

Next Edge Bio-Tech Plus Fund

Unaudited Semi-Annual Financial Statements – 2020
As at and for the six months ended June 30, 2020



NEXTEGE
CAPITAL

Next Edge Bio-Tech Plus Fund
Unaudited semi-annual financial statements
June 30, 2020

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Next Edge Bio-Tech Plus Fund

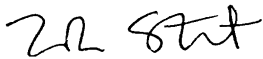
Management's responsibility for financial reporting

Next Edge Capital Corp. (the "Manager") is responsible for the accompanying financial statements and all the information in this report. These financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board and, where appropriate, reflect management's judgment and best estimates.

Management has established systems of internal controls that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet management's responsibilities for the integrity of the financial statements.

The Manager recognizes its responsibility to conduct the Fund's affairs in the best interest of its unitholders.

Respectfully,



Toreigh N. Stuart
Chief Executive Officer



David Scobie
Chief Operating Officer

Next Edge Capital Corp.
August 28, 2020

Independent auditor's interim review report

The Manager of
Next Edge Bio-Tech Plus Fund

In accordance with our engagement letter dated August 24, 2020, we have performed an interim review of the statements of financial position of the **Next Edge Bio-Tech Plus Fund** [the "Fund"] as at June 30, 2020, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the six-month period ended June 30, 2020. These financial statements are the responsibility of management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor [an "interim review"].

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with International Accounting Standards 34, *Interim Financial Reporting* (IAS 34).

We have previously audited, in accordance with Canadian generally accepted auditing standards, the statement of financial position of the Fund as at December 31, 2019, and the related statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended [not presented herein]. In our report dated March 30, 2020, we expressed an unmodified audit opinion on those financial statements. In our opinion, the information set forth in the accompanying statement of financial position as at December 31, 2019, is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

This report is intended solely for the information and use of management to assist it in discharging its regulators obligation to review these financial statements and should not be used for any other purpose. We disclaim any responsibility to any third party who may rely on it. Further, this report is a by-product of our review of the 2020 semi-annual financial statements and indicates matters identified during our review. Our review did not necessarily identify all matters that may be of interest to those charged with governance in fulfilling their responsibilities.

Ernst & Young LLP

Toronto, Canada
August 28, 2020

Chartered Professional Accountants
Licensed Public Accountants



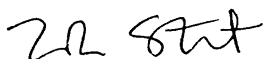
Next Edge Bio-Tech Plus Fund
 Statements of financial position (unaudited)

As at	Notes	June 30, 2020	December 31 2019
ASSETS			
Current assets			
Financial assets at fair value through profit or loss		9,531,708	10,010,555
Cash		1,084,517	820,959
Subscriptions receivable		-	22,999
Receivable for investments sold		336,205	-
Interest and other receivables		203,764	362
		11,156,194	10,854,875
LIABILITIES			
Current liabilities			
Financial liabilities at fair value through profit or loss		168,643	63,638
Payable for investments purchased		254,286	77,091
Management fees payable	9,10	9,641	9,310
HST payable		3,322	4,708
Accrued liabilities		35,933	56,317
		471,825	211,064
Net assets attributable to holders of redeemable units		10,684,369	10,643,811
Net assets attributable to holders of redeemable units per class			
Class A		3,313,702	3,552,141
Class A1		1,095,659	1,209,024
Class F		5,479,287	5,013,698
Class F1		795,721	868,948
		10,684,369	10,643,811

Next Edge Bio-Tech Plus Fund
 Statements of financial position (continued) (unaudited)

As at	Notes	June 30, 2020	December 31, 2019
Number of redeemable units outstanding per class			
Class A	7	460,463	474,057
Class A1	7	137,892	147,246
Class F	7	698,757	617,809
Class F1	7	95,166	101,091
Net assets attributable to holders of redeemable units per unit			
Class A		7.20	7.49
Class A1		7.95	8.21
Class F		7.84	8.12
Class F1		8.36	8.60

Approved by Next Edge Capital Corp.



Toreigh N. Stuart
 Chief Executive Officer



David Scobie
 Chief Operating Officer

Next Edge Bio-Tech Plus Fund
Statements of comprehensive income (unaudited)

For the six months ended June 30,	Notes	2020	2019
Income			
Interest income for distribution purposes		4,178	11,626
Dividends		-	8,440
Foreign currency gain (loss) on cash and other net assets		5,497	(9,839)
Net realized gain (loss) on sale of investments		78,198	(800,909)
Net change in unrealized (depreciation) appreciation on investments	6	(6,926)	3,774,409
Total income		80,947	2,983,727
Expenses			
Transaction costs		229,845	191,121
Management fees	9,10	71,301	115,677
Administrative fees		47,194	-
Audit fees		32,516	15,172
Independent review committee fees	10	29,932	13,826
Legal fees		24,241	25,085
Harmonized sales tax		16,936	8,806
Unitholder reporting costs		9,350	10,338
Custody fees		1,750	1,800
Security lending expense		342	1,132
		463,407	382,957
Less: expenses absorbed by the Manager		-	(77,515)
Total expenses		463,407	305,442
(Decrease) increase in net assets attributable to holders of redeemable units		(382,460)	2,678,285
Increase (decrease) in net assets attributable to holders of redeemable units per class			
Class A		(137,358)	932,126
Class A1		(42,280)	273,531
Class F		(175,004)	1,207,650
Class F1		(27,818)	264,978
		(382,460)	2,678,285

