

Investing in companies of the future: A unique, well defined process of investing in North American small and mid-capitalization biotechnology companies.

## FUND COMMENTARY

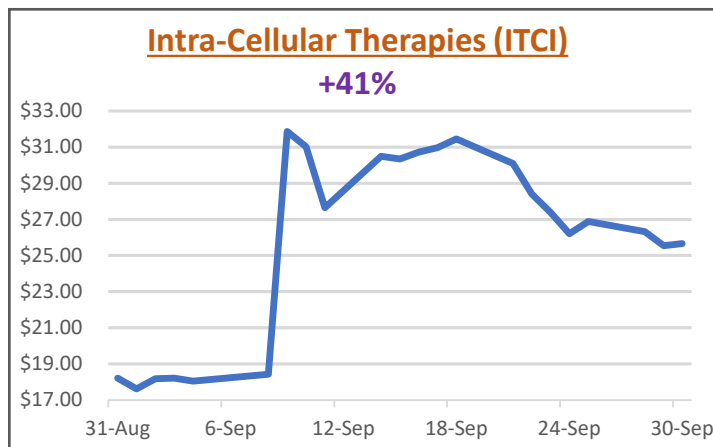
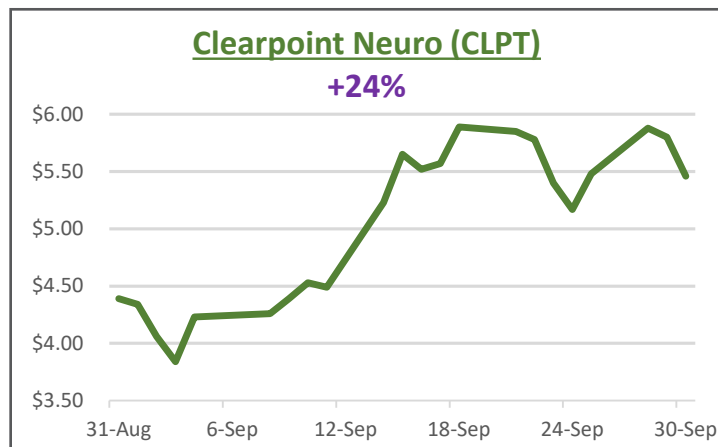
When the US President succumbed to the COVID-19, and was treated with biotech anti-viral therapies that perhaps saved his life, he was proselytized from sector adversary to biotech advocate. Another unintended consequence of 2020 is that the planet came to realize that the path to subduing the pandemic will be possible only due to the colossal contribution of biotechnology. Vaccines and therapies are being developed in record time, yet abiding by the rigorous standards only this sector is subjected to. While leisure sectors are bid up sky high, the life-saving biotechnology sector remains deeply underinvested and undervalued. Think about that for a moment.

The -13.6% biotech correction (as illustrated by the NASDAQ Biotech Index (NBI)) that began in mid-July

continued into mid-September before flattening out for the balance of the month. The percent of biotech companies above their 200 day moving average pulled back from 73% to 49%, providing an oversold entry-level heading into October. This is consistent with historic biotech corrections when a rally pauses, and typical indicator threshold readings from which the bull advance resumes. The obvious contributing factor for the weakness is the customary pre-election healthcare jitters, which then give way to a post-election rally, no matter which side is victorious. For September, the Next Edge Bio-Tech Plus Fund (the “Fund”) Class A Units slipped -1.21% while the Fund’s Class F Units pulled back -1.11% vs a decline of -1.79% for the Fund’s Benchmark.



US holdings were mixed in September while Canadian holdings were weak. Two standout investments were **Clearpoint Neuro (CLPT)**, the Fund's largest holding, which the Fund first invested in at \$2.00 in June 2017. We wrote extensively about its promise in that month's commentary. **Intra-Cellular Therapies (ITCI)** soared +41% upon reporting efficacious Phase 3 results in Bipolar Disorder (BPD). This adds to its success in developing Lumateperone in Schizophrenia. Collectively, both indications represent a +\$1 billion revenue opportunity.

