unrealized gain on investments	(209,153)	(895,264)
Increase (decrease) in net assets from operations	1,543,329	(492,271)
Increase (decrease) in net assets from operations per Class		
Class B	\$ 964,925	\$ (270,227)
Class F	\$ 578,404	\$ (222,044)
Increase (decrease) in net assets from operations per unit (Note 4)*		
Class B	\$ 0.20	\$ (0.12)
Class F	\$ 0.16	\$ (0.19)

* Based on the weighted average number of units outstanding during the period

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Statements of Changes in Net Assets

For the period ended June 30, 2011 (unaudited)

	Class B		Class F	
	2011	2010	2011	2010
Net assets, beginning of period	\$ 44,360,093	\$ 10,294,565	\$ 29,404,611	\$ 5,737,041
Increase (decrease) in net assets from operations	964,925	(270,227)	578,404	(222,044)
Capital transactions (Note 4)				
Proceeds from issuance of units	26,640,003	22,501,593	24,621,369	14,507,987
Redemption of units	(2,667,082)	(693,786)	(1,265,168)	(748,177)
Reinvestment of distributions	716,498	380,651	651,842	236,100
	24,689,419	22,188,458	24,008,043	13,995,910
Distributions to unitholders				
From net investment income	(839,993)	(431,693)	(767,801)	(311,612)
	(839,993)	(431,693)	(767,801)	(311,612)
Net assets, end of period	\$ 69,174,444	\$ 31,781,103	\$ 53,223,257	\$ 19,199,295
	Total			
	2011	2010		
Net assets, beginning of period	\$ 73,764,704	\$ 16,031,606		
Increase (decrease) in net assets from operations	1,543,329	(492,271)		
Capital transactions (Note 4)				
Proceeds from issuance of units	51,261,372	37,009,580		
Redemption of units	(3,932,250)	(1,441,963)		
Reinvestment of distributions	1,368,340	616,751		
	48,697,462	36,184,368		
Distributions to unitholders				
From net investment income	(1,607,794)	(743,305)		
	(1,607,794)	(743,305)		
Net assets, end of period	\$ 122,397,701	\$ 50,980,398		

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Statement of Investments

As at June 30, 2011 (unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
LONG						
BONDS						
Corporate Bonds						
1,071,637	Ainsworth Lumber Co., Ltd.	11.000%	29-Jul-15	926,614	956,671	
1,300,000	ABN Amro North American Holding PFD Capital Repackage	6.523%	8-Nov-12	1,188,176	1,160,535	
225,000	Alange Energy Corp.	9.000%	5-May-14	225,000	225,000	
500,000	Anderson Energy Ltd.	7.500%	31-Jan-16	500,000	502,500	
675,000	Arcan Resources Ltd.	6.250%	28-Feb-16	674,449	671,625	
565,000	Brigus Gold Corp.	6.500%	31-Mar-16	549,729	545,337	
250,000	Call Genie Inc.	12.000%	31-Oct-12	250,000	213,325	
225,000	CanAm Coal Corp.	9.500%	31-Mar-14	225,000	225,000	
300,000	CanWel Building Materials Group Ltd.	5.850%	30-Apr-17	285,000	288,930	
1,025,000	Catalyst Paper Corp.	7.375%	1-Mar-14	826,955	610,849	
100,000	CCS Inc.	11.000%	15-Nov-15	93,129	99,888	
1,700,000	Central European Media Enterprises Ltd.	5.000%	15-Nov-15	1,461,358	1,451,996	
675,000	Chorus Aviation Inc.	9.500%	31-Dec-14	740,980	739,463	
900,000	Clearwater Seafoods Income Fund	7.250%	31-Mar-14	668,125	850,500	
225,000	ColCan Energy Corp.	6.000%	1-Aug-13	225,000	225,000	
2,250,000	Detour Gold Corp.	5.500%	30-Nov-17	2,347,996	2,370,048	
400,000	Discovery Air Inc	8.375%	30-Jun-16	400,000	395,000	
400,000	Estrella International Energy Services Ltd.	12.000%	31-Dec-15	400,000	400,000	
526,000	First Uranium Corp.	4.250%	30-Jun-12	372,743	402,390	
450,000	Flint Energy Services Ltd.	7.500%	15-Jun-19	445,500	444,992	
450,000	Ivanhoe Energy Inc.	5.750%	30-Jun-16	450,000	437,625	
1,825,000	Jaguar Mining Inc.	4.500%	1-Nov-14	1,579,353	1,560,963	
400,000	Livingston International Inc.	10.125%	9-Nov-15	427,000	421,500	
1,700,000	Local TV Finance LLC	9.250%	15-Jun-15	1,676,218	1,642,724	
525,000	MEGA Brands Inc.	10.000%	31-Mar-15	531,188	546,105	
900,000	Millar Western Forest Products Ltd.	8.500%	1-Apr-21	875,478	781,733	
600,000	National Money Mart Co.	10.375%	15-Dec-16	634,963	635,520	
900,000	North American Energy Partners Inc.	9.125%	7-Apr-17	920,250	909,563	
400,000	P1 Energy Inc.	12.000%	30-Sep-12	406,541	421,135	
900,000	Paramount Resources Ltd.	8.250%	13-Dec-17	901,750	924,750	
800,000	Parex Resources Inc.	5.250%	30-Jun-16	800,000	828,000	
400,000	Pembina Pipeline Corp.	5.750%	30-Nov-20	400,000	414,040	
450,000	Perpetual Energy Inc.	8.750%	15-Mar-18	450,000	454,875	
150,000	Sable Resources Ltd.	8.000%	1-Nov-12	150,000	150,000	
2,075,000	Skylink Aviation Inc.	12.250%	15-Mar-16	2,074,900	2,070,677	
702,500	Southern Pacific Resource Corp.	6.000%	30-Jun-16	764,189	718,306	
221,000	Sterling Shoes Inc.	6.500%	31-Oct-12	157,933	95,030	
2,250,000	Stoneheath Re	6.868%	15-Oct-49	2,015,484	2,012,180	
450,000	WesternOne Equity Income Fund	8.000%	30-Jun-18	450,000	454,500	
957,000	Zarlink Semiconductor Inc.	6.000%	30-Sep-12	947,131	1,052,700	
	Total Corporate Bonds			29,418,132	29,310,975	24.76
Foreign Bonds						
Netherlands						
1,700,000	Aegon NV	3.698%	29-Jul-49	1,237,027	1,133,049	
	Total Foreign Bonds			1,237,027	1,133,049	0.96