Next Edge Bio-Tech Plus Fund

Statements of comprehensive income (continued) (unaudited)

For the six months ended June 30,	Notes	2020	2019
Average number of units outstanding			
Class A		464,896	548,991
Class A1		142,152	159,444
Class F		630,590	730,001
Class F1		97,114	145,957
Increase (decrease) in net assets attributable to holders of redeemable units per unit			
Class A		(0.30)	1.70
Class A1		(0.30)	1.72
Class F		(0.28)	1.65
Class F1		(0.29)	1.82

Next Edge Bio-Tech Plus Fund

Statements of changes in net assets attributable to holders of redeemable units (unaudited)

For the six months ended June 30,	2020	2019
<u>Class A</u>		
Beginning of period	3,552,141	5,039,649
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(137,358)	932,126
Proceeds from issuance of units	355,300	163,592
Consideration paid for redemption of units	(456,381)	(1,528,958)
End of period	3,313,702	4,606,409
<u>Class A1</u>		
Beginning of period	1,209,024	1,439,380
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(42,280)	273,531
Consideration paid for redemption of units	(71,085)	(113,905)
End of period	1,095,659	1,599,006
<u>Class F</u>		
Beginning of period	5,013,698	6,388,186
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(175,004)	1,207,650
Proceeds from issuance of units	1,424,913	609,939
Consideration paid for redemption of units	(784,320)	(1,151,256)
End of period	5,479,287	7,054,519
<u>Class F1</u>		
Beginning of period	868,948	1,370,670
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(27,818)	264,978
Proceeds from issuance of units	13,475	12,059
Consideration paid for redemption of units	(58,884)	(146,812)
End of period	795,721	1,500,895

Next Edge Bio-Tech Plus Fund
Statements of cash flows (unaudited)

For the six months ended June 30,	2020	2019
Cash flows from operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	(382,460)	2,678,285
Adjustments to reconcile (decrease) increase in net assets attributable to holders to net cash from operating activities		
Proceeds from sale of investments	14,265,294	20,517,947
Purchase of investments	(13,769,180)	(18,633,593)
Foreign currency loss (gain) on cash and other net assets	(5,497)	9,839
Change in unrealized depreciation (appreciation) of investments and derivatives	6,926	(3,774,409)
Net realized (gain) loss on sale of investments and derivatives	(78,198)	800,909
Increase in interest receivable and other receivables	(203,402)	(959)
Decrease in dividends receivable	-	2,520
Decrease in other payables and accrued liabilities	(21,439)	(107,414)
Net cash (used in) provided by operating activities	(187,956)	1,493,125
Cash flows from financing activities		
Proceeds from redeemable units issued	1,816,687	826,078
Amount paid on redemption of redeemable units	(1,370,670)	(2,863,268)
Net cash provided by (used in) financing activities	446,017	(2,037,190)
Foreign currency gain (loss) on cash and other net assets	5,497	(9,839)
Net increase (decrease) in cash	263,558	(553,904)
Cash, beginning of period	820,959	1,818,310
Cash, end of period	1,084,517	1,264,406
Cash comprises:		
Cash at bank	1,084,517	1,264,406
Supplemental disclosure of cash flow information:		
Interest received	(199,224)	10,667
Dividends received, net of withholding taxes	-	10,960

Next Edge Bio-Tech Plus Fund

Schedule of investments (unaudited)

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Long positions (89.2%)		
	Canadian equities (40.2%)		
	Biotechnology (1.6%)		
2,000,000	Aequus Pharmaceuticals Inc. warrants, July 30, 2022 - strike price \$0.30	-	13,100
40,000	Cardiol Therapeutics Inc. warrants, June 4, 2022 - strike price \$3.25	-	36,154
845,000	SQI Diagnostics Inc. Warrants, March 10, 2022 - Strike Price \$0.21	-	31,899
500,000	SQI Diagnostics Inc. warrants, December 20, 2022 - strike price \$0.20	-	25,425
108,000	Titan Medical Inc. warrants, August 10, 2023 - strike price \$3.20	-	60,427
	Biotechnology total	-	167,005
	Healthcare equipment & services (14.5%)		
748,000	CVR Medical Corp.	188,302	29,920
1,000,000	CVR Medical Corp. warrants, April 20, 2023 - strike price \$0.36	-	60
500,000	Opsens Inc.	456,379	365,000
1,305,000	ProMIS Neurosciences Inc., warrants, January 22, 2024 - strike price \$0.48	-	173,513
200,000	ProMIS Neurosciences Inc., warrants, August 9, 2022 - strike price \$0.30	-	1,818
500,000	ProMIS Neurosciences Inc. Warrants, December 30, 2024 - Strike Price \$0.35	-	80,190
4,095,000	SQI Diagnostics Inc.	535,935	696,150
1,875,000	SQI Diagnostics Inc., warrants, March 8, 2024 – strike price \$0.11	-	131,250
50,000	Titan Medical Inc.	67,372	57,500
666,666	Titan Medical Inc., warrants, June 29, 2022 - strike price \$0.20	-	22,253
200,000	Titan Medical Inc., warrants, March 16, 2021 - strike price \$0.50	-	1,338
	Healthcare equipment & services total	1,247,988	1,558,992