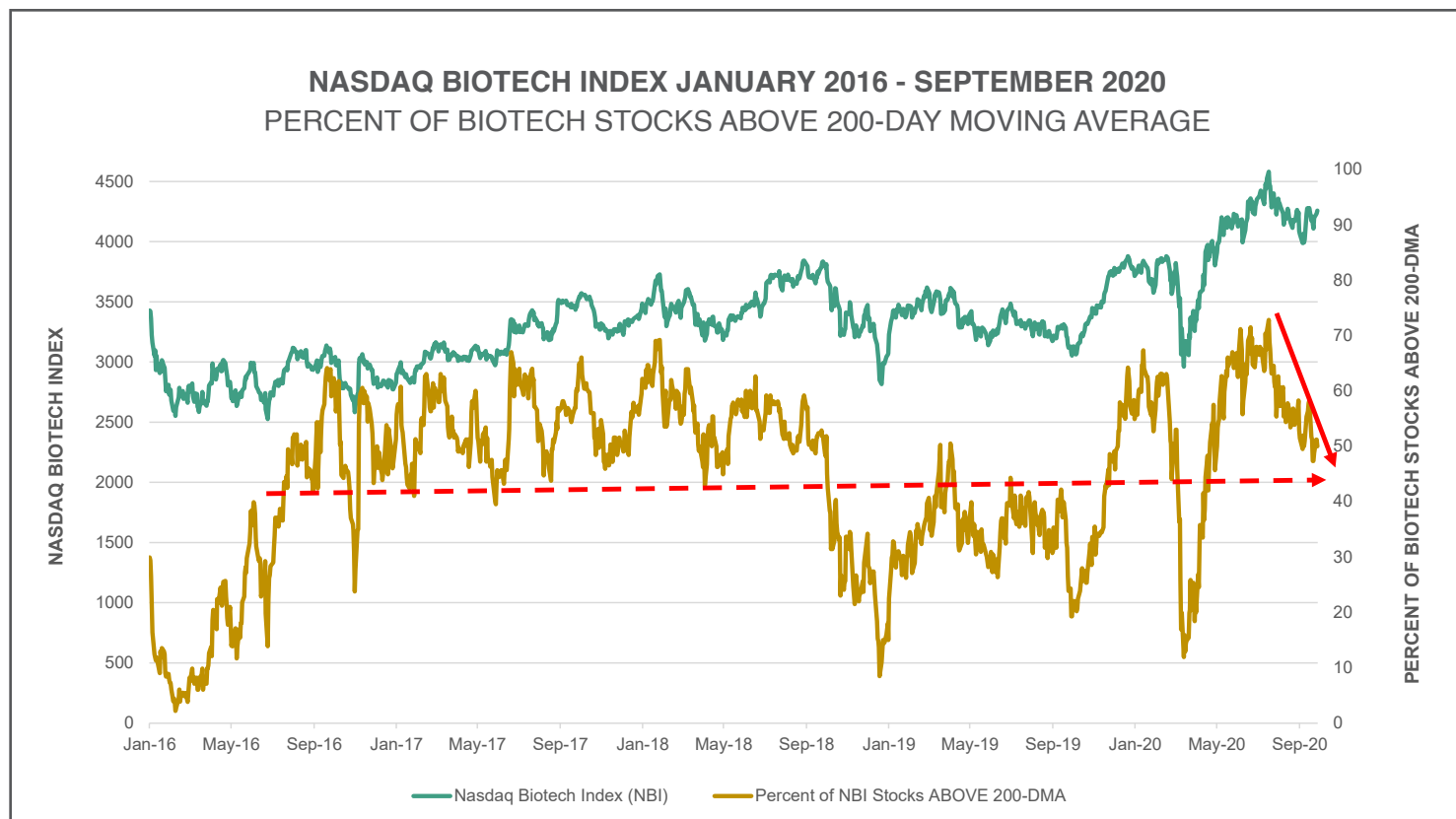


Source: Bloomberg Data, Concept: Next Edge Capital Corp

## KEY OVERSOLD MEASURE SUGGESTS OPPORTUNE ENTRY-LEVEL

The percent of +200 companies in the Nasdaq Biotech Index (^NBI) trading above their 200-day moving average is one of the best means to ascertain the undulations of biotech cycles. Over the past 20 years, it is rare for this barometer to decline to 10% or below. When it does, it has always proven to be a lowest-risk entry point.

