

# Next Edge Biotech and Life Sciences Opportunities Fund

Unaudited Semi-Annual Financial Statements – 2024  
As at and for the six months ended June 30, 2024



**NEXTEGE**  
CAPITAL

Next Edge Biotech and Life Sciences Opportunities Fund  
Unaudited semi-annual financial statements  
June 30, 2024

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# Next Edge Bio-Tech Plus Fund

## Notice to Unitholders

### Management’s responsibility for financial reporting

Next Edge Capital Corp. (the “Manager”) is responsible for the accompanying unaudited semi-annual financial statements and all the information in this report. These unaudited semi-annual financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The unaudited semi-annual 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 unaudited semi-annual financial statements.

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

Respectfully,



Robert Anton  
President



David Scobie  
Chief Operating Officer

Next Edge Capital Corp.  
August 29, 2024

Next Edge Biotech and Life Sciences Opportunities Fund  
 Statements of financial position (unaudited)

As at	Notes	June 30, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Investments at fair value through profit or loss	5,6	7,527,567	9,736,473
Cash		196,841	426,939
Subscriptions receivable		-	21,000
Receivable for investments sold		79,369	128,916
Interest and other receivables		11,023	7,102
<b>Total assets</b>		<b>7,814,800</b>	<b>10,320,430</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss	5,6	54,554	161,857
Payable for investments purchased		4,949	35,734
Redemptions payable		27,500	37,365
Administration fee payable		7,450	22,260
Management fees payable	9,10	4,221	11,334
Harmonized Sales Tax payable		1,109	2,970
<b>Total liabilities</b>		<b>99,783</b>	<b>271,520</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>7,715,017</b>	<b>10,048,910</b>
<b>Net assets attributable to holders of redeemable units per class</b>			
Class A		11,361	8,970
Class F		23,132	14,471
Class A1		1,517,904	2,350,528
Class F1		6,162,620	7,674,941
		<b>7,715,017</b>	<b>10,048,910</b>
<b>Number of redeemable units outstanding per class</b>			
Class A	7	1,638	1,000
Class F	7	3,321	1,615
Class A1	7	379,981	456,287
Class F1	7	1,482,643	1,439,736
<b>Net assets attributable to holders of redeemable units per unit</b>			
Class A		6.94	8.97
Class F		6.97	8.96
Class A1		3.99	5.15
Class F1		4.16	5.33

Approved by Next Edge Capital Corp.



Robert Anton  
 President



David Scobie  
 Chief Operating Officer

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund  
Statements of comprehensive loss (unaudited)

For the six months ended June 30,	Notes	2024	2023
<b>Income (loss)</b>			
Interest income for distribution purposes		15,722	17,800
Foreign currency gain (loss) on cash and other net assets		11,460	(3,144)
Net realized gain (loss) on sale of investments		(527,514)	(134,474)
Net unrealized appreciation (depreciation) on investments	6	(1,494,207)	65,899
Net gain (loss) on investments		(2,021,721)	(68,575)
<b>Total income (loss)</b>		<b>(1,994,539)</b>	<b>(53,919)</b>
<b>Expenses</b>			
Management fees	9,10	10,444	18,693
Administrative fees		15,993	52,211
Unitholder reporting costs		10,948	12,280
Audit fees		30,428	22,766
Custody fees		1,924	2,347
Legal fees		20,583	20,199
Independent Review Committee fees	10	7,379	9,290
Harmonized Sales Tax		1,692	5,045
Withholding tax		810	15,035
Transaction costs		177,268	146,558
Interest expense		95	-
		277,564	304,424
Less: expenses absorbed by the Manager		(93,000)	(86,100)
<b>Total expenses</b>		<b>184,564</b>	<b>218,324</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>(2,179,103)</b>	<b>(272,243)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per class</b>			
Class A		(2,609)	(476)
Class F		(6,339)	(1,392)
Class A1		(445,420)	(58,870)
Class F1		(1,724,735)	(211,505)
		<b>(2,179,103)</b>	<b>(272,243)</b>
<b>Average number of units outstanding</b>			
Class A		1,057	1,000
Class F		2,430	1,217
Class A1		420,836	635,080
Class F1		1,451,772	1,206,844
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit</b>			
Class A		(2.47)	(0.48)
Class F		(2.61)	(1.14)
Class A1		(1.06)	(0.09)
Class F1		(1.19)	(0.18)

