

VERTEX ENHANCED INCOME FUND

First Quarter Report, 2013

The Vertex Enhanced Income fund was up 1.17% in March and is now up 5.51% year to date 2013.

The high yield new issuance market slowed near the end of the month but the quarter set a record with \$101.3 billion in new issues. This helped to further erode the 2014-2016 Debt Wall. This record pace is due to slow, but the appetite from investors has been able to easily keep pace. We think that these issuances are for the most part accretive and a future boost for the equity markets. The effects of which will take some time to work through the system. The Barclays High Yield Index returned 1.02% for the month, bringing its year to date to 2.89%. The lower end of the yield curve continued to lead the way with the Caa rated index returning 1.85% and the B rated index reporting 1.00%. This should not be surprising given the refinancing which has taken place. The market views this refinancing activity as low risk and because of the lower rates they are accretive to the entire capital structure.

We continued to add convertible bonds to the portfolio over the past month and are now up to almost a 7% weight. Convertible bonds are a trade-off, as they bring down the overall portfolio yield but increase the portfolio's exposure to equities, which we are bullish on.

The Toronto Stock Exchange Index was the only major North American market to be down in March, falling 0.19% for the month (including dividends) as exposure to the resource sector fell out of vogue.

Our equity holding in the US grocer Safeway continued to run, up over 10% for the month. The Fund continues to collect dividends and option premiums from its equity investments which are close to the 25% maximum portfolio weighting.

The Preferred portfolio was fairly flat for the month but with an average yield of over 7% annualized, we were happy with just harvesting dividends.

In order to highlight our flexibility when approaching methods to generate return for your fund, we engaged in a loan to a company that we know intimately. Terms were quite favorable with a 12% coupon for a one-year term complete with warrants into the underlying common stock. In addition, this loan is backed by a first mortgage. We would certainly be open to more of these situations as even smaller commitments with similar term add nicely to overall fund performance over time.

PERFORMANCE (Class F as at March 31, 2013)

Net Asset Value	1 Month	Year-to-Date	1 Year	3 Year*	Since Inception*
\$11.4719 ⁺	1.17%	5.51%	12.25%	7.38%	9.92%

March 15th Distribution: \$0.16112034

⁺Post Distribution

*Annualized

This statistical information is intended to provide you with information about the Vertex Enhanced Income Fund. Important information about the Fund is contained in the Simplified Prospectus which should be read carefully before investing. You can obtain an offering memorandum 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.