When a new bull market commences, that reading will typically surge to +70%, then correct back toward 50%. This is exactly what has occurred off the March low. And the subsequent two month -14% correction has returned this indicator to neutral, which in a bull market serves as a low-risk entry-level.

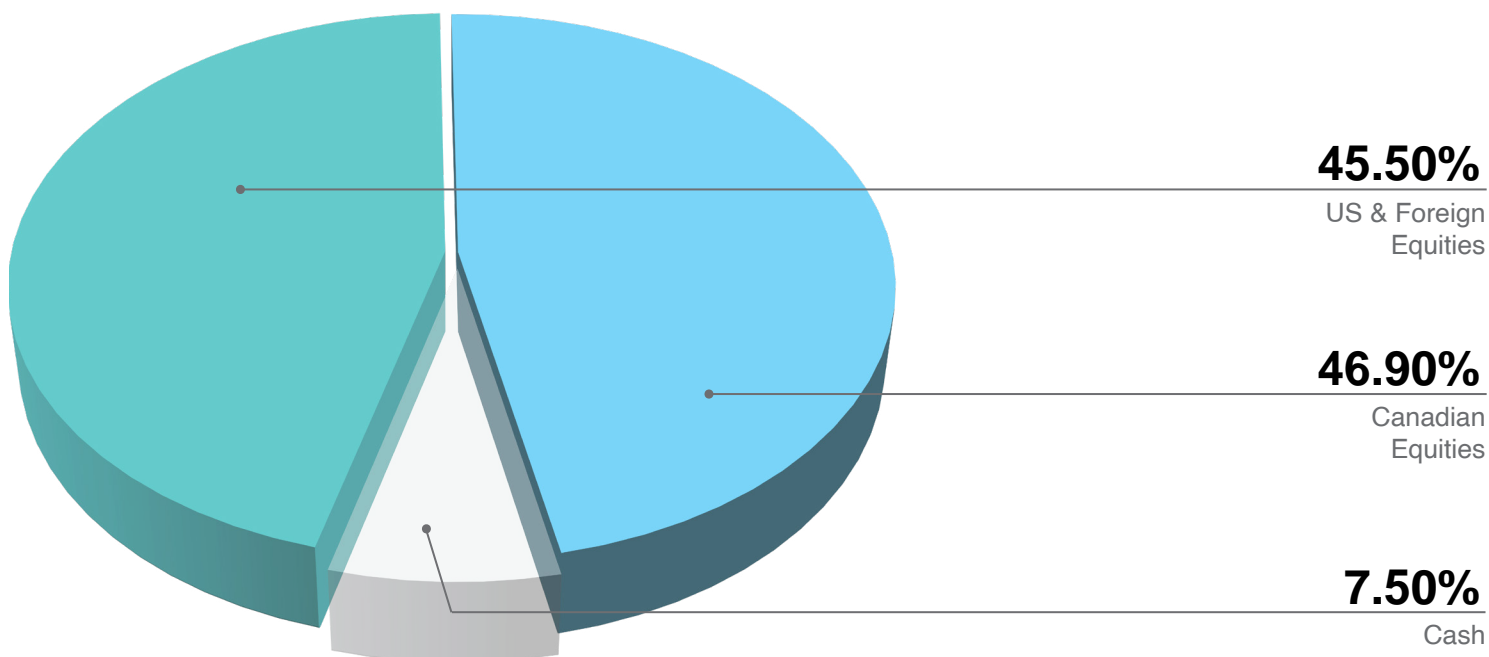


Source: Bloomberg Data, Concept: Next Edge Capital Corp. as of September 30, 2020