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund  
Statements of changes in net assets attributable to holders of redeemable units (unaudited)

For the six months ended June 30,	2024	2023
<u>Class A</u>		
Beginning of period	8,970	10
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(2,609)	(476)
Proceeds from issuance of units	5,000	9,990
Consideration paid for redemption of units	-	-
<b>End of period</b>	<b>11,361</b>	<b>9,524</b>
 <u>Class F</u>		
Beginning of period	14,471	10
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(6,339)	(1,392)
Proceeds from issuance of units	15,000	16,659
Consideration paid for redemption of units	-	-
<b>End of period</b>	<b>23,132</b>	<b>15,277</b>
 <u>Class A1</u>		
Beginning of period	2,350,528	3,881,473
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(445,420)	(58,870)
Proceeds from issuance of units	13,213	83,000
Consideration paid for redemption of units	(400,417)	(1,014,072)
<b>End of period</b>	<b>1,517,904</b>	<b>2,891,531</b>
 <u>Class F1</u>		
Beginning of period	7,674,941	6,152,952
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(1,724,735)	(211,505)
Proceeds from issuance of units	745,901	1,714,120
Consideration paid for redemption of units	(533,487)	(276,869)
<b>End of period</b>	<b>6,162,620</b>	<b>7,378,698</b>

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund  
Statements of cash flows (unaudited)

For the six months ended June 30,	2024	2023
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	(2,179,103)	(272,243)
<b>Adjustments to reconcile increase (decrease) in net assets attributable to holders to net cash from operating activities</b>		
Proceeds from sale of investments	16,229,675	13,765,300
Purchase of investments	(16,131,031)	(14,521,922)
Foreign currency (gain) loss on cash and other net assets	(11,460)	3,144
Change in unrealized (appreciation) depreciation of investments	1,494,207	(65,899)
Net realized (gain) loss on sale of investments	527,514	134,474
(Increase) decrease in interest receivable and other receivables	(3,921)	13,887
Increase (decrease) in other payables and accrued liabilities	(23,784)	28,110
<b>Net cash used in operating activities</b>	<b>(97,903)</b>	<b>(915,149)</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable units issued	800,114	1,824,237
Amount paid on redemption of redeemable units	(943,769)	(1,320,527)
<b>Net cash provided by financing activities</b>	<b>(143,655)</b>	<b>503,710</b>
Foreign currency gain (loss) on cash and other net assets	11,460	(3,144)
Net increase (decrease) in cash	(230,098)	(414,583)
Cash, beginning of period	426,939	532,214
<b>Cash, end of period</b>	<b>196,841</b>	<b>117,631</b>
Supplemental disclosure of cash flow information:		
Interest received	11,706	31,687

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund  
Schedule of investments (unaudited) – June 30, 2024