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Statement of Investments

As at June 30, 2011 (unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
United States of America						
3,150,000	ACE Cash Express Inc.	11.000%	1-Feb-19	3,161,244	3,047,671	
1,320,000	American Casino & Entertainment Properties LLC	11.000%	15-Jun-14	1,293,486	1,331,262	
1,100,000	Appleton Papers Inc.	10.500%	15-Jun-15	1,111,903	1,106,731	
1,800,000	ATP Oil & Gas Corp.	11.875%	1-May-15	1,594,441	1,763,241	
1,700,000	Caesars Entertainment Operating Co., Inc.	5.625%	1-Jun-15	1,464,178	1,324,844	
1,590,000	Circus&Eldor/Silver Leg	10.125%	1-Mar-12	1,557,231	1,442,441	
550,000	Community Choice Financial Inc.	10.750%	1-May-19	524,454	538,768	
1,647,000	Eastman Kodak Co.	7.250%	15-Nov-13	1,567,440	1,502,099	
1,000,000	Eastman Kodak Co	7.000%	1-Apr-17	835,075	842,051	
900,000	Exopack Holdings Corp.	10.000%	1-Jun-18	891,045	862,077	
1,174,500	Fibertower Corp.	9.000%	15-Nov-12	1,338,005	963,485	
1,800,000	Goldman Sachs Capital II	5.793%	29-Dec-49	1,515,632	1,389,747	
900,000	Harmony Foods Corp	10.000%	1-May-16	891,364	885,964	
1,763,579	Interactive Network Inc/FriendFinder Networks Inc.	14.000%	30-Sep-13	1,529,842	1,791,390	
3,200,000	ING Capital Funding Trust III	3.846%	29-Dec-49	2,989,052	2,916,553	
450,000	Jack Cooper Holdings	12.750%	15-Dec-15	441,113	460,354	
1,410,000	Jack Cooper Holdings Corp.	12.750%	15-Dec-15	1,467,772	1,442,441	
1,900,000	LBG Capital	8.000%	15-Jun-49	1,676,405	1,633,895	
1,350,000	LBI Media Inc.	11.000%	15-Oct-13	1,294,509	1,254,029	
425,000	Level 3 Financing Inc.	10.000%	1-Feb-18	429,918	440,418	
3,125,000	Mandalay Resort Group	7.625%	15-Jul-13	3,022,915	2,970,704	
450,000	McJunkin Red Man Corp.	9.500%	15-Dec-16	445,802	441,896	
250,000	Northgroup Preferred Capital Corp.	6.378%	29-Jan-49	230,953	227,537	
900,000	Old Republic International Corp	3.750%	15-Mar-18	874,032	858,820	
1,900,000	SanDisk Corp.	1.000%	15-May-13	1,810,244	1,771,806	
1,625,000	Speedy Cash Inc	10.750%	15-Oct-18	1,573,587	1,603,577	
2,750,000	Synovus Financial Corp.	4.875%	15-Feb-13	2,412,892	2,518,250	
1,900,000	Wachovia Capital Trust III	5.570%	31-Dec-49	1,614,224	1,677,830	
950,000	Xinergy Corp	9.250%	15-May-19	901,405	926,015	
950,000	XL Group Plc, FRN	6.500%	15-Mar-49	780,632	841,207	
1,800,000	ZFS Finance USA Trust II	6.450%	15-Dec-65	1,819,814	1,763,241	
Total United States of America Bonds				43,060,609	42,540,344	35.94
Total Foreign Bonds				44,297,636	43,673,393	36.90
TOTAL BONDS				73,715,768	72,984,368	61.66
STOCKS						
ENERGY						
67,500	Alange Energy Corp.			-	4,388	
4,500	ATP Oil & Gas Corp.			331,683	399,547	
76,087	Avenex Energy Corp.			470,067	434,457	
375,075	CanAm Coal Corp.			-	23,779	
32,000	Cheniere Energy Partners LP			557,538	553,428	
56,250	ColCan Energy Corp.			-	-	
50,000	Estrella International Energy Services Ltd. PFD, Warrants(31Dec15)			-	14,390	
70,000	Parallel Energy Trust			709,278	696,500	
21,000	Seadrill Ltd.			682,545	714,619	
35,204	Veresen Inc.			413,147	488,632	
TOTAL ENERGY				3,164,258	3,329,740	2.81