Next Edge Bio-Tech Plus Fund
Schedule of investments (continued) (unaudited)

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
Pharmaceuticals & biotechnology (24.1%)			
7,542,000	Aequus Pharmaceuticals Inc.	1,242,985	603,360
10,200	Aurinia Pharmaceuticals Inc.	122,253	224,808
500,000	Antibe Therapeutics Inc. warrants, February 27, 2022 - strike price \$0.35	-	114,630
80,000	Cardiol Therapeutics Inc., Private Placements	200,000	189,600
522,000	Cognetivity Neurosciences Ltd.	163,981	49,590
362,500	Cognetivity Neurosciences Ltd. Warrants, September 19, 2020 - Strike Price \$0.55	-	-
6,081,500	iCo Therapeutics Inc.	348,543	273,668
4,000,000	iCo Therapeutics Inc. Warrants, February 11, 2022 - Strike Price \$0.08	-	75,600
2,343,000	Microbix Biosystems Inc.	686,394	761,475
212,500	Microbix Biosystems Inc. warrants, October 18, 2020 - strike price \$0.36	-	7,197
200,000	Microbix Biosystems Inc. warrants, October 9, 2020 - strike price \$0.55	-	870
100,000	Theratechnologies Inc.	350,844	273,000
Pharmaceuticals & biotechnology total		3,115,000	2,573,798
Total Canadian equities		4,362,988	4,299,795
United States equities (40.9%)			
Biotechnology (4.1%)			
5,200	Bluebird Bio Inc.	456,414	432,312
153,800	IntelGenx Technologies Corp. warrants, June 1, 2021 - strike price \$0.80	-	5,094
Biotechnology total		456,414	437,406
Pharmaceuticals (13.3%)			
8,000	Apellis Pharmaceuticals Inc.	336,576	355,865
30,000	Catalyst Pharmaceuticals Inc.	175,279	188,774
125,000	MRI Interventions Inc., Warrants, May 26, 2022 - Strike Price \$2.20	-	374,232
15,000	Sangamo Therapeutics Inc.	152,957	183,054
1,300	Sarepta Therapeutics Inc.	121,246	283,900
8,000	Zynerba Pharmaceuticals Inc.	60,554	36,720
Pharmaceuticals total		846,612	1,422,545
Healthcare equipment & services (5.2%)			
200	ClearPoint Neuro Inc.	1,056	978
20,200	Delcath Systems Inc.	263,053	282,004
10,852	Delcath Systems Inc. Warrants, December 24, 2024 - Strike Price \$23.04	-	80,818
9,000	Fulgent Genetics Inc.	201,052	196,129
Healthcare equipment & services total		465,161	559,929

Next Edge Bio-Tech Plus Fund
Schedule of investments (continued) (unaudited)

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Pharmaceuticals & biotechnology (18.3%)		
40,000	ADMA Biologics Inc.	194,152	159,627
38,000	BioDelivery Sciences International Inc.	221,521	225,658
13,500	Exelixis Inc.	413,618	436,509
5,000	FibroGen Inc.	246,028	276,011
5,000	Intercept Pharmaceuticals Inc.	453,327	326,269
35,000	Neurotrope Inc.	67,157	55,298
15,625	Neurotrope Inc., Warrants, November 17, 2021 - Strike Price \$12.80	-	64
20,000	Pacific Biosciences of California Inc.	91,983	93,979
4,600	REGENXBIO Inc.	244,820	230,749
9,000	Voyager Therapeutics Inc.	173,086	154,697
	Pharmaceuticals & biotechnology total	2,105,692	1,958,861
	Total United States equities	3,873,879	4,378,741
	United States bond (1.3%)		
100,000	IntelGenx Technologies Corp., convertible private bond, 6% interest rate, June 1, 2021	128,645	136,201
	United States bond total	128,645	136,201
	Total United States equities & bond	4,002,524	4,514,942
	Foreign equities (3.5%)		
	Pharmaceuticals & biotechnology (3.5%)		
2,000	MeiraGTx Holdings plc	134,645	181,801
11,000	Nymox Pharmaceutical Corp.	200,122	187,576
	Total foreign equities	334,767	369,377
	Total equities & bond	8,700,279	9,187,114
	Options (3.3%)		
	Purchased options (see options detail)	418,073	347,594
	Total long position	9,118,352	9,531,708
	Short position (-1.6%)		
	Written options (see options detail)	(201,640)	(168,643)
	Total short position	(201,640)	(168,643)
	Transaction costs	(69,414)	-
	Total investment portfolio and options (87.6%)	8,847,298	9,363,065
	Cash (10.2%)		1,084,517
	Other assets net of liabilities		236,787
	Total net assets attributable to holders of redeemable units		10,684,369

Next Edge Bio-Tech Plus Fund
Schedule of investments (continued) (unaudited)

