

VERTEX GROWTH FUND

Third Quarter Report, 2013

The Vertex Growth Fund Class B shares ended the quarter up 6.35%, bringing the year-to-date return to 15.49%.

In a change of pace to the recent trend, the Canadian market outperformed the US market (in Canadian dollars) finishing up 6.25% versus 2.97% for the S&P 500 \$CAD Total Return Index. The temporary rise in gold prices during the quarter helped our two precious metal companies, Mandalay Resources and warrants in Franco-Nevada Corp, but the biggest contributors to performance were the Fund's largest positions in Blackstone Group, Greenlight Capital and Deckers Outdoor Corp. With Deckers up 50% from our cost we began realizing some profit and have trimmed the weight down to 2%.

We added Zynga to the portfolio in the third quarter. Zynga is a mobile gaming company best known for their different "ville" games on Facebook (Farmville, CityVille, CastleVille etc.). Originally a hyped IPO at the end of 2011, rising 50% from its IPO price, the stock quickly languished as it became clear that a shallow pipeline, bloated costs and cloudy profit predictions would mire the company. Fast forward to the summer of 2013 where the real question is whether or not Zynga can remain a leader and an innovator in the newborn market of mobile/social gaming. The social gaming market holds massive potential with mobile phones now the primary technology in people's lives. Zynga has 150 million active users, giving it a strong platform to develop on. This is probably what attracted Don Mattrick to take over the role of CEO in July. Mattrick is a gaming industry icon having previously run Microsoft's entertainment division and successfully bringing Xbox into the gaming fray. Prior to Microsoft he was a President at Electronic Arts. With Mattrick's pedigree and vision there is a decent chance that Zynga's operations and products can be revitalized; leading the stock to new highs. Trading at only 1.5x its book value, if only a scent of profit returns to its income sheet the stock should trade considerably higher than 70% below its IPO price.

Alongside our search for undervalued growth stories, we have renewed our appetite for positions in high yield and mergers & acquisitions. To that point, we added a bond to the portfolio from Lightstream Resources which yields over 9%. We also added an ING Groep bond with an 8.5% coupon alongside a position in its equity. Combined, the Fund has a 9% weight in ING. We're bullish on exposure to European financials. With the credit storms having settled, European companies are about two years behind their US counterparts in the economic recovery. Currently, 18% of the portfolio is in yielding securities from high yield bonds, to hybrid bonds, to real estate companies like HealthLease Properties REIT.

Looking forward, we are keeping an eye out for merger activity to increase. With many deals closing in September and few new deals as replacements, our biggest position at the moment is Life Technologies - who are merging with Thermo Fisher. We are also seeing some new opportunities in energy companies which may prove interesting in the fourth quarter.

With almost the entire portfolio having a strong quarter, the one downside was our exposure to the US dollar which dampened the return meaningfully over the quarter. If you recall, we reduced our currency hedges at the beginning of the year after seeing opportunity in the US Dollar. Unfortunately, this worked only some of the time so we decided to put the hedges back on. The fund is now fully hedged to the US dollar. We may revisit this idea at a later date.

PERFORMANCE (Class B shares as at September 30, 2013)

Net Asset Value	1 Month	3 Month	Year-to-Date	1 Year	2 Year⁺	3 Year⁺	Since Inception⁺
\$16.1839	4.14%	6.35%	15.49%	18.50%	17.08%	10.51%	12.55%

⁺annualized return

Vertex One Asset Management, Inc.

This statistical information is intended to provide you with information about the Vertex Growth Fund. Important information about the Fund is contained in the Simplified Prospectus which should be read carefully before investing. You can obtain a prospectus 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.