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	<b>Long positions (97.5%)</b>		
	<b>Canadian equities (7.1%)</b>		
	<b>Healthcare equipment &amp; services (0.1%)</b>		
675,000	Imagin Medical Inc.	264,879	10,125
250,000	Imagin Medical Inc. Warrants, October 22, 2025 - Strike Price \$0.025	-	48
250,000	Imagin Medical Inc. Warrants, October 22, 2025 - Strike Price \$0.03	-	35
1,948,000	SQI Diagnostics Inc.	425,117	-
15,000	Titan Medical Inc. Warrants, June 26, 2026 - Strike Price \$2.00	-	-
	<b>Healthcare equipment &amp; services total</b>	<b>689,996</b>	<b>10,208</b>
	<b>Pharmaceuticals, biotechnology and life sciences (7.0%)</b>		
18,000	Aurinia Pharmaceuticals Inc.	131,100	140,638
1,500,000	Cogentivity Neurosciences Ltd.	353,634	15,000
345,000	Cogentivity Neurosciences Ltd., Private Placement	100,050	3,450
20,000	Fennec Pharmaceuticals Inc.	247,981	167,212
586,500	Microbix Biosystems Inc.	283,934	175,950
8,333	ProMIS Neurosciences Inc. Warrants, December 30, 2024 - Strike Price \$0.35	18,645	-
75,000	Spectral Medical Inc.	24,549	35,250
750,000	Virotek Biosciences Inc., Private Placement	150,000	-
	<b>Pharmaceuticals, biotechnology and life sciences total</b>	<b>1,309,893</b>	<b>537,500</b>
	<b>Total Canadian equities</b>	<b>1,999,889</b>	<b>254,430</b>
	<b>Canadian bond (3.3%)</b>		
200,000	Imagin Medical Inc., Private Bond, September 03, 2023	255,161	254,430
	<b>Canadian bond total</b>	<b>255,161</b>	<b>254,430</b>
	<b>Total Canadian equities &amp; bond</b>	<b>2,255,050</b>	<b>802,138</b>
	<b>United States equities (63.8%)</b>		
	<b>Healthcare equipment &amp; services (14.8%)</b>		
38,000	ClearPoint Neuro Inc.	386,554	280,264
10,852	Delcath Systems Inc. Warrants, August 11, 2024 - Strike Price \$25.36	161,282	13,266
3,600	Inari Medical Inc.	241,121	237,189
65,000	Neuraxis Inc.	232,365	247,260
9,500	Schrodinger Inc.	317,736	251,406
14,166	Vicarious Surgical Inc.	332,457	113,784
	<b>Healthcare equipment &amp; services total</b>	<b>1,671,515</b>	<b>1,143,169</b>



Next Edge Biotech and Life Sciences Opportunities Fund  
Schedule of investments (continued) (unaudited) – June 30, 2024

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	<b>Pharmaceuticals &amp; biotechnology and life sciences (49.0%)</b>		
10,000	10X Genomics Inc.	518,141	266,143
20,000	Achieve Life Sciences Inc.	129,210	128,624
55,000	Acumen Pharmaceuticals Inc.	220,122	182,127
20,000	Alector Inc.	172,727	124,246
56,000	Collectar Biosciences Inc.	252,365	191,568
300,000	Clene Inc.	196,418	146,221
30,000	Cognition Therapeutics Inc.	76,938	68,144
60,000	Corvus Pharmaceuticals Inc.	136,377	149,423
3,500	Cytokinetix Inc.	285,967	259,479
45,000	Eledon Pharmaceuticals Inc.	123,563	162,559
35,000	GT Biopharma Inc., Warrants, February 16, 2026 - Strike Price \$5.50	-	13,305
85,000	Immix Biopharma Inc.	294,795	230,292
85,000	Nektar Therapeutics	74,827	144,224
120,000	Personalis Inc.	246,955	192,116
21,000	Phathom Pharmaceuticals Inc.	241,030	295,973
120,000	Protalix BioTherapeutics Inc.	281,925	192,116
10,000	REGENXBIO Inc.	166,100	160,096
20,000	RenovoRx Inc., Warrants, August 30, 2026 - Strike Price \$10.80	253	564
125,000	Reviva Pharmaceuticals Holdings Inc.	473,919	218,935
128,573	Sangamo Therapeutics Inc.	151,287	63,037
23,000	Synaptogenix Inc.	308,920	128,091
15,000	TG Therapeutics Inc.	304,109	365,143
150,000	Unicycive Therapeutics Inc.	215,453	102,852
	<b>Pharmaceuticals &amp; biotechnology and life sciences total</b>	<b>4,871,401</b>	<b>3,785,278</b>
	<b>Total United States Equities</b>	<b>6,542,916</b>	<b>4,928,447</b>
	<b>United States bond (1.8%)</b>		
100,000	IntelGenx Technologies Corp., Private Bond, October 31, 2024	127,774	136,834
	<b>United States bond total</b>	<b>127,774</b>	<b>136,834</b>
	<b>Total United States equities &amp; bond</b>	<b>6,670,690</b>	<b>5,065,281</b>
	<b>International equities (11.3%)</b>		
	<b>Pharmaceuticals, biotechnology and life sciences (11.3%)</b>		
3,000	CRISPR Therapeutics AG	245,213	221,713
32,000	Exscientia PLC, ADR	263,056	223,314
25,000	MeiraGTx Holdings PLC	255,339	144,018
3,000	UroGen Pharma Ltd.	66,694	68,882
11,000	Verona Pharma PLC, ADR	251,488	217,649
	<b>Total international equities</b>	<b>1,081,790</b>	<b>875,576</b>