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Statement of Investments

As at June 30, 2011 (unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
MATERIALS						
16,000	AngloGold Ashanti Ltd., PFD			870,458	766,214	
97,000	Canexus Income Fund			643,330	647,960	
3,500	Canfor Pulp Products Inc.			34,670	61,180	
48,800	Chemtrade Logistics Income Fund			637,932	702,720	
	TOTAL MATERIALS			2,186,390	2,178,074	1.74
INDUSTRIALS						
Capital Goods						
91,700	Canwel Building Materials Group Ltd.			378,158	279,685	
10,000	General Electric Co.			182,461	181,825	
35,200	New Flyer Industries Inc.			385,984	271,040	
	Total Capital Goods			946,603	732,550	0.62
Transportation						
67,500	Chorus Aviation Inc., Class B			342,450	342,225	
27,000	Seaspan Corp.			387,382	380,704	
98,800	Seaspan Corp. PFD			2,510,939	2,598,344	
203,200	Student Transportation Inc.			1,309,529	1,251,712	
	Total Transportation			4,550,300	4,572,985	3.76
	TOTAL INDUSTRIALS			5,496,903	5,305,535	4.38
CONSUMER DISCRETIONARY						
Commercial Services and Supplies						
51,000	Pitney Bowes Inc.			1,257,635	1,130,588	
	Total Commercial Services and Supplies			1,257,635	1,130,588	0.96
Consumer Durables & Apparel						
62,800	Beazer Homes USA Inc., PFD			1,730,159	1,119,437	
5,125	Hovnanian Enterprises Inc.			125,147	78,446	
300,000	MEGA Brands Inc., Warrants (30Mar15)			-	54,000	
	Total Consumer Durables & Apparel			1,855,306	1,251,883	1.06
Consumer Services						
14,100	Jack Cooper Holdings Corp., Warrants (15Dec17)			-	129,275	
6,000	Las Vegas Sands Corp.			671,029	654,339	
	Total Consumer Services			671,029	783,614	0.66
Media						
120,000	Call Genie Inc., Warrants (31Oct11)			-	384	
	Total Media			-	384	-
Retailing						
39,200	Chesswood Income Fund			136,457	279,104	
	Total Retailing			136,457	279,104	0.24
	TOTAL CONSUMER DISCRETIONARY			3,920,427	3,445,573	2.92

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Statement of Investments

As at June 30, 2011 (unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
CONSUMER STAPLES						
Food and Staple Retailing						
27,100	SUPERVALU Inc.			235,701	245,850	
	Total Food and Staple Retailing			<u>235,701</u>	<u>245,850</u>	0.21
	TOTAL CONSUMER DISCRETIONARY			<u>235,701</u>	<u>245,850</u>	0.21
HEALTH CARE						
Health Care Equipment & Services						
50,000	Leisureworld Senior Care Corp.			500,000	541,500	
88,400	Medical Facilities Corp.			1,077,757	1,039,584	
	Total Health Care Equipment & Services			<u>1,577,757</u>	<u>1,581,084</u>	1.34
Pharmaceuticals & Biotechnology						
30,000	Bristol-Myers Squibb Co.			789,258	837,901	
25,000	Eli Lilly & Co.			877,663	905,266	
26,300	Merck & Co., Inc.			963,809	895,230	
45,900	Pfizer Inc.			921,344	912,099	
	Total Pharmaceuticals & Biotechnology			<u>3,552,074</u>	<u>3,550,496</u>	2.91
	TOTAL HEALTH CARE			<u>5,129,831</u>	<u>5,131,580</u>	4.25
FINANCIALS						
Banks						
40,000	Banco Santander SA, ADR			397,534	444,333	
23,500	Bank of Montreal			1,445,255	1,440,080	
15,000	Canadian Imperial Bank of Commerce			1,233,807	1,141,500	
3,000	KeyCorp., PFD			266,698	322,624	
30,000	Pac Western Inc.			724,500	683,400	
25,000	Synovus Financial Corp., PFD			673,948	484,964	
5,000	Toronto-Dominion Bank			416,900	408,900	
	Total Banks			<u>5,158,642</u>	<u>4,925,801</u>	4.03
Diversified Financials						
28,700	AGF Management Ltd., Class B			491,428	536,690	
10,000	American Express Co.			472,990	498,861	
27,000	Blackstone Group LP			467,560	430,735	
17,000	Citigroup Inc. PFD			2,068,097	1,963,394	
23,000	GMAC Capital Trust I, PFD			560,370	568,252	
33,079	ING Groep NV, PFD			789,956	775,449	
4,500	JPMorgan Chase & Co.			180,690	177,670	
10,000	KeyCorp Capital X, PFD			253,292	247,259	
900	SG Preferred Capital II LLC			850,913	829,505	
7	Union Planter			475,915	580,991	
	Total Diversified Financials			<u>6,611,211</u>	<u>6,608,806</u>	5.48

(See accompanying notes to the financial statements.)