Options Details

Underlying Interest	Option Type	Number of Options	Strike Price (\$)	Expiry Date	Average Cost (\$)	Fair Value (\$)
Apellis Pharmaceuticals Inc.	Call	125	45	Jul 2020	28,383	515
Intra-Cellular Therapies Inc.	Call	187	25	Aug 2020	107,475	188,474
Invesco Currencyshares Can	Call	750	74	Sep 2020	76,572	35,753
Total purchased call options					212,430	224,742
Investco QQQ Trust Series	Put	400	210	Aug 2020	205,643	122,852
Total purchased put options					205,643	122,852
Total purchased options					418,073	347,594
Editas Medicine Inc.	Call	(100)	35	Jul 2020	(23,835)	(8,172)
Intra-Cellular Therapies Inc.	Call	(187)	35	Aug 2020	(52,943)	(92,964)
Sarepta Therapeutics Inc.	Call	(13)	170	Jul 2020	(6,388)	(2,683)
Zynerba Pharmaceuticals Inc.	Call	(40)	10	Jul 2020	(7,354)	(266)
Total written call options					(90,520)	(104,085)
Investco QQQ Trust Series	Put	(400)	195	Aug 2020	(111,120)	(64,558)
Total written put options					(111,120)	(64,558)
Total written options					(201,641)	(168,643)
Total options					216,433	178,951

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited)

1. FUND INFORMATION

Next Edge Bio-Tech Plus Fund (the “Fund”) is a mutual fund established as a trust under the laws of the Province of Ontario and governed by a declaration of trust dated December 1, 2014. The Fund is divided into units of participation (“units”) representing an interest in the Fund held by unitholders. The Fund has four classes of units: Class A units, Class A1 units, Class F units and Class F1 units. The Fund may have an unlimited number of classes of units and may issue an unlimited number of units of each class. All classes of units of the Fund are redeemable at the unitholders' option. Each class of units is intended for different types of investors. All of the classes of units have the same investment strategy and restrictions but differ with respect to one or more of their features, such as management fees, expenses, redemption fees, commissions or distributions. The net asset value (“NAV”) per unit (“NAV per unit”) of each class is not the same as a result of the different fees, expenses and distributions allocable to each class of units.

The Fund seeks short and long-term capital appreciation through the ownership of small and mid-capitalization biotechnology and healthcare companies based in Canada and the United States. The Fund started investing according to its investment objective on February 17, 2015.

The Fund is managed by Next Edge Capital Corp. (the “Manager”). The custodian, registrar, transfer agent and valuation agent of the Fund is RBC Investor Services Trust. The registered office of the Fund is located at 1 Toronto Street, Suite 200, Toronto, Ontario, Canada, M5C 2V6.

The financial statements were approved for issuance by the Manager on August 28, 2020.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS (“International Financial Reporting Standards”). Accordingly, the Fund’s accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the NAV for transactions with unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The financial statements have been presented in Canadian dollars, the Fund’s functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund’s investments are designated as fair value through profit or loss upon initial recognition and are measured at fair value through profit or loss (“FVTPL”). The Fund’s obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract’s effective interest rate.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives, cash and other trade receivables and payables. All financial assets and liabilities are recognized in the Statements of financial position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership.

Classification and measurement

The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments - Classification and Measurement* ("IFRS 9"). The standard requires financial assets to be classified as amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgment. The Fund classifies investments based on both the Fund's business models for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess performance and to make decisions. Consequently, all investments are measured at FVTPL.

More specifically, the Fund's investments, derivative assets and liabilities and short sales, if any, are measured at FVTPL. The Fund's obligation for NAV attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

Impairment

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI. Financial assets held by the Fund that are measured at FVTPL will not be subject to the impairment requirements.

With respect to receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, all receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. No loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

Fair value and subsequent measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted securities are determined by the Manager on the basis of the latest reported information available. Fixed income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation from recognized investment dealers.

The Fund may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the Fund: whereas the risk for long positions will be limited to the premium paid to purchase the option contracts, the risk exposure for the short positions is potentially unlimited until closed or expired.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

The premium paid for purchasing an option is recorded as an asset in the Statements of financial position. The premium is valued at the close of business on every business day, or, if not a business day, on the following business day and on any other day as the Manager determines (“Valuation Date”) at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as “Net change in unrealized appreciation (depreciation) on investments” in the Statements of comprehensive income. When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

The premium received from writing a call or put option is recorded as a liability in the Statements of financial position. When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the Fund had purchased. The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as “Net realized gain (loss) on sale of investments” in the Statements of comprehensive income.

All unlisted warrants have been calculated using the Black-Scholes model, including written options valued subsequent to initial purchase.

Net assets attributable to holders of redeemable units

Net assets attributable to holders of redeemable units are classified as financial liabilities and are redeemable at the unitholder’s option at prices based on the Fund’s NAV per unit at the time of redemption. The amounts are continuously measured at their redemption value.

The NAV measured at each Valuation Date, will be obtained by the valuation agent by taking the then fair value of the assets of the Fund less the aggregate amount of its liabilities excluding those attributable to holders of redeemable units. The NAV per unit of any class of units of the Fund for a Valuation Date will be obtained by dividing the then fair value of the assets of the Fund less the aggregate amount of its liabilities (excluding those attributable to holders of redeemable units) in each case attributable to that class of units, by the total number of units of the class outstanding at the time the calculation is made on the Valuation Date and adjusting the result to a maximum of four decimal places.

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit, on the date of the transaction. Units are redeemable at the option of the unitholders at their NAV per unit on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units are reduced by the related NAV on the date of redemption.