Next Edge Biotech and Life Sciences Opportunities Fund  
Schedule of investments (continued) (unaudited) – June 30, 2024

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	<b>Total equities &amp; bond</b>	<b>10,007,530</b>	<b>6,742,995</b>
	<b>Options (10.2%)</b>		
	Purchased options (see options detail)	1,294,312	784,572
	<b>Total long position</b>	<b>11,301,842</b>	<b>7,527,567</b>
	<b>Short position (-0.7%)</b>		
	Written options (See options detail)	(138,639)	(54,554)
	<b>Total short position</b>	<b>(138,639)</b>	<b>(54,554)</b>
	Transaction costs	(41,435)	
	<b>Total investment portfolio and options (96.8%)</b>	<b>11,121,768</b>	<b>7,473,013</b>
	Cash (2.6%)		196,841
	Other assets net of liabilities (0.6%)		45,163
	<b>Total net assets attributable to holders of redeemable units (100.0%)</b>		<b>7,715,017</b>

Next Edge Biotech and Life Sciences Opportunities Fund  
Schedule of investments (continued) (unaudited) – June 30, 2024

Options Details

Underlying Interest	Option Type	Number of Options	Strike Price (USD)	Expiry Date	Average Cost (\$)	Fair Value (\$)
ACTINIUM						
PHARMACEUTICALS @7.5 CALL OPT 16 AUG 24	Call	300	7.5	August 16, 2024	90,584	31,814
ANNOVIS BIO INC@12.5 CALL OPT 19 JUL 24	Call	50	12.5	July 19, 2024	6,835	2,053
ANNOVIS BIO INC@17.5 CALL OPT 19 JUL 24	Call	25	17.5	July 19, 2024	14,436	597
APELLIS PHARMACEUTICALS INC@50 CALL OPT 16 AUG 24	Call	100	50	August 16, 2024	25,317	14,710
AVADEL PHARMACEUTICALS @17.5 CALL OPT 20 SEP 24	Call	250	17.5	September 20, 2024	40,669	23,090
BRIDGEBIO PHARMA INC@25 CALL OPT 16 AUG 24	Call	100	25	August 16, 2024	17,645	28,393
BRIDGEBIO PHARMA INC@40 CALL OPT 16 AUG 24	Call	36	40	August 16, 2024	6,157	680
CRINETICS PHARMA INC@55 CALL OPT 19 JUL 24	Call	48	55	July 19, 2024	6,568	2,612
CRINETICS						
PHARMACEUTICALS@55 CALL OPT 16 AUG 24	Call	200	55	August 16, 2024	47,469	17,583
CYTOKINETICS INC@80 CALL OPT 16 AUG 24	Call	100	80	August 16, 2024	27,367	8,210
DAY ONE						
BIOPHARMACEUTICALS@12 .5 CALL OPT 19 JUL 24	Call	175	12.5	July 19, 2024	30,295	46,096
DAY ONE						
BIOPHARMACEUTICALS@17 .5 CALL OPT 19 JUL 24	Call	100	17.5	July 19, 2024	20,525	909
EXELIXIS INC@26 CALL OPT 16 AUG 24	Call	250	26	August 16, 2024	20,704	18,815
GALAPAGOS NV@30 CALL OPT 19 JUL 24	Call	250	30	July 19, 2024	71,088	105,604
GRITSTONE BIO INC@1.5 CALL OPT 16 AUG 24	Call	125	1.5	August 16, 2024	25,486	1,203
ILLUMINA INC@120 CALL OPT 19 JUL 24	Call	100	120	July 19, 2024	28,051	5,858
INTRA-CELLULAR THERAPIES INC@85 CALL OPT 16 AUG 24	Call	200	85	August 16, 2024	43,810	7,232
INVESCO CURRENCYSHARES @73 CALL OPT 20 SEP 24	Call	1200	73	September 20, 2024	122,441	61,577
LEGEND BIOTECH CORP@50 CALL OPT 16 AUG 24	Call	250	50	August 16, 2024	63,766	59,010
LEGEND BIOTECH CORP@55 CALL OPT 16 AUG 24	Call	100	55	August 16, 2024	21,894	10,263