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As at June 30, 2011 (unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
Insurance						
9,000	Aspen Insurance Holdings Ltd., PFD			510,659	449,931	
20,000	Hartford Financial Services Group Inc., PFD			524,141	493,360	
3,600	Intact Financial Corp.			172,080	196,740	
50,100	Manulife Financial Corp.			895,435	853,203	
32,000	Partnerre Ltd., PFD			783,200	777,023	
23,000	Sun Life Financial Inc.			680,819	666,310	
36,700	XL Group Plc, PFD			1,065,719	1,054,076	
	Total Insurance			4,632,053	4,490,643	3.79
Real Estate						
163,150	Extencicare Real Estate Investment Trust			1,635,762	1,691,866	
48,000	Homburg Canada Real Estate Investment Trust			519,955	608,640	
19,500	Plum Creek Timber Co., Inc.			794,452	762,566	
28,000	Starwood Property Trust Inc.			566,955	553,698	
	Total Real Estate			3,517,124	3,616,770	2.96
	TOTAL FINANCIALS			19,919,030	19,642,020	16.26
INFORMATION TECHNOLOGY						
Information Technology Software and Services						
34,200	Microsoft Corp.			886,175	857,508	
	Total Information Technology Software and Services			886,175	857,508	0.72
Technology Hardware & Equipment						
375	Lucent Technologies Capital Trust I, PFD			305,061	354,675	
	Total Technology Hardware & Equipment			305,061	354,675	
	TOTAL INFORMATION TECHNOLOGY			1,191,236	1,212,183	1.02
TELECOMMUNICATION SERVICES						
20,800	BCE Inc.			774,939	786,656	
10,000	Manitoba Telecom Services Inc.			298,346	326,200	
20,000	Rogers Communications Inc., Class B			680,398	762,200	
20,000	TELUS Corp.			965,234	1,061,600	
	TOTAL TELECOMMUNICATION SERVICES			2,718,917	2,936,656	2.38
UTILITIES						
400	CPI Preferred Equity Ltd., PFD			10,000	10,344	
52,800	Capital Power Income LP			888,385	1,003,200	
	TOTAL UTILITIES			898,385	1,013,544	0.86
	TOTAL STOCKS			44,861,078	44,440,755	37.55

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Vertex Enhanced Income Fund

Statement of Investments

As at June 30, 2011 (unaudited)

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
FORWARD CONTRACTS						
	Buy CAD 14,554,355, Sell USD 14,825,000 @ 0.98174 - July 11, 2011			-	242,514	
	Buy CAD 879,556, Sell USD 900,000 @ 0.97728 - July 14, 2011			-	10,642	
	Buy CAD 1,262,273, Sell USD 1,300,000 @ 0.97098 - July 06, 2011			-	7,445	
	Buy CAD 11,946,732, Sell USD 12,300,000 @ 0.97128 - July 06, 2011			-	74,125	
	Buy CAD 4,281,006, Sell USD 4,400,000 @ 0.97296 - July 06, 2011			-	33,892	
	Buy CAD 25,455,931, Sell USD 25,800,000 @ 0.98666 - July 18, 2011			-	544,221	
	Buy CAD 11,172,308, Sell USD 11,400,000 @ 0.98003 - July 20, 2011			-	164,296	
	Buy CAD 98,276, Sell USD 100,000 @ 0.98276 - July 20, 2011			-	1,715	
	Buy CAD 4,894,720, Sell USD 5,000,000 @ 0.97894 - July 18, 2011			-	66,906	
	Buy CAD 72,976, Sell USD 75,000 @ 0.97301 - July 06, 2011			-	582	
	Buy CAD 97,607, Sell USD 100,000 @ 0.97607 - July 22, 2011			-	1,041	
	Buy CAD 97,637, Sell USD 100,000 @ 0.97637 - July 22, 2011			-	1,071	
	Buy CAD 686,072, Sell USD 700,000 @ 0.98010 - July 25, 2011			-	10,052	
	Buy CAD 4,645,535, Sell USD 4,775,000 @ 0.97289 - July 05, 2011			-	36,572	
	TOTAL FORWARD CONTRACTS				1,195,074	1.01
	TOTAL SHORT			(165,517)	(263,166)	(0.22)
	Transaction Costs			(56,086)	-	
	TOTAL INVESTMENTS			118,355,243	118,357,031	100.00

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Statement of Investments

As at June 30, 2011

Number of Shares/ Par Value	Description	Coupon Rate %	Maturity Date	Average Cost \$	Fair Value \$	% of Total
SHORT						
OPTIONS						
Call Options						
(46)	AGF Management, Jul/20			(1,104)	(230)	
(100)	American Express, Jul/49			(9,211)	(28,084)	
(200)	Banco Sant Ander ADR, Jul/12			(2,742)	(2,895)	
(180)	BCE Inc, Jul/38			(4,410)	(6,480)	
(190)	BK of Montreal, Aug/62			(8,980)	(5,320)	
(150)	Blackstone Group, Jul/17			(8,815)	(52)	
(18)	Blackstone Group, Jul/18			(401)	(2,606)	
(200)	Bristol Myers, Jul/28			(9,599)	(20,654)	
(100)	Bristol Myers, Jul/29			(1,959)	(3,185)	
(90)	Cheniere Energy Inc, Jul/18			(2,100)	(4,343)	
(100)	Eli Lilly & Co., Jul/38			(6,073)	(2,606)	
(100)	Eli Lilly & Co., Jul/39			(2,645)	(869)	
(100)	General Electric, Jul/19			(2,528)	(1,930)	
(45)	JPMorgan Chase, Jul/42			(2,669)	(1,650)	
(100)	Manitoba Telecom, Jul/32			(5,800)	(8,500)	
(400)	Manulife Financial, Jul/16			(16,400)	(44,400)	
(101)	Manulife Financial, Jul/17			(1,471)	(3,434)	
(180)	Merck & Co Inc., Jul/36			(8,190)	(2,432)	
(83)	Merck & Co Inc., Jul/37			(1,128)	(320)	
(271)	Microsoft Corp., Jul/25			(6,370)	(28,247)	
(200)	Pfizer Inc., Jul/21			(3,134)	(2,509)	
(90)	Pitney Bowes, Jul/23			(2,100)	(2,606)	
(75)	Plumcreek Timber Jul/40			(3,526)	(6,659)	
(75)	Plumcreek Timber Jul/41			(1,469)	(2,533)	
(100)	Rogers Communication Inc-B, Jul/36			(4,700)	(22,100)	
(100)	Rogers Communication Inc-B, Jul/37			(1,500)	(12,600)	
(100)	Seadrill Ltd., Jul/34.80			(3,330)	(9,651)	
(90)	Seadrill Ltd., Jul/39.8			(1,670)	(869)	
(270)	Seaspan Corp., Jul/15			(14,032)	(7,817)	
(100)	Sunlife Financial, Jul/29			(3,900)	(3,700)	
(271)	Supervalu Corp., Jul/9			(11,711)	(14,385)	
(50)	TD Bank, Jul/82			(1,950)	(2,700)	
(300)	Telus Corp., Jul/54			(9,900)	(6,800)	
	Total Call Options			<u>(165,517)</u>	<u>(263,166)</u>	<u>(0.22)</u>
	TOTAL OPTIONS			<u>(165,517)</u>	<u>(263,166)</u>	<u>(0.22)</u>
	TOTAL SHORT			<u>(165,517)</u>	<u>(263,166)</u>	<u>(0.22)</u>

