

VERTEX ENHANCED INCOME FUND

Second Quarter Report, 2015

The gas is on full, tires are spinning but we must be in an oil slick! Our covered call option writing has been working well and most fixed income investments (bonds) are performing as expected. Holding back performance year-to-date are the same culprits that have done so for the last twelve months – those being largely energy and mining securities – and it's just enough to leave the overall return flat this year. Although we'd much rather post a better short term result, we remind ourselves twelve months is very short from an investment horizon perspective. In the short term, we have no magic to force our investment choices to work. Nor can we will them to perform...believe me, it's been tried. Having failed on the willing, success results from having a sound intellectual framework, a diversified portfolio of opportunities and time, with an emphasis on the latter. With the above mentioned energy and mining related securities having significant price corrections prior to and subsequent to our purchases, a few things become apparent:

1. They have now become a smaller position in your fund, reducing further downside impact to portfolio performance;
2. A recovery will come at some point. We don't know when, as we never do, leading to prices rising (expect the unexpected); and
3. Pessimism is high with regard to commodities and related investments.

We've had numerous calls from investors lately and in my experience in fund management, concerns usually indicate it is a fantastic time to invest. It means securities held within the fund are down (less expensive). It's cliché for sure but the only thing that people don't want to buy on sale are stocks and bonds. Any other product, we'll load up if there's a sale. With investments, we're simply scared the merchandise is faulty when prices are down. The truth is, there are many sound and justifiable reasons why investments are down. As bad times will eventually pass, the reasons to avoid a specific sector or industry evaporate. Five short years ago, I remember distinctly being told all the reasons not to own American stocks. Now, just as then with large cap American stocks, performance drivers abound in high yield and undervalued resource equities. With this backdrop, your fund manager recently made a significant personal investment in the Vertex Enhanced Income Fund.

With the exception of a newly negotiated secured note to Dynasty Metals & Minerals, no material changes have been undertaken in the fund. We will keep digging for new opportunities and if found superior to something already owned, we will trade. Otherwise, bonds will be held to maturity as yields are very attractive within portfolio investments. One thing we don't do is "do something" for the sake of doing something. Many times I've been told to "do something" after a weak year. Remarkably, a year later, with nothing done, performance recovers. With the Canada 30-year bond yielding 2.2% driving prices to levels never seen, our portfolio, with very short maturities and much higher yields seems very safe indeed. Canada 10-year bonds now trade at a whopping 66 times earnings with a yield of only 1.5%. **The risk in long treasuries is unprecedented.** A small rise in rates will be painful, a large rise, devastating.

We Are Moving

In order to accommodate the continued growth of our team we are moving offices. As of July 27th, our new office will be located in the MNP Tower. We welcome visitors.

Change of Address:

Suite 3200
1021 West Hastings Street
Vancouver, BC
V6E 0C3

PERFORMANCE (Class F returns as at June 30, 2015)

Net Asset Value	1 Month	3 Month	Year-to-Date	1 Year	3 Year*	5 Year*	Since Inception*
\$10.8441 ⁺	-0.77%	0.49%	0.06%	-5.29%	6.87%	6.60%	7.35%

Net of all fees and includes reinvested distributions.

*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.