Next Edge Biotech and Life Sciences Opportunities Fund  
Schedule of investments (continued) (unaudited) – June 30, 2024

Underlying Interest	Option Type	Number of Options	Strike Price (USD)	Expiry Date	Average Cost (\$)	Fair Value (\$)
PROCEPT BIROBOTICS CORP@65 CALL OPT 16 AUG 24	Call	50	65	August 16, 2024	25,999	30,104
PROTHENA CORP PLC@25 CALL OPT 16 AUG 24	Call	125	25	August 16, 2024	19,499	11,086
QUANTERIX CORP@20 CALL OPT 16 AUG 24	Call	175	20	August 16, 2024	23,300	2,913
REGENXBIO INC@22.5 CALL OPT 19 JUL 24	Call	175	22.5	July 19, 2024	45,327	6,271
SIMULATIONS PLUS INC@50 CALL OPT 20 SEP 24	Call	100	50	September 20, 2024	32,840	51,997
UROGEN PHARMA LTD@20 CALL OPT 16 AUG 24	Call	200	20	August 16, 2024	48,917	26,466
VERONA PHARMA PLC@20 CALL OPT 19 JUL 24	Call	200	20	July 19, 2024	51,863	3,420
VIKING THERAPEUTICS INC@70 CALL OPT 16 AUG 24	Call	150	70	August 16, 2024	71,707	74,917
VIKING THERAPEUTICS INC@75 CALL OPT 19 JUL 24	Call	200	75	July 19, 2024	93,763	19,158
<b>Total purchased call options</b>					<b>1,144,322</b>	<b>672,641</b>
INVESCO QQQ TRUST SERIES 1@445 PUT OPT 16 AUG 24	Put	400	445	August 16, 2024	149,990	111,931
<b>Total purchased put options</b>					<b>149,990</b>	<b>111,931</b>
<b>Total purchased options</b>					<b>1,294,312</b>	<b>784,572</b>
<b>Written options</b>						
ANNOVIS BIO INC@30 CALL OPT 19 JUL 24	Call	(25)	30	July 19, 2024	(8,974)	(1,454)
VERONA PHARMA PLC@30 CALL OPT 19 JUL 24	Call	(200)	30	July 19, 2024	(30,104)	(898)
VIKING THERAPEUTICS INC@90 CALL OPT 19 JUL 24	Call	(95)	90	July 19, 2024	(38,101)	(6,499)
VIKING THERAPEUTICS INC@95 CALL OPT 16 AUG 24	Call	(80)	95	August 16, 2024	(17,381)	(15,599)
<b>Total written call options</b>					<b>(94,560)</b>	<b>(24,450)</b>
INVESCO QQQ TRUST SERIES 1@410 PUT OPT 16 AUG 24	Put	(400)	410	August 16, 2024	(44,079)	(30,104)
<b>Total written put options</b>					<b>(44,079)</b>	<b>(30,104)</b>
<b>Total written options</b>					<b>(138,639)</b>	<b>(54,554)</b>
<b>Total options</b>					<b>1,155,673</b>	<b>730,018</b>

# Next Edge Biotech and Life Sciences Opportunities Fund

## Notes to the semi-annual financial statements (unaudited) – June 30, 2024

### 1. FUND INFORMATION

Next Edge Biotech and Life Sciences Opportunities 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 November 3, 2020. The Fund is divided into units of participation (“Units”) representing an interest in the Fund held by unitholders. Effective October 14, 2022, the Fund has four classes of Units: Class A1 Units, Class F1 Units, Class A Units, and Class F 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 per unit (the “Net Asset Value per unit” or “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 biotechnology and life sciences. Investments by the Fund may be made globally. The Fund started investing according to its investment objective on December 22, 2020.

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 18 King Street East, Suite 902, Toronto, Ontario, Canada, M5C 1C4.