(See accompanying notes to the financial statements.)

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

1. Establishment of trust

The Vertex Enhanced Income Fund (the "Fund") was created on September 14, 2009 under the laws of British Columbia. Vertex One Asset Management Inc. is the Investment Manager and RBC Dexia Investor Services Trust is the Trustee and Custodian of the Fund. The Fund commenced operations on September 21, 2009. The Fund currently offers an unlimited number of Class B and Class F Units.

The investment objective of the Fund is to provide preservation of capital while providing high income by investing primarily in Canadian and United States bonds and debentures. The Vertex Enhanced Income Fund's secondary objective is to provide capital growth.

2. Significant accounting policies

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual amounts could differ from those estimates.

Valuation of investments

The valuation methods adopted pursuant to Canadian Institute of Chartered Accountants (CICA) Financial Instruments – Recognition and Measurement (Section 3855), which are discussed below, differ from methods used by the Fund in striking its net asset value (NAV) used in the processing of unitholder transactions during the period. The NAV continues to be computed using the Fund's previous valuation policies for actively traded securities, which are that listed securities are valued at the last reported sales price on the principal exchange on which the security trades.

As at June 30, 2011, the Fund's net asset value per unit was:

	Net Assets Per Unit		Net Asset Value Per Unit	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Class B	11.61	11.45	11.66	11.50
Class F	11.61	11.47	11.67	11.52

The difference between the net asset value per unit and the net assets per unit reported in the Statement of Net Assets results from the use of different valuation methodologies discussed above.

For financial statement purposes, the fair value of the Fund's investments is determined as follows:

Investments are categorized as held for trading in accordance with Section 3855. Investments are recorded at fair value, established by the bid price for a long security and ask price for short security on the recognized exchange on which it is principally traded. The value of any security which is not listed or traded on an exchange, but which is listed or traded on another market, including an over-the-counter market, (being a marketplace other than an exchange where securities are normally purchased and sold and quotations are in common use in respect thereof), shall be determined in the same manner as a listed security by reference to prices on that market.

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

The value of any security or property for which, in the opinion of the Investment Manager the published market quotations are not readily available shall be the fair value as determined by the Investment Manager based on valuation techniques. The fair value of certain securities are determined by using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparison with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would have used had a ready market for the investment existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Investment purchase and sale transactions are recorded on trade date and realized and unrealized gains and losses on investments are determined using average cost.

Other assets and liabilities

For the purposes of categorization in accordance with Section 3862, accrued interest and dividends, subscriptions receivable and other assets are designated as loans and other receivables and recorded at cost or amortized cost. Similarly, amount due to brokers, accounts payable, accrued liabilities, redemptions payable and other liabilities are designated as other financial liabilities and reported at cost or amortized cost.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. In accordance with Section 3855, transaction costs are expensed and are included in "Transaction costs" in the Statement of Operations. The embedded transaction costs in the cost of investment portfolio as at June 30, 2011 are disclosed in the Statement of Investments.

Recognition of income and expenses

The accrual method of recording income and expenses is followed by the Fund with dividends being recorded on the ex-dividend date. Realized gains and losses on investments and unrealized appreciation/(depreciation) in the value of investments are calculated using the average cost of the related investments. Income, realized gain/(loss) and unrealized gain/(loss) are allocated among the classes on a pro-rata basis. Distributions received from income trusts are recorded as income, capital gains or return of capital based on the best information available to the Fund. Distributions that are treated as return of capital for income tax purposes reduce the average cost of the underlying income trust.

Purchase and redemption of units

The value at which units are issued or redeemed is determined by dividing the net assets at fair value of the Fund applicable to that class by the total number of units of that class outstanding on the valuation date, which is the last business day of each month or any other business day specified by the Investment Manager from time to time. For the purposes of purchase and redemption of units, the net asset value

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

as described above is used, which differs from the net assets per unit in the Statement of Net Assets. Amounts received on the issuance of units and amounts paid on the redemption of units are added to or deducted from unitholders' equity.

Forward contracts

The Fund enters into forward contracts to manage risk or to achieve desired returns. Gain or losses are realized based on the settlement term of the forward contracts and are included in the Statements of Operation. Fair values for forward contracts are based on the gain or loss that would arise as a result of closing the position at the valuation date; these values generally reflect the estimated amount that would be received or paid to terminate the contract on each valuation date.

