

VERTEX ENHANCED INCOME FUND

First Four Months Report, 2016

This letter finds itself a little late to press largely on account of the writer suffering from a serious bout of writers' block. After many difficult quarters of penning a rhyming short essay, the subject matter being our bonds and stocks will commence rising again, they have indeed cooperated. From a bumpy start in January and February, your fund gained 4.43% in March, and resulting from the lateness of this note gained 2.67% in April, for a year to date return of 3.09% (Class F). Further, as I type, the fund is up again for May. Although, I have no crystal ball into the future, maturity dates for all our holdings are very near and as such our bonds will continue to rise from current discounts toward par value.

Because we can't control the capital markets, I've highlighted the table below of our monthly and annual returns since inception. Upon review of the table, I can say with upmost sincerity that a return of 16.5% and 13.3% in 2010 and 2012 respectively, were as unexpected to me as were -5.6% and -11.4% in 2011 and 2015. This is the nature of mark-to-mark accounting that would have bonds (absent of default) trading at prices far below maturity value, in addition to short term fluctuations in equity prices. This is where I remind investors, investing is a long term endeavor – not a short term trade. We've bought bonds with an assessment a company will pay us back and stocks with a view, the businesses will prosper. We are not traders. Our approach is to lend companies money the same way banks do (our bonds) and when purchasing stocks – we're business owners. I cannot emphasize this enough in a short term, sound-bite world of investing.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2016	-2.83%	-1.04%	4.43%	2.67%									3.09%
2015	-1.18%	2.02%	-1.22%	1.53%	-0.25%	-0.77%	-2.48%	-3.21%	-3.00%	1.81%	-2.36%	-2.93%	-11.47%
2014	0.63%	2.28%	0.68%	0.61%	1.39%	1.20%	-0.47%	1.35%	-2.67%	-1.06%	-1.05%	-1.54%	1.24%
2013	2.78%	1.46%	1.18%	1.24%	0.84%	-1.49%	1.27%	-0.53%	0.90%	1.61%	0.86%	1.07%	11.71%
2012	2.95%	2.67%	0.74%	0.01%	-1.70%	0.35%	2.11%	1.33%	1.49%	1.35%	0.07%	1.27%	13.29%
2011	2.14%	1.82%	0.73%	0.58%	-0.19%	-1.97%	-0.72%	-4.63%	-5.18%	4.08%	-2.17%	0.13%	-5.64%
2010	1.74%	1.80%	2.51%	3.08%	-4.48%	-2.03%	4.18%	-1.17%	4.08%	2.73%	-0.35%	3.74%	16.57%
2009									-0.02%	0.43%	2.54%	3.69%	6.76%

There were a few minor changes during the first quarter. With a view our privates had become a larger percentage of the fund than our original commitment, resulting from mark-to-mark accounting and some fund redemptions, we reduced some of our private holdings for full value or above: Rise Properties, Conifex Notes, and Sea to Sky Gondola. These proceeds were redeployed into equities trading at very attractive value. Moreover, equities with decent dividends and attractive option premiums.

To conclude, the past 18 months has seen a stampede out of anything perceived small or risky into what's perceived to be safest...this led to a migration to the largest equities, highest grade corporate bonds and mostly long-dated government bonds. I'm doubtful this will go on for much longer. Eventually, these perceived low risk investments become the riskiest. When the flow of funds turns another direction, we are very well positioned to benefit. Our funds have a history of performing very well after challenging years. This time should be no different.

As always, please call us if you have any questions or concerns.

PERFORMANCE (Class F returns as at April 30, 2016)

Net Asset Value	1 Month	3 Month	Year-to-Date	1 Year	3 Year*	5 Year*	Since Inception*
\$9.0761 ⁺	2.67%	6.09%	3.09%	-9.73%	-1.14%	0.93%	4.92%

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.