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VERTEX ENHANCED INCOME FUND

Third Quarter Report, 2011

The Fund ended the quarter down as high yield bonds, equities and preferred shares all experienced sell-offs. High yield bond spreads haven't been this wide since 2008, when the world was seemingly coming to an end and no one was going to be able to pay their bills. The high yield sector then staged a powerful rally in 2009, as investors realized that the world wasn't coming to an end and companies would be able to pay their bills. We think this will be true once again as the current state of panic dissipates. Contrary to popular belief, things are simply getting better in our key market – the United States. Balance sheets are getting stronger, retail sale are coming back and housing has stabilized.

Acknowledging things are improving, albeit slowly, the reality of a down market is that stocks can always be revalued to a lower level. Microsoft may be cheap below $35 and expensive above it during one market period, but in a bear market, that level may be revalued to $25, $20 or even $15 as it was for a period during 2008 - 2009. In 2007, Microsoft traded largely between $30 and $35, but now in 2011, that number seems to be around the $25 level. The difference and positive characteristic nature of bonds is that par ($100) is always going to be the maturity value, as long as the company is a functioning entity that can pay its bills, despite softness in pricing during one's holding period.

The bond component of your fund is susceptible to both headline risk and real credit risk. Headline risk usually leads to opportunity to pick up attractively priced issues. Credit risk is where we need to stay on top of fundamental changes in our chosen investments. We are at the bottom of the credit "totem pole" (but ahead of stocks) and we must never forget that they have high coupons for a reason. Despite the recent drawdown, we saw no major impairments in Q3; although there are a couple that are pricing in additional risk which we are monitoring heading into Q4. The market is unforgiving to any company showing weakness and with ETF's moving large chunks of cash out of the sector, securities can move materially on a single trade.

The good news is that we see solid earnings and cash positions from the majority of our companies and expect that high yield bonds and equities have great upside from here. Once Greece is put to rest, one way or another, certainty will come back to the market. Certainty makes people happy and happy people invest, which in turn drives prices up. We think this downdraft is done and look forward to reporting better returns in your year-end report.

PERFORMANCE (Class F)

Net Asset Value	1 Month	3 Month	Year-to-Date	1 Year	Total Cumulative
$10.2924+	-5.18%	-10.22%	-7.45%	-1.71%	15.18%

Income Distribution: $0.183027

+Post Distribution