Options

Options may be used by the Fund, but only to the extent considered appropriate by the Manager. Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected in the Statement of Investments. Exchange traded options are valued at current market value and over the counter options are valued using industry-accepted modeling techniques on each valuation day.

Realized gains and losses relating to purchased options may arise from:

- i) Expiration of purchased options – realized losses will arise equal to the premium paid;
- ii) Exercise of the purchased options – realized gains will arise up to the intrinsic value of the option;
or
- iii) Closing of the purchased options – realized gains or losses will arise equal to the proceeds from selling options to close the position net of any premium paid.

Realized gains and losses relating to written options may arise from:

- i) Expiration of the written options – realized gains will arise equal to the premium received;
- ii) Exercise of the written options – realized gains or losses will arise equal to the sum of the premium received and the realized gain or loss from the disposition of the related portfolio investment at the exercise price of the option; or
- iii) Closing of the written options – realized gains or losses will arise equal to the cost of purchasing options to close the position net of any premium received.

Realized gains and losses related to options are included in “realized gain (loss) on sale of investments” in the Statement of Operations.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the period end. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the rate of exchange prevailing at the transaction date.

Increase (decrease) in net assets from operations for each class

Increase (decrease) in net assets from operations per unit in the Statements of Operations represents the net increase (decrease) in net assets from operations for the period, divided by the weighted average units outstanding during the period.

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

Future Accounting Changes

In January 2011, the Accounting Standards Board (AcSB) of the CICA approved a further one year deferral of adoption of IFRS for investment companies, which include investment funds. Investment companies may continue to apply existing GAAP standards until fiscal years beginning on or after January 1, 2013.

Comparative figures

Certain 2010 comparative figures have been reclassified to conform with the financial statements presentation adopted per the current period.

3. Fair Value Disclosure

Financial Instruments – Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows.

Level 1-Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.

Level 2-Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3-Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA Section 3862. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of June 30, 2011.

	Financial Assets at fair value as at June 30, 2011			
	Level 1	Level 2	Level 3	Total
Equities - Long	\$ 41,750,157	\$ -	\$ 2,464,382	\$ 44,214,539
Bonds - Long	-	64,512,665	8,471,703	72,984,368
Warrants	58,387	-	167,829	226,216
Forward contracts	-	1,195,074	-	1,195,074
	<u>\$ 41,808,544</u>	<u>\$ 65,707,739</u>	<u>\$ 11,103,914</u>	<u>\$ 118,620,197</u>

There were no transfers between levels 1 and 2 during the period ended June 30, 2011.

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

Financial Assets at fair value as at June 30, 2011

	Level 1	Level 2	Level 3	Total
Options - Short	\$ -	\$ 263,166	\$ -	\$ 263,166
	\$ -	\$ 263,166	\$ -	\$ 263,166

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2010.

Financial Assets at fair value as at December 31, 2010

	Level 1	Level 2	Level 3	Total
Equities - Long	\$ 26,305,994	\$ 1,004,643	\$ 400,000	\$ 27,710,637
Bonds - Long	-	42,499,024	2,154,827	44,653,851
Warrants	78,000	5,150	6,305	89,455
Forward contracts	-	955,235	-	955,235
	\$ 26,383,994	\$ 44,464,052	\$ 2,561,132	\$ 73,409,178

Financial Assets at fair value as at December 31, 2010

	Level 1	Level 2	Level 3	Total
Options - Short	\$ (100,962)	\$ -	\$ -	\$ (100,962)
	\$ (100,962)	\$ -	\$ -	\$ (100,962)

There were no transfers between levels 1 and 2 during the year 2010.

The following is a reconciliation of Level 3 fair value measurements from December 31, 2010 to June 30, 2011:

Fair value measurements using level 3 inputs

	Warrants	Equities - long	Bonds - Long
Balance at December 31, 2010	\$ 6,305	\$ 400,000	\$ 2,154,827
Net purchases and sales	-	2,127,290	4,907,419
Net transfers in (out)	-	10,868	1,430,204
Gains (Losses)			
Realized	-	-	-
Unrealized	161,524	(73,776)	(20,747)
Balance at June 30, 2011	\$ 167,829	\$ 2,464,382	\$ 8,471,703
Total change in unrealized gain (loss) during the period for assets held at June 30, 2011	\$ 123,670	\$ -	\$ -

The following is a reconciliation of Level 3 fair value measurements from December 31, 2009 to December 31, 2010:

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

	Fair value measurements using level 3 inputs			
	Warrants		Equities - long	Bonds - Long
Balance at December 31, 2009	\$	-	\$ 621,845	\$ 1,019,230
Net purchases and sales		-	126,532	1,276,221
Net transfers in (out)		-	(601,655)	-
Gains (Losses)				
Realized		-	137,976	32,590
Unrealized		6,305	115,302	(173,214)
Balance at December 31, 2010	\$	6,305	\$ 400,000	\$ 2,154,827
Total change in unrealized gain (loss) during the period for assets held at December 31, 2010	\$	6,305	\$ -	\$ (158,486)

Level 3 sensitivity analysis

The Fund applies judgment in determining unobservable inputs to calculate the fair value of Level 3 financial instruments of \$11,103,914 as of June 30, 2011(December 31, 2010 - \$2,561,132). Included in the Fund's Level 3 financial instruments are equity investments in private placements. The unobservable inputs used in the valuation of these financials instruments primarily include key variables, current market conditions and recent financing by the company, if any. These securities are affected by market activity in their relevant sectors and therefore generally fluctuate similarly.