The financial statements were approved for issuance by the Manager on August 29, 2024.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with International Accounting Standard 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 International Financial Reporting Standards (“IFRS”). 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. MATERIAL 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. 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 (“FVTPL”) upon initial recognition and are measured at 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 Biotech and Life Sciences Opportunities Fund

### Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

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

## Next Edge Biotech and Life Sciences Opportunities Fund

### Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

will be limited to the premium paid to purchase the option contracts, the risk exposure for short positions is potentially unlimited until closed or expired.

The premium paid for purchasing an option is recorded as an asset in the statements of financial position. The premium is valued as 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 (a “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 loss. 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 loss.

All unlisted warrants have been valued using the Black-Scholes model.

#### **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 as 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 (a “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.

## Next Edge Biotech and Life Sciences Opportunities Fund

### Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

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 Statement of comprehensive income (loss).

“Interest income for distribution purposes” shown on the Statement of comprehensive income (loss) 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 (loss) 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 Statement of comprehensive income (loss).

#### **Cash**

Cash comprises deposits with financial institutions.

#### **Net assets attributable to holders of redeemable units per unit**

The net assets attributable to holders of redeemable units per unit is calculated by dividing the 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 Biotech and Life Sciences Opportunities Fund

## Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

### 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.

### 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 AND RISK MANAGEMENT

The Fund’s activities expose it to a variety of risks as follows: portfolio concentration risk, biotechnology industry risk, credit risk, interest rate risk, liquidity risk and market risk (which includes currency risk and other price risk that encompasses biotechnology and life sciences sector risk). The Fund is also exposed to borrowing risk, counterparty risk, cybersecurity risk, derivatives risk, equity securities risk, exchange of tax information risk, legislation and litigation risk, leverage risk, multiple class risk, options risk, price volatility risk, repurchase and reverse repurchase transactions and securities lending risk, sector risk, short selling risk, stock market risk, substantial securityholder risk, and tax risk.

## Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

The Fund's 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 Fund's portfolio manager focuses on 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 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, to generate income 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, 2024	Dec 31, 2023
United States equity	63.8%	64.6%
Canadian equity	7.1%	8.2%
International equity	11.3%	14.4%
Equity options	9.5%	4.3%
Canadian bond	3.3%	2.5%
United States bond	1.8%	1.3%
Total investments	96.8%	95.3%
Cash	2.6%	4.2%
Other net asset (liabilities)	0.6%	0.5%
<b>Total net asset value</b>	<b>100.0</b>	<b>100.0%</b>

Portfolio by Industry	% of Net Asset Value	
	Jun 30, 2024	Dec 31, 2023
Pharmaceuticals, biotechnology, and life sciences	76.3	74.3%
Healthcare equipment and services	18.6	16.7%
Equity options	1.8	4.3%
Total investments	96.8%	95.3%
Cash	2.6%	4.2%
Other net asset (liabilities)	0.6%	0.5%
<b>Total net asset value</b>	<b>100.0%</b>	<b>100.0%</b>

## Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

Portfolio by Country	% of Net Asset Value	
	Jun 30, 2024	Dec 31, 2023
United States	75.1%	70.2%
International	11.3%	10.7%
Canada	10.4%	14.4%
Total investments	96.8%	95.3%
Cash	2.6%	4.2%
Other net asset (liabilities)	0.6%	0.5%
<b>Total net asset value</b>	<b>100.0</b>	<b>100.0%</b>

### 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.

As at June 30, 2024, the Fund has \$391,264 (December 31, 2023 - \$386,290) exposure to two (December 31, 2023 - two) convertible debt instruments.

The counterparty to all of the Fund's options transactions is Bank of Montreal, which has an S&P credit rating 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, 2024, the Fund has \$391,264 (December 31, 2023 - \$386,290) exposure to two (December 31, 2023 - two) debt instruments.