The calculation of the value of net assets attributable to holders of redeemable units (“net assets”) for financial statement purposes in accordance with IFRS is consistent with the calculation of the NAV for transactional purposes.

Investment transactions and income recognition

Investment transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Interest income for distribution purposes is recorded as it is earned.

Dividend revenue is recognized when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statements of comprehensive income.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

“Interest income for distribution purposes” shown on the Statements of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis.

Realized gains and losses from security transactions are calculated using the average cost basis.

The period-over-period change in the difference between fair value and the average cost is shown as the net change in unrealized appreciation (depreciation) on investments.

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities by the Fund are charged to net income in the period.

Functional and presentation currency

The Fund’s functional and presentation currency is the Canadian dollar (“CAD”), which is the currency of the primary economic environment in which it operates. The Fund’s performance is evaluated, and its liquidity is managed in CAD. Therefore, the CAD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund’s subscriptions and redemptions are denominated in CAD.

The fair value of foreign-currency-denominated portfolio investments, foreign currency holdings and other assets and liabilities denominated in a foreign currency are translated into the Fund’s reporting currency using the closing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into the Fund’s reporting currency at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) relating to cash, receivables and payables are presented as “Foreign currency gain (loss) on cash and other net assets” and those relating to financial instruments classified as held for trading and FVTPL are presented within “Net realized gain (loss) on sale of investments” and “Net change in unrealized appreciation (depreciation) on investments” in the Statements of comprehensive income.

Cash

Cash comprises deposits with financial institutions.

Decrease in net assets attributable to holders of redeemable units per unit

The decrease in net assets attributable to holders of redeemable units per unit is calculated by dividing the decrease in net assets attributable to holders of redeemable units of the class by the weighted average number of units outstanding of the class during the period.

Income and expense allocation

The realized and unrealized gains or losses, income, and expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each Valuation Date to the redeemable participating unitholders in proportion to the respective prior day’s NAV, which includes redeemable participating unitholder trades dated for that day, of each class at the date on which the allocation is made. Class-specific operating expenses and management fees are applied to the corresponding classes accordingly. All operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

Taxation

The Fund is a mutual fund trust under the *Income Tax Act* (Canada) (the “Tax Act”). All of the Fund’s net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of financial position as a deferred income tax asset. See note 8.

The Fund has assessed and concluded that there is no impact on the recognition and measurements of uncertainty over Income tax treatments, across jurisdictions in which it operates.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards issued but not yet effective up to the date of issuance of the financial statements that are expected to have an impact on the Fund. The Fund will adopt any applicable standards when they become effective.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Fair value measurement of investments and derivatives not quoted in active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. The fair value of private securities is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed.

The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

6. FINANCIAL INSTRUMENTS RISK

The Fund’s activities expose it to a variety of risks as follows: portfolio concentration risk, biotechnology industry risk, credit risk, liquidity risk and market risk (including price risk, foreign exchange risk, and interest rate risk).

The portfolio manager intends to generate long-term appreciation for the Fund by way of alpha by active stock selection within the sector, rather than relying on passive beta and movement of the sector. The portfolio manager focuses on

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

companies in the early to later stages of clinical development or early commercialization that meet specific proprietary criteria and whose data has been subjected to peer-reviewed analysis. In general, the Fund invests in equities of companies that are of smaller capitalization than those that make up the S&P/TSX Capped Health Care Index and the NASDAQ Biotechnology Index. The equities that the Fund invests in tend to offer more potential upside and are generally more volatile than those that comprise the indices cited above. The Fund also employs derivatives to reduce the volatility of a traditionally volatile sector and for return enhancement (see the Schedule of investments).

Portfolio concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical allocation, asset type, industry sector or counterparty. As the Fund's mandate is to invest predominantly in the biotechnology and healthcare sectors in Canada and the United States, the Fund is exposed to risks specific to the biotechnology and healthcare sectors, which are discussed below. Please refer to the Schedule of Investments for a listing of the Fund's portfolio.

The following tables summarize the investment concentration risks that are relevant for the Fund based on its investment objective. The investment portfolio may change due to ongoing portfolio transactions.

Portfolio by Asset Mix	% of Net Asset Value	
	Jun 30, 2020	Dec 31, 2019
United States equity	40.9%	34.2%
Canadian equity	40.2%	50.5%
Cash and cash equivalents	10.2%	7.7%
International equity	3.5%	3.9%
Equity options	1.7%	3.7%
Equity index options	1.6%	0.6%
United States bond	1.3%	1.2%
Total investments	99.4%	101.8%
Other net liabilities	2.2%	(1.2%)
Written options	(1.6%)	(0.6%)
Total net asset value	100.0%	100.0%

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

Portfolio by Industry	% of Net Asset Value	
	Jun 30, 2020	Dec 31, 2019
Pharmaceuticals and biotechnology	45.9%	47.8%
Healthcare equipment and services	19.7%	20.2%
Pharmaceuticals	13.3%	19.0%
Cash and cash equivalents	10.2%	7.7%
Biotechnology	5.7%	1.6%
Equity options	1.7%	3.7%
Equity index options	1.6%	0.6%
Private placement	1.3%	1.2%
Total investments	99.4%	101.8%
Other net liabilities	2.2%	(1.2%)
Written options	(1.6%)	(0.6%)
Total net asset value	100.0%	100.0%