If relevant market-related inputs increased or decreased by 5% with all other variables remaining constant, net assets would have possibly increased or decreased by approximately \$555,196 (December 31, 2010 - \$128,056)

4. Unitholders' equity

Unitholders' equity includes amounts representing net Fund unit subscriptions, undistributed net income, undistributed realized gains (losses) on sale of investments and unrealized appreciation (depreciation) in value of investments. The Fund generally has no restrictions or specific capital requirements on the subscription and redemptions of units. In accordance with the objectives and the risk management policies outlined in the Financial Risk Management notes (Note 10), the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being managed by investing the majority of assets in investments that can be readily disposed. The following table summarizes the changes in the number of units during the period:

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

	2011		2010	
	Class B	Class F	Class B	Class F
Units-Beginning of period	3,875,037	2,564,039	975,778	541,719
Units issued	2,248,858	2,070,640	2,046,310	1,309,073
Units reinvested	60,466	55,147	35,439	21,882
Units redeemed	(225,373)	(107,094)	(62,978)	(69,452)
Units-End of period	5,958,988	4,582,732	2,994,549	1,803,222

5. Fees and expenses

a) *Management fees*

Pursuant to the terms of a management agreement, the Fund pays to the Investment Manager, monthly in arrears, a base management fee. The management fee may vary from class to class and for each of the existing classes of units is as follows:

Class B: 1.5% per annum of the Net Asset Value of class B units of the Fund on the last business day of the preceding month.

Class F: 0.75% per annum of the Net Asset Value of class F units of the Fund on the last business day of the preceding month.

b) *Performance fees*

The Fund also pays the Investment Manager an annual performance fee (the “performance fee”) equal to 20% of the amount by which the cumulative total return of the Fund exceeds the cumulative total percentage increase or decrease of the following benchmarks having the following components and provided that the net asset value per unit for each class of units exceeds a high-water mark. Performance fees will be calculated and accrued daily and payable by the Fund quarterly.

20% weighting – S&P/TSX Preferred Share Total Return Index (or its successor indices, as applicable)

20% weighting – S&P/TSX Composite Total Return Index (or its successor indices, as applicable)

60% weighting – Scotia McLeod Mid Term Bond Index (or its successor indices, as applicable)

If at any time the performance of the Fund is less than its benchmark, then no performance fee will be payable until the performance of this Fund relative to its benchmark has exceeded the amount of the deficiency and the deficiency will carry forward for one year. In addition, the highest daily net asset value per unit for each class of units establishes a high-water mark for each class of units which must be exceeded in subsequent days for the performance fee applicable to each class of units to be payable.

The performance fees incurred for the period ended June 30, 2011 were \$983,964 (2010 – \$647,304) of which \$nil was outstanding as at period-end (December 31, 2010 – \$nil).

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

c) Fees and expenses

The Fund is responsible for the payment of all fees and expenses relating to its operation, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising and promotional expenses which are paid for by the Investment Manager), IRC fees, record keeping and legal fees and expenses, custody and safekeeping charges.

6. Distribution of net investment income and capital gains

Net investment income and net capital gains of the Fund are distributed to unitholders of record as of the close of business on the last valuation day in the year. Unless unitholders have requested cash, all distributions are reinvested automatically in additional units of the Fund immediately following the valuation date.

7. Income taxes

The Fund is a mutual fund trust as defined by the Income Tax Act. No provisions for income taxes are included in the financial statements as the net income and net capital gains are distributed to the unitholders and immediately reinvested in the Fund. As of December 31, 2010, there were \$nil (2009 – \$20,601) of capital losses and no non capital losses to be carried forward.

8. Soft dollar commissions

Soft dollar commissions relate to amounts paid to brokers in exchange for research or other services provided to the investment manager. There were \$nil soft dollar commissions paid during the period (2010 – \$8,883).

9. Securities Lending Transactions

The Fund lends portfolio securities from time to time in order to earn additional income. Income from securities lending is recorded in investment income in the Statements of Operations of the Fund.

The Fund has entered into a securities lending program with its custodian, the RBC Dexia Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 100% of the assets of the Fund. The Fund receives collateral of at least 105% of the value of securities on loan. Collateral may comprise cash, shares, and obligations of or guaranteed by the Government of Canada or a province thereof, by the United States government or its agencies, or by other Organization for Economic Coordination & Development (OECD) member countries' governments.

As at June 30, 2011, there were no securities on loan (December 31, 2010 – \$nil) and no collateral (December 31, 2010 – \$nil) held under securities lending.

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

10. Financial Risk Management

The Fund's financial instruments consist of investments, accrued interest and dividends, amounts due from broker, subscriptions receivable, and other assets designated as loans and other receivables, accounts payable and accrued liabilities and redemptions payable. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The Investment Manager maintains a risk management practice that includes quarterly monitoring of the returns based risk profile of the Fund. The purpose of such practices is to minimize the potential adverse effect of each risk on the Fund's financial performance while being consistent with the Fund's investment objective. The most important risks include market risk (including other price risk, interest rate risk and currency risk), credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

(a) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment portfolio. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

As of June 30, 2011, if the Fund's Investments had increased or decreased by 5%, with all other variables held constant, this would have approximately increased or decreased net assets to amount in difference of \$2,222,038 (December 31, 2010 – \$1,384,957). Actual results may differ from this sensitivity analysis and those results could be material.

(b) *Interest rate risk*

As at June 30, 2011, 61.66% (December 31, 2010 – 60.91%) of the Funds' investment portfolio consists of interest bearing corporate bonds, as well as cash and cash equivalents and foreign bonds. As a result, the Fund was subject to interest rate risk due to fluctuations in the prevailing level of market interest rates which could impact the Fund's cash flows.