## DISCUSSION OF NEXT EDGE BIO-TECH PLUS FUND

As mentioned in last month's commentary, we expected to see Canadian holdings retreat, which they did from 50% to 47%, and US holdings to rebound, which they did from 42% to 46%. The shift is due to the outperformance of the US holdings, weakness in Canadian holdings and trimming of Canadian holdings that were strong in early September.

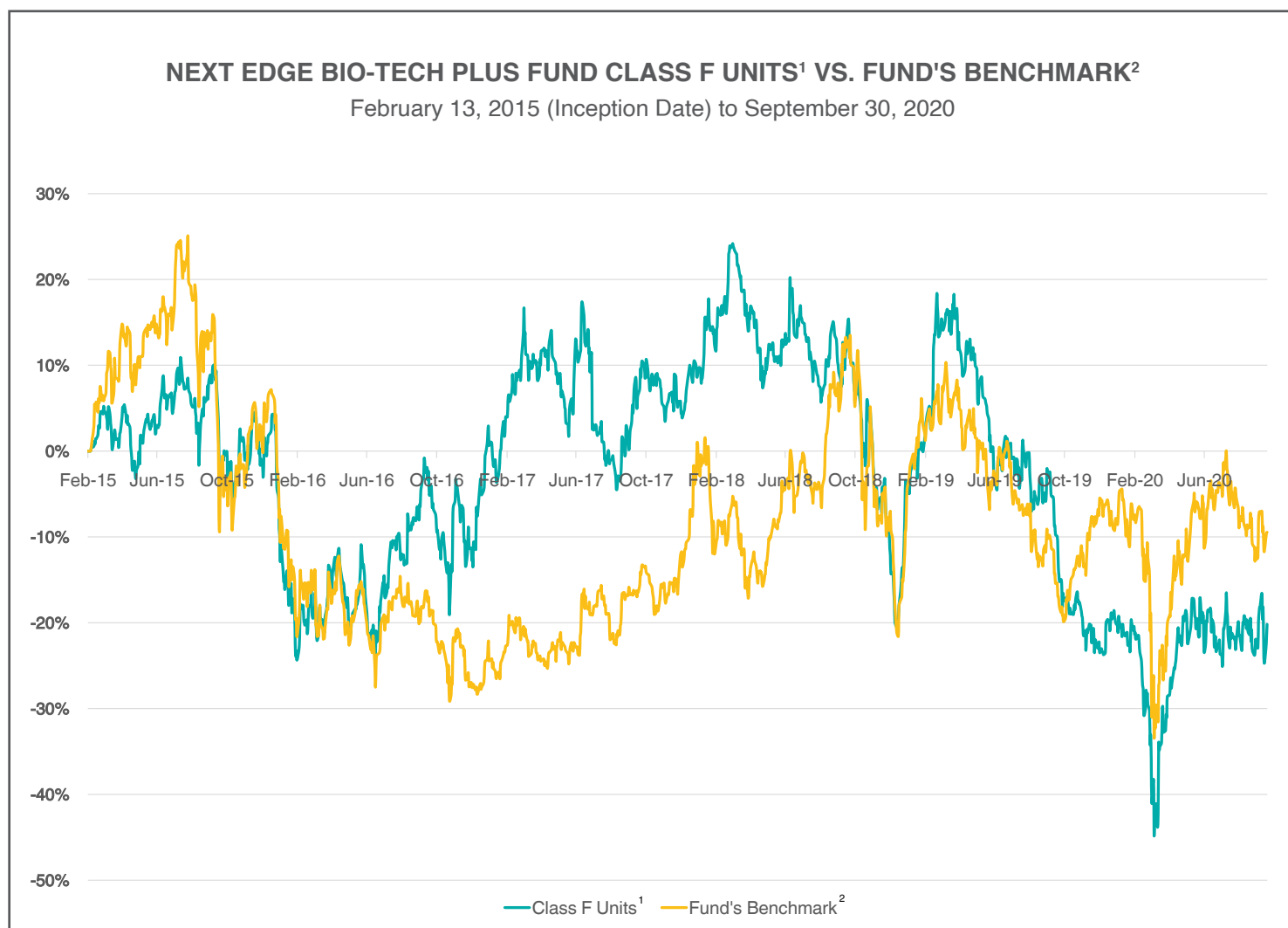
### COMPOSITION OF HOLDINGS AS AT SEPTEMBER 30, 2020