### 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.

## Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

June 30, 2024

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	54,554	-	54,554
Redemption Payable	27,500	-	27,500
Administrative fees payable	-	7,450	7,450
Payable for investments purchased	4,949	-	4,949
Management fees payable	-	4,221	4,221
HST payable	-	1,109	1,109
	<u>87,003</u>	<u>12,780</u>	<u>99,783</u>

December 31, 2023

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	161,857	-	161,857
Payable for investments purchased	35,734	-	35,734
Redemptions payable	37,365	-	37,365
Administrative fees payable	-	22,260	22,260
Management fees payable	-	11,334	11,334
HST payable	-	2,970	2,970
	<u>234,956</u>	<u>36,564</u>	<u>271,520</u>

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

### 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 tables below indicate the foreign currencies to which the Fund had significant exposure as at June 30, 2024 and December 31, 2023 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, 2024	Exposure			Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary
United States dollar	33,787	7,053,090	7,086,877	1,689	352,655	354,344
% of net assets attributable to holders of redeemable units	0.4%	91.4%	91.8%	-%	4.6%	4.6%

## Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

December 31, 2023	Exposure			Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary
United States dollar	221,668	8,784,640	9,006,308	11,083	439,232	450,315
% of net assets attributable to holders of redeemable units	2.2%	87.4%	89.6%	0.1%	4.4%	4.5%

### (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. Sensitivity against the benchmark was not included as there is an insufficient period of trading to statistically create a meaningful correlation between the performance of the Fund's portfolio investments to the relevant benchmark.

### (c) Biotechnology and life sciences sector risk

Companies within the biotechnology and life sciences 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 and life sciences 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.

## Next Edge Biotech and Life Sciences Opportunities Fund

### Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

As at June 30, 2024 and December 31, 2023, the financial instruments measured at fair value in the Statements of financial position are grouped into the fair value hierarchy as follows:

	Level 1 CAD	Level 2 CAD	Level 3 CAD	Total CAD
<b>June 30, 2024</b>				
Equities - long	6,295,939	27,217	28,575	6,351,731
Bonds - long	-	-	391,264	391,264
Purchased options	784,572	-	-	784,572
Written options	(54,554)	-	-	(54,554)
	<b>7,025,957</b>	<b>27,217</b>	<b>419,839</b>	<b>7,473,013</b>
<b>December 31, 2023</b>				
Equities - long	8,688,354	38,887	29,220	8,756,461
Bonds - long	-	-	386,290	386,290
Purchased options	593,722	-	-	593,722
Written options	(161,857)	-	-	(161,857)
	<b>9,120,219</b>	<b>38,887</b>	<b>415,510</b>	<b>9,574,616</b>

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, dividends 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 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. SQI Diagnostics Inc. became a distressed security and the Fund transferred the \$29,220 equity holding in the company from Level 1 to Level 3 during the year ended December 31, 2023. The company announced a notice of intention to file for voluntary bankruptcy. Although the company has not filed as of December 31, 2023, there is still doubt on the company's ability to continue as a going concern. There were no transfers between level 1 and 2 of the fair value hierarchy during the six months ended June 30, 2024.

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. Imagin Medical Inc. was transferred from Level 1 to Level 3 due to it not having an active listing on the market. Cognetivity Neurosciences Ltd. was transferred from Level 2 to Level 3 due to not having an active listing on the market. 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 units of the Fund as at June 30, 2024 and December 31, 2023.

The following table presents the movement in Level 3 for the six months ended June 30, 2024:

	Bonds - long	Equities - long
Balance, beginning	386,290	29,220
Purchase	-	18,645
Transfer from Level 1	-	10,125
Transfer from Level 2	-	18,450
Net change in unrealized depreciation in fair value	4,974	(47,865)
<b>Balance, ending</b>	<b>391,264</b>	<b>28,575</b>

Next Edge Biotech and Life Sciences Opportunities Fund  
Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

The following table presents the movement in Level 3 for the year ended December 31, 2023:

	Bonds - long	Equities - long
Balance, beginning	389,926	-
Transfer from Level 1	-	29,220
Net change in unrealized depreciation in fair value	(3,636)	-
<b>Balance, ending</b>	<b>386,290</b>	<b>29,220</b>

**7. REDEEMABLE UNITS**

For the periods ending June 30, 2024 and June 30, 2023, the Fund offered two classes of redeemable units: Class A Units and Class F 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 A1 units, which would reduce the amount of money invested in the Class A1 units of the Fund.