The table below summarizes the Fund's exposure to interest rate risk. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

	Less than 1 year	1 - 5 years	More than 5 years	Non Interest bearing	Total
As at June 30, 2011					
Assets					
Financial assets held for trading					
Equities	\$ -	\$ -	\$ -	\$ 44,440,755	\$ 44,440,755
Bonds	1,844,831	40,304,054	30,835,483	-	72,984,368
Forward contracts	1,195,074	-	-	-	1,195,074
Cash and cash equivalents	2,510,771	-	-	-	2,510,771
Accrued interest and dividend receivable	1,177,659	-	-	-	1,177,659
Due from broker	26,618	-	-	-	26,618
Subscriptions receivable	727,204	-	-	-	727,204
Total Assets	7,482,157	40,304,054	30,835,483	44,440,755	123,062,449
Liabilities					
Option contracts	263,166	-	-	-	263,166
Accounts payable and accrued liabilities	77,573	-	-	-	77,573
Distributions payable	76,882	-	-	-	76,882
Redemptions payable	247,127	-	-	-	247,127
Total Liabilities	664,748	-	-	-	664,748
Total Interest sensitivity gap	\$ 6,817,409	\$ 40,304,054	\$ 30,835,483	\$ 44,440,755	\$ 122,397,701

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

	Less than 1 year	1 - 5 years	More than 5 years	Non Interest bearing	Total
As at December 31, 2010					
Assets					
Financial assets held for trading					
Equities	\$ -	\$ -	\$ -	\$ 27,800,093	\$ 27,800,093
Bonds	3,321,895	27,773,752	13,558,203	-	44,653,850
Forward contracts	955,235	-	-	-	955,235
Cash and cash equivalents	249,127	-	-	-	249,127
Accrued interest and dividend receivable	673,024	-	-	-	673,024
Subscriptions receivable	740,599	-	-	-	740,599
Total Assets	5,939,880	27,773,752	13,558,203	27,800,093	75,071,928
Liabilities					
Option contracts	100,962	-	-	-	100,962
Accounts payable and accrued liabilities	49,064	-	-	-	49,064
Due to broker	400,000	-	-	-	400,000
Distributions payable	23,467	-	-	-	23,467
Redemptions payable	733,731	-	-	-	733,731
Total Liabilities	1,307,224	-	-	-	1,307,224
Total Interest sensitivity gap	\$ 4,632,656	\$ 27,773,752	\$ 13,558,203	\$ 27,800,093	\$ 73,764,704

At June 30, 2011, should interest rates have increased or decreased by 25 basis points with all other variables remaining constant, the decrease or increase in net assets for the period would amount to approximately \$517,794 (December 31, 2010 – \$315,294). Actual results may differ from this sensitivity analysis and those results could be material. The Fund's managers review the interest rate exposure on a regular basis.

(c) *Currency risk*

Currency risk is the risk that the value of investments denominated in currencies, other than Canadian Dollar, the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Fund holds assets and liabilities, including cash, short-term investments, equities, and options that are denominated in currencies other than the Canadian Dollar. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates. The Fund's managers review the currency positions of the Fund on a regular basis and the Fund may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies.

The table below summarizes the Fund's exposure to currency risks.

Currency	June 30, 2011 Exposure	December 31, 2010 Exposure
U.S. Dollar	\$ 4,668,040	\$ 3,754,798

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

As at June 30, 2011, if the exchange rate between the Canadian Dollar and the US Dollar the Fund was exposed to increased or decreased by 5%, with all other variables held constant, the increase or decrease respectively in net assets would approximately amount to values \$234,402 (December 31, 2010 – \$187,740). Actual results may differ from this sensitivity analysis and those results could be material.

(d) Credit risk

Credit risk is the risk that a loss could arise when a security issuer or counterparty to a financial instrument is unable to meet its financial obligations. The Fund's main credit risk is from bonds and derivative contracts. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund invests in financial assets which have an investment grade as rated primarily by Dominion Bond Rating Service and Standard & Poor's. Ratings for securities that subject the Fund to credit risk are noted below:

Portfolio by rating category		
Rating	June 30, 2011	December 31, 2010
A/A	3.00%	2.67%
BBB/Bbb	7.48%	1.90%
BB/Bb	4.09%	9.27%
B/B	18.27%	19.74%
CCC/Ccc	7.94%	8.91%
CC/Ca/CC	1.23%	-
N/R	17.62%	18.05%
Total	59.63%	60.54%

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold/lent is only made once the broker has received payment. Payment is made on securities purchased/borrowed once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at June 30, 2011 and December 31, 2010, the Fund's net assets were also exposed to credit risk arising from derivative contracts. The credit rating of the counterparties as at June 30, 2011 and December 31, 2010 were:

Portfolio by rating category		
Rating	December 31, 2010	December 31, 2010
AA/A/A-	0.79%	1.16%
Total	0.79%	1.16%

Vertex Enhanced Income Fund

Notes to Financial Statements

June 30, 2011 (unaudited)

(e) *Liquidity risk*

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund's exposure to liquidity risk is concentrated in the cash redemptions of units at the monthly valuation date. The Fund invests primarily in securities that are traded in active markets and can be readily disposed. The Fund may, from time to time, invest in derivative contracts traded over the counter or in unlisted securities, which are not traded in an organized market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The Fund retains sufficient cash and cash equivalents to maintain liquidity. Liquidity risk is considered negligible

The liabilities of the Fund become due within the next three months.