Portfolio by Country	% of Net Asset Value	
	Jun 30, 2020	Dec 31, 2019
Canada	43.5%	54.8%
United States	42.2%	35.4%
Cash and cash equivalents	10.2%	7.7%
Germany	1.7%	-%
Jersey	1.8%	1.7%
Ireland	-%	2.2%
Total investments	99.4%	101.8%
Other net liabilities	2.2%	(1.2%)
Written options	(1.6%)	(0.6%)
Total net asset value	100.0%	100.0%

Biotechnology industry risk

Companies within the biotechnology industry invest heavily in research and development, which may not necessarily lead to commercially successful products. This industry is also subject to increased governmental regulation, which may delay or inhibit the release of new products. Many biotechnology companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences. Biotechnology companies can be characterized by competition and rapid technological developments, which may make a company's products or services obsolete in a short period of time. The industry is also characterized by product liability lawsuits and consequential high insurance costs. The market values of investments in the biotechnology industry are often based upon speculation and expectations about future products, research progress, and new product filings with regulatory authorities. Biotechnology stocks, especially those of smaller, less-seasoned companies, also tend to be more volatile than the overall market.

Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the credit worthiness of the debt issuer. The carrying amount of debt instruments as shown on the Schedule of investments represents the credit risk exposure of the Fund. Credit risk exposure for derivative instruments is based on the Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the Statements of financial position.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

As at June 30, 2020, the Fund has \$136,201 exposure to one convertible debt instrument (December 31, 2019 - \$129,675).

The counterparties to all of the Fund's options transactions are Bank of Montreal and CIBC, which both have S&P credit ratings of A-1 on their short-term debt.

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of assets and future cash flow. As at June 30, 2020, the Fund has \$136,201 exposure to one convertible debt instrument (December 31, 2019 - \$129,675).

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions. The Fund's policy is to have a majority of its portfolio investments in securities traded on exchanges that are liquid (i.e., investments that can be readily disposed of through market facilities).

The Fund may invest in derivatives, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at amounts that approximate their fair values or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

June 30, 2020

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	168,643	-	168,643
Payable for investments purchased	254,286	-	254,286
Management fees payable	-	9,641	9,641
HST payable	-	3,322	3,322
Accrued expenses	-	35,933	35,933
	422,929	48,896	471,825

December 31, 2019

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	63,638	-	63,638
Payable for investments purchased	77,091	-	77,091
Management fees payable	-	9,310	9,310
HST payable	-	4,708	4,708
Accrued expenses	-	56,317	56,317
	140,729	70,335	211,064

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

Market risk

The Fund's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ, and the differences could be material.

(a) Currency risk

The Fund invests in financial instruments denominated in currencies other than CAD. These investments result in currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund uses options on currency exchange-traded funds to reduce its foreign currency exposure.

The table below indicates the foreign currencies to which the Fund had significant exposure as at June 30, 2020 and December 31, 2019 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

June 30, 2020	Exposure			Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary
United States dollar	275,284	5,249,737	5,525,021	13,764	262,487	276,251
% of net assets attributable to holders of redeemable units	2.6%	49.1%	51.7%	0.1%	2.5%	2.6%

December 31, 2019	Exposure			Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary
United States dollar	280,087	4,978,033	5,258,120	14,004	248,902	262,906
% of net assets attributable to holders of redeemable units	2.6%	46.8%	49.4%	0.1%	2.3%	2.4%

(b) Other price risk

Other price risk is the risk that the value of portfolio investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether caused by factors specific to an individual portfolio investment or all factors affecting all investments traded in a market or market segment. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. Please refer to the Schedule of investments for a breakdown of the NAV of the Fund by security and geographic allocation.

The Fund's benchmark is: (i) 40% of the percentage gain or loss of the S&P/TSX Capped Health Care Index; plus (ii) 60% of the percentage gain or loss of the NASDAQ Biotechnology Index (re-weighted daily). If the Fund's benchmark had increased or decreased by 10% on June 30, 2020, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by approximately \$787,400, or 7.4% (December 31, 2019: \$433,581, or 4.1%). This change is estimated using the Fund's beta, which is calculated based

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

on the historical correlation between the return of the Fund compared to the return of the Fund's benchmark. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(c) Biotechnology sector risk

Companies within the biotechnology industry invest heavily in research and development that may not necessarily lead to commercially successful products. This industry is also subject to increased governmental regulation, which may delay or inhibit the release of new products. Many biotechnology companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences. Biotechnology companies can be characterized by competition and rapid technological developments that may make a company's products or services obsolete in a short period of time. The industry is also characterized by product liability lawsuits and consequential high insurance costs. The market values of investments in the biotechnology industry are often based upon speculation and expectations about future products, research progress, and new product filings with regulatory authorities. Biotechnology stocks, especially those of smaller, less-seasoned companies, also tend to be more volatile than the overall market.

