

## VERTEX ENHANCED INCOME FUND

First Quarter Report, 2015

There has been little change within the Enhanced Income Fund over the first quarter of 2015. Any trade activity being largely related to call option expiry and monthly rewriting in order to enhance yield. Our choice to add some high quality, blue chip energy, and mining stocks has not yet been rewarded. It appears the market has yet to agree with our assessment of value related to the stocks held in our portfolio. Bonds remained mostly unchanged over the quarter.

No bond manager wants to own a losing bond or a potential default situation. For this reason, energy and mining bonds have been jettisoned from many bond portfolios. This wholesale selling, probably a little shorting too, has pressured prices to go below their asset and restructuring recovery value. Although the portfolio weighting in energy and mining bonds is small, their discounts-to-par are large enough to have a materially positive impact as prices recover. Our belief is that, just as with financial companies in the credit crisis of 2008, energy firms will issue equity, engage in equity for debt swaps, sell assets, or be taken over – all of which will increase the value of our bonds. The time is now: run towards these investments, not away.

As mentioned above, yield resulting from investments in issues trading at significant discounts to par-value has never been higher. In contrast, yields have never been lower for government and high grade, long-dated corporates. These bonds have seen their prices rise as much as 30% over the last year. But, what happens when rates go the other way? David Rosenberg recently called it “reward-free risk”; receiving 2% for the risk of losing 30% is not something in which we will engage, no matter the temptation. It’s the last place we’ll go. Our stocks alone yield 4% and our bonds yield high single digits.

Looking ahead, we like how we’re positioned. Here’s why: we are working on some really profitable transactions similar to our Conifex and Jemi Fibre notes. We see our stocks rising with a recovery in energy and mining. More immediately, our bonds are moving up in price as their maturity gets closer. The yield of your Enhanced Income Fund is now the highest it’s been in its five year history. Interestingly, high grade corporate bonds and treasuries have seen yields drop to an average of less than 3%. There has never been a better time to own this fund. Take the fund in 2011, for example, which returned 40% from its low point - buy during the dip and you will reap the rewards. We’re excited about what’s to come in 2015!

### PERFORMANCE (Class F returns as at March 31, 2015)

Net Asset Value	1 Month	3 Month	Year-to-Date	1 Year	3 Year*	5 Year*	Since Inception*
\$10.9285 <sup>+</sup>	-1.22%	-0.42%	-0.42%	-2.70%	6.21%	5.74%	7.60%

Net of all fees and includes reinvested distributions.

<sup>+</sup>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.