Source: RBC Investor and Treasury Services Inc., Next Edge Capital Corp. as of September 30, 2020

## FUND PERFORMANCE

	Class A <sup>1</sup>	Class A1 <sup>1</sup>	Class F <sup>1</sup>	Class F1 <sup>1</sup>	Fund's Benchmark <sup>2</sup>
<b>NAV</b>	\$7.29	\$8.07	\$7.96	\$8.52	N/A
<b>1 month</b>	-1.21%	-1.09%	-1.11%	-1.01%	-1.79%
<b>YTD*</b>	-2.76%	-1.66%	-1.87%	-0.89%	-2.02%
<b>1 year</b>	-11.46%	-10.11%	-10.33%	-9.16%	9.66%
<b>3 year annualized</b>	-10.53%	-9.25%	-9.48%	-8.28%	2.56%
<b>Annualized return since inception</b>	-5.59%	-3.65%	-3.88%	-2.75%	-1.63%
<b>Standard Deviation</b>	25.94%	25.50%	25.52%	25.13%	25.92%
<b>Worst Drawdown</b>	-56.63%	-55.38%	-55.59%	-54.40%	-46.74%



Source: RBC Investor & Treasury Services Inc., Next Edge Capital Corp.

## HISTORICAL PERFORMANCE<sup>1</sup> Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.81%	-9.36%	0.08%	11.14%	2.80%	-2.65%	-0.54%	3.04%	-1.21%	-	-	-	-2.76% <sup>3</sup>
<b>2019</b>	16.42%	13.20%	3.05%	-3.56%	-8.48%	-1.85%	-0.52%	-4.50%	-8.38%	-7.02%	-4.12%	2.14%	-6.76%
<b>2018</b>	5.97%	1.84%	1.60%	-8.80%	2.26%	2.02%	-2.94%	4.43%	0.21%	-12.13%	-4.68%	-11.29%	-21.27%
<b>2017</b>	4.70%	9.94%	2.23%	3.04%	-8.81%	9.44%	-12.49%	1.49%	5.47%	1.47%	-0.17%	-0.94%	13.74%
<b>2016</b>	-19.36%	-6.35%	2.23%	4.93%	0.73%	-8.01%	14.00%	1.96%	5.06%	-9.56%	2.73%	6.71%	-9.11%
<b>2015</b>	-	-	-	-6.01%*	4.76%	3.25%	0.81%	-2.52%	-6.94%	-1.44%	7.15%	0.57%	-1.25% <sup>3</sup>

## HISTORICAL PERFORMANCE<sup>1</sup> Class A1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.69%	-9.26%	0.21%	11.28%	2.93%	-2.52%	-0.41%	3.17%	-1.09%	-	-	-	-1.66% <sup>3</sup>
<b>2019</b>	16.56%	13.31%	3.17%	-3.45%	-8.37%	-1.74%	-0.40%	-4.38%	-8.27%	-6.90%	-4.01%	2.28%	-5.41%
<b>2018</b>	6.10%	1.94%	1.71%	-8.70%	2.38%	2.13%	-2.83%	4.56%	0.32%	-12.02%	-4.57%	-11.19%	-20.19%
<b>2017</b>	4.74%	8.05%	2.47%	3.13%	-8.69%	9.56%	-12.39%	1.60%	5.58%	1.59%	-0.07%	-0.84%	13.20%
<b>2016</b>	-19.27%	-6.24%	2.34%	5.04%	0.78%	-7.92%	14.12%	2.09%	5.00%	-9.31%	2.95%	6.69%	-8.01%
<b>2015</b>	-	1.93%**	0.24%	-4.26%	4.88%	3.58%	1.33%	-2.41%	-6.76%	-1.32%	7.27%	0.69%	4.44% <sup>3</sup>