Fair value measurement

The table below presents financial instruments measured at fair value in the Statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

As at June 30, 2020 and December 31, 2019, the financial instruments measured at fair value in the Statements of financial position are grouped into the fair value hierarchy as follows:

June 30, 2020	Level 1 CAD	Level 2 CAD	Level 3 CAD	Total CAD
Equities - long	7,036,789	1,981,204	29,920	9,047,913
Bonds - long	-	-	136,201	136,201
Purchased options	347,594	-	-	347,594
Written options	(168,643)	-	-	(168,643)
	7,215,740	1,981,204	166,121	9,363,065
December 31, 2019	Level 1 CAD	Level 2 CAD	Level 3 CAD	Total CAD
Equities - long	7,753,368	769,658	899,578	9,422,604
Bonds - long	-	-	129,675	129,675
Purchased options	458,276	-	-	458,276
Written options	(63,638)	-	-	(63,638)
	8,148,006	769,658	1,029,253	9,946,917

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, interest receivable, payable for investments purchased, redemptions payable, distributions payable, accrued liabilities and the Fund's obligation for net assets attributable to holders of redeemable units are measured at amortized cost. Fair values are classified as Level 1 when the related security or derivative is actively traded, and a quoted price is available. If an

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. There were no transfers between Levels 1 and 2 of the fair value hierarchy during the periods ended June 30, 2020 and December 31, 2019.

Investments classified as Level 3 are valued at fair value based on unobservable inputs and assumptions, which may include credit spreads, industry multipliers, and discount rates. Management has assessed that the effect of changing these inputs to reasonably possible alternatives would not have a significant impact on the net assets attributable to holders of redeemable shares of the Fund as at June 30, 2020 and December 31, 2019.

The following table presents the movement in Level 3 for the period ended June 30, 2020:

	Bonds - long	Equities - long
Beginning balance, January 1, 2020	129,675	899,578
Purchases	-	-
Sales	-	(12,915)
Transfers from Level 1	-	191,600
Transfers from Level 2	-	(899,578)
Net change in realized depreciation in fair value of equities - long	-	(39,951)
Net change in unrealized depreciation in fair value of equities - long	-	(108,814)
Net change in unrealized depreciation in fair value of bonds - long	6,526	-
Ending balance, June 30, 2020	136,201	29,920

The following table presents the movement in Level 3 for the year ended December 31, 2019:

	Bonds - long	Equities - long
Beginning balance, January 1, 2019	136,580	-
Purchases	-	477,035
Transfers from Level 1	-	87,768
Transfers from Level 2	-	334,775
Net change in unrealized depreciation in fair value of bonds - long	(6,905)	-
Ending balance, December 31, 2019	129,675	899,578

7. REDEEMABLE UNITS

For the periods ended June 30, 2020 and 2019, the Fund offered four classes of redeemable units: Class A units, Class A1 units, Class F units, and Class F1 units. The class of units selected affects the commissions that were payable by an investor, the management fees payable by the Fund, and the compensation that a dealer received in respect of the sale of units.

All of the classes have the same investment objective, strategy and restrictions but differ in respect of one or more features, such as the management fee, sales commission, and service commission. The NAV per unit of each class would not necessarily be the same as a result of the different fees, expenses and distributions allocable to each class of units. The Fund and the Manager do not charge a fee or commission when investors purchase units of the Fund. An authorized broker, dealer or advisor may charge investors an upfront selling commission of up to 3.00% at the time of purchase of Class A units or Class A1 units, which would reduce the amount of money invested in the Class A units or Class A1 units of the Fund.

The number of units issued, redeemed or cancelled during the periods ended June 30, 2020 and 2019 for each respective class is summarized in the following tables.

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Notes to the financial statements (continued) (unaudited)

For the six months ended June 30,	2020	2019
Class A		
Balance, beginning	474,057	627,096
Units issued for cash	51,734	16,586
Units redeemed	(65,328)	(156,494)
Balance, ending	460,463	487,188
Class A1		
Balance, beginning	147,246	165,821
Units redeemed	(9,354)	(10,310)
Balance, ending	137,892	155,511
Class F		
Balance, beginning	617,809	742,895
Units issued for cash	184,344	58,896
Units redeemed	(103,396)	(108,300)
Balance, ending	698,757	693,491
Class F1		
Balance, beginning	101,091	152,425
Units issued for cash	1,648	1,039
Units redeemed	(7,573)	(13,280)
Balance, ending	95,166	140,184

Capital management

As a result of the ability to issue and redeem redeemable units, the capital of the Fund can vary depending on the demand for redemptions from and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of redeemable units other than those set out in its Simplified Prospectus.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Simplified Prospectus;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operation of the Fund cost-efficient.

8. INCOME TAXES

It is generally assumed that the Fund will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established.

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of amounts paid or payable to unitholders (whether in cash or in units) in the year. An amount will be considered to be payable to a unitholder in a taxation year if it is paid in the year by the Fund or the unitholder is entitled in that year to enforce payment of the amount. The Fund intends to make sufficient distributions in each year of its net income and net capital

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

gains for tax purposes, thereby permitting the Fund to deduct sufficient amounts so that the Fund will generally not be liable in such year for non-refundable income tax under Part I of the Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of units during the year (the "Capital Gains Refund"). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the disposition of securities in connection with the redemption of units.

If the Fund does have income for tax purposes that is in excess of any distributions paid or made payable to unitholders during the year and the net realized capital gains of the Fund, the tax on which would be recovered by the Fund in the year by reason of the capital gains refund provisions of the Tax Act, in order to ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act.

As at December 31, 2019, the Fund had nil capital (2018: nil) and nil (2018: \$1,362,749) non-capital losses for tax purposes of which \$230,060 will expire in 2036, and \$1,132,689 will expire in 2037 and may be carried forward and used to reduce taxable income in future years.

9. FEES AND OPERATING EXPENSES

For its services to the Fund, the Manager is entitled to receive from the Fund a management fee (the "management fee") at (up to) an annual rate of: (i) 2.25% of the portion of its NAV represented by the Class A units, (ii) 1.00% of the portion of its NAV represented by the Class A1 units, (iii) 1.25% of the portion of its NAV represented by the Class F units, and (iv) nil of the portion of NAV represented by the Class F1 units, calculated daily and paid monthly in arrears, plus applicable taxes.

The Fund pays for all expenses incurred in connection with its operation and administration, which is to be allocated pro rata to each class of units.

These expenses include unitholder reporting costs for preparing, mailing and printing expenses of periodic reports to unitholders; fees payable to any custodian of the assets of the Fund; fees payable to auditors and legal advisors; taxes payable by the Fund or to which the Fund is subject and other general operating expenses.

Administrative expenses include other unitholder communications, fees payable to the valuation agent and the independent pricing service for performing certain valuation services; fees payable to the registrar and transfer agent for performing certain financial, record keeping, reporting and general administrative services; fees payable to accountants; ongoing regulatory fees, licensing fees and other fees; and expenses relating to portfolio transactions.

The Manager may establish an upper limit on the total annual operating expenses of the Fund. The Manager or its affiliates may pay for certain operating expenses of the Fund in order to maintain the Fund's annual operating expenses within any such established limit. The amounts absorbed by the Manager, if any, are shown in the Statements of comprehensive income. The Manager may cease to absorb expenses at any time.

Each class of units is responsible for the expenses specifically related to that class and a proportionate share of the expenses that are common to all classes of units.

Brokerage commissions and soft dollars

For the period ended June 30, 2020, the total brokerage commission paid to dealers in connection with investment portfolio transactions was \$229,845 (2019: \$191,121) and the amount of soft dollars generated was \$42,104 (2019: \$26,050).

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (continued) (unaudited)

Performance fees

The Fund will pay to the Manager in respect of each fiscal quarter of the Fund a performance fee if the percentage gain in the NAV per unit of a class of units of the Fund over the preceding fiscal quarter or quarters since a performance fee was last payable exceeds the percentage gain or loss of the benchmark (the “Benchmark”), over the same period, and provided that the NAV per unit of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter in which a performance fee was paid.

The performance fee will be equal to this excess return per unit multiplied by the number of units outstanding at the end of the quarter multiplied by 20%.

The Benchmark for the Fund is:

- (i) 40% of the percentage gain or loss of the S&P/TSX Capped Health Care Index; plus
- (ii) 60% of the percentage gain or loss of the NASDAQ Biotechnology Index.

10. RELATED PARTY TRANSACTIONS

The Fund’s investment activities are managed by Next Edge Capital Corp.

(a) Management and performance fees

Under the terms of the investment management agreement, the Fund appointed the Manager to provide management services (note 9). Total management fees for the periods ended June 30, 2020 amounted to \$71,301 (2019: \$115,677) and are reported in the Statements of comprehensive income, with \$9,641 in outstanding accrued fees due to the Manager as at June 30, 2020 (December 31, 2019: \$9,310) reported in the Statements of financial position. There were no performance fees for the periods ended June 30, 2020 and 2019, and no outstanding accrued fees due to the Manager as at June 30, 2020 and December 31, 2019.

(b) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the periods ended June 30, 2020 was \$29,932 (2019: \$13,826) and is reported in the Statements of comprehensive income and consisted only of fixed fees. There were no outstanding payables relating to Independent Review Committee fees as at June 30, 2020 and December 31, 2019.

11. COVID 19 Impact

The COVID-19 global pandemic is likely to have an ongoing effect on the financial markets where the Fund operates. The Fund management performs routine risk assessment procedures and robust controls over its accounts, balances, and transactions. As at the Financial Statement Issue Date, there are no material events or conditions that impact the Fund’s ability to continue as a going concern.

Next Edge Bio-Tech Plus Fund

General information

MANAGER AND PRINCIPAL DISTRIBUTOR

Next Edge Capital Corp.
1 Toronto Street, Suite 200
Toronto, ON M5C 2V6

Telephone: (416) 775-3600
Fax: (416) 775-3601
Toll Free: 1 (877) 860-1080

www.nextedgecapital.com

CUSTODIAN, REGISTRAR, TRANSFER AGENT AND VALUATION AGENT

RBC Investor Services Trust
155 Wellington Street West
Toronto, ON M5V 3H6

www.rbcits.com

BROKER

BMO Capital Markets Prime Brokerage
100 King Street West, 6th Floor
Toronto, ON M5X 1H3

www.bmocm.com

AUDITORS

Ernst & Young LLP
100 Adelaide Street West, P.O. Box 1
Toronto, ON M5H 0B3

www.ey.com

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, ON M5H 2T6

www.fasken.com

Next Edge Capital Corp.
1 Toronto St., Suite 200
Toronto, ON M5C 2V6

Tel: 416 775-3600
Fax: 416 775-3601

www.nextedgecapital.com