## HISTORICAL PERFORMANCE<sup>1</sup> Class F

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.71%	-9.28%	0.19%	11.26%	2.90%	-2.55%	-0.43%	3.14%	-1.11%	-	-	-	-1.87% <sup>3</sup>
<b>2019</b>	16.53%	13.29%	3.15%	-3.47%	-8.39%	-1.76%	-0.43%	-4.40%	-8.28%	-6.92%	-4.03%	2.29%	-5.63%
<b>2018</b>	6.07%	1.92%	1.69%	-8.72%	2.36%	2.11%	-2.85%	4.56%	0.29%	-12.05%	-4.60%	-11.21%	-20.38%
<b>2017</b>	4.85%	8.01%	2.24%	3.12%	-8.60%	9.55%	-12.41%	1.66%	5.59%	1.57%	-0.08%	-0.86%	13.08%
<b>2016</b>	-19.29%	-6.36%	2.40%	5.01%	0.76%	-7.94%	14.09%	2.06%	4.97%	-9.33%	2.92%	6.65%	-8.30%
<b>2015</b>	-	1.93%**	0.22%	-4.29%	4.86%	3.56%	1.31%	-2.43%	-6.79%	-1.35%	7.21%	0.67%	4.15% <sup>3</sup>

## HISTORICAL PERFORMANCE<sup>1</sup> Class F1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.61%	-9.18%	0.30%	11.38%	3.01%	-2.43%	-0.32%	3.26%	-1.01%	-	-	-	-0.89% <sup>3</sup>
<b>2019</b>	16.66%	13.40%	3.25%	-3.36%	-8.29%	-1.66%	-0.31%	-4.30%	-8.18%	-6.82%	-3.93%	2.37%	-4.41%
<b>2018</b>	6.20%	2.02%	1.80%	-8.62%	2.47%	2.22%	-2.74%	4.72%	0.40%	-11.94%	-4.49%	-11.11%	-19.30%
<b>2017</b>	4.32%	8.08%	2.50%	3.18%	-8.58%	9.66%	-12.31%	1.69%	5.67%	1.68%	0.02%	-0.75%	13.70%
<b>2016</b>	-19.21%	-6.16%	2.43%	5.12%	0.88%	-7.85%	14.21%	2.19%	5.09%	-9.23%	3.01%	6.72%	-7.12%
<b>2015</b>	-	1.97%**	0.34%	-4.18%	4.98%	3.69%	1.43%	-2.31%	-6.66%	-1.22%	7.38%	0.80%	5.52% <sup>3</sup>

## HISTORICAL PERFORMANCE<sup>2</sup> Benchmark

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.49%	-4.49%	-9.52%	13.06%	8.20%	0.56%	-1.09%	-0.67%	-1.79%	-	-	-	-2.02% <sup>3</sup>
<b>2019</b>	23.92%	2.48%	0.32%	-2.15%	-9.33%	6.74%	-7.06%	-6.36%	-4.75%	3.95%	6.58%	1.03%	11.94%
<b>2018</b>	3.69%	-7.10%	-0.59%	-3.19%	7.01%	3.38%	0.79%	12.82%	4.67%	-15.71%	0.55%	-13.15%	-10.15%
<b>2017</b>	2.68%	6.17%	-2.63%	-0.85%	-1.80%	7.97%	0.93%	1.24%	1.35%	-3.01%	3.95%	8.58%	26.51%
<b>2016</b>	-18.33%	-5.30%	-3.07%	3.79%	2.03%	-9.03%	8.51%	-2.57%	0.78%	-10.37%	2.81%	-2.62%	-30.94%
<b>2015</b>	-	4.53%**	4.05%	-1.68%	6.76%	0.87%	6.40%	-8.95%	-14.52%	0.70%	9.67%	0.48%	5.84% <sup>3</sup>

## IMPORTANT NOTES

1. Next Edge Bio-Tech Plus Fund returns are net of all fees and expenses associated with Class A Units charged from May 1, 2015. Next Edge Bio-Tech Plus Fund returns are net of all fees and expenses associated with Class A1 Units, Class F Units, and Class F1 Units charged from March 1, 2015. Returns for 2020 are unaudited. Therefore, performance statistics containing 2020 figures shown in this material are subject to final confirmation. The historical annualized rates of return for the Next Edge Bio-Tech Plus Fund Class A Units as of September 30, 2020 are 1 yr -11.46%, 3 yr -10.53%, 5 yr -4.76%, 10 yr N/A, and CARR -5.59%; for Class A1 Units are 1 yr -10.11%, 3 yr -9.25%, 5 yr -3.80%, 10 yr N/A, and CARR -3.65%; for Class F Units are 1 yr -10.33%, 3 yr -9.48%, 5 yr -4.03%, 10 yr N/A, and CARR -3.88%; for Class F1 Units are 1 yr -9.16%, 3 yr -8.28%, 5 yr -2.90%, 10 yr N/A, and CARR -2.75%.

2. The Benchmark for the Next Edge Bio-Tech Plus 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

The Benchmark returns are unaudited and subject to final confirmation. The historical annualized rates of return for the Benchmark as of September 30, 2020 are 1 yr 9.66%, 3 yr 2.56%, 5 yr -0.91%, 10 yr N/A, and CARR -1.63%.

The Benchmark is not representative of the Fund's investment strategy as the Fund invests in small and mid-capitalization biotechnology and healthcare companies based in the US and Canada whereas the Benchmark involves investing in predominantly large capitalization biotechnology and healthcare companies based in the US and Canada.

3. Part Year

\* Part Month start date April 13, 2015 to April 30, 2015.

\*\* Part Month start date February 17, 2015 to February 27, 2015.

There are inherent limitations in any comparison between a managed portfolio and a passive index. Each index is unmanaged and does not incur management fees, transaction costs or other expenses associated with a private fund. There are risks inherent in hedge fund investing programs.

Note to Investment Professionals: The information in the Monthly Report is being provided to current investors in the Fund and is being provided to their registered dealers for informational purposes only.

This is not a sales literature and cannot be used as such.

The Fund is not a trust company and does not carry on business as a trust company and, accordingly, the Fund is not registered under the trust company legislation of any jurisdiction. Units of the Fund are not 'deposits' within the meaning of the Canada Deposit Insurance Corporation Act (Canada) are not insured under provisions of that Act or any other legislation.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of those laws.

The information provided herein is for information purposes only and does not constitute a solicitation, public offering, advice or recommendations to buy or sell interests in the Fund, the Portfolio, Units or any other Next Edge Products. Please refer to the Fund's prospectus for more information on the Fund as any information in this Report is qualified in its entirety by the disclosure therein.

Opinions expressed are those of the author as of the date of their publication, are subject to change and may not reflect the opinion of all members of the Company. Some statements contained in this material concerning goals, strategies, outlook or other non-historical matters may be "forward-looking statements" and are based on current indicators and expectations at the date of their publication. We undertake no obligation to update or revise them. Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those implied in the statements.

### PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

For Existing Investors and Investment Professional Use Only.

1 Toronto St, Suite 200, Toronto, ON M5C 2V6

CLIENT SERVICES: 1.844.656.2321

416.775.3600 Toll Free: 1.877.860.1080

info@nextedgecapital.com

Follow us:



nextedgecapital.com