The number of units issued, redeemed or cancelled during the six-month periods ended June 30, 2024 and 2023 for each respective class is summarized in the following tables.

For the six months ended June 30,	2024	2023
<b>Class A</b>		
Balance, beginning	1,000	1
Units issued for cash	638	999
<b>Balance, ending</b>	<b>1,638</b>	<b>1,000</b>
<b>Class F</b>		
Balance, beginning	1,615	1
Units issued for cash	1,706	1,614
<b>Balance, ending</b>	<b>3,321</b>	<b>1,615</b>
<b>Class A1</b>		
Balance, beginning	456,287	692,797
Units issued for cash	2,738	14,201
Units redeemed	(79,044)	(176,623)
<b>Balance, ending</b>	<b>379,981</b>	<b>530,375</b>
<b>Class F1</b>		
Balance, beginning	1,439,736	1,072,820
Units issued for cash	150,389	287,621
Units redeemed	(107,482)	(45,460)
<b>Balance, ending</b>	<b>1,482,643</b>	<b>1,314,981</b>

**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

## Next Edge Biotech and Life Sciences Opportunities Fund

### Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

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

The Fund qualifies as a "mutual fund trust" within the meaning of the Tax Act, and the Fund elected 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 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.

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.

As at December 31, 2023, the Fund had \$1,461,468 gross capital losses (2022: \$1,209,713) and \$5,687,780 non-capital losses for tax purposes (2022: \$3,278,544).



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**9. FEES AND OPERATING EXPENSES**

<b>Annual Management Fees</b> (% of net asset value of the class of the Fund)	
<b>Class</b>	<b>Management Fee<sup>1,2</sup></b>
Class A Units	1.50%
Class F Units	0.50%
Class A1 Units	1.00%
Class F1 Units	0.00%

1. Plus applicable HST.
2. The Manager may from time to time, at its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged. To the extent a portion of the management fee is waived, the Manager reserves the right to stop such waiver at any time and without notice to, or the consent of, unitholders.

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) 1.50% of the portion of its NAV represented by the Class A Units, (ii) 0.50% of the portion of its NAV represented by the Class F Units, (iii) 1.00% of the portion of its NAV represented by the Class A1 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 Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund’s Units.

The Fund pays all its own operating expenses. These include, but are not limited to, brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses.

The Chair of the Independent Review Committee currently receives an annual retainer of \$12,000 and the other Independent Review Committee members an annual retainer of \$9,000, plus reimbursement of expenses, and all such fees and expenses of the Independent Review Committee will be paid by the Manager’s funds pro rata based on the amount of time spent on each Next Edge fund’s business.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any additional expenses which would otherwise be payable by the Fund. See note 10.

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 six months ended June 30, 2024, \$12,137 (2023: \$40,317) of “soft dollars”, in which a brokerage firm is paid for its services through commission revenue by executing trades at the brokerage, were used to pay for operating expenses for the Fund.

**Performance fees**

The Fund will pay to the Manager, in respect of each fiscal quarter of the Fund, a performance fee equal to 20% of the gain in the NAV per Unit of a class of Units of the Fund, accrued for on a daily basis, over the preceding fiscal quarter or quarters since a performance fee was last payable, provided that the NAV per Unit of the Fund (including

## Next Edge Biotech and Life Sciences Opportunities Fund

### Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2024

distributions) is greater than all previous values at the end of each previous fiscal quarter in which a performance fee was paid.

#### 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 six months ended June 30, 2024 amounted to \$10,444 (2023: \$18,693) and are reported in the Statement of comprehensive loss, with \$4,221 (December 31, 2023: \$11,334) in outstanding accrued fees due to the Manager as at June 30, 2024 reported in the Statements of financial position.

Total performance fees for the six months ended June 30, 2024 amounted to \$nil (2023: \$nil) and are reported in the Statement of comprehensive loss, with \$nil in outstanding accrued fees (2023: \$nil) due to the Manager as at June 30, 2024 reported in the Statements of financial position.

##### (b) Operating expenses

For the six months ended June 30, 2024, the Manager absorbed expenses of \$93,000 (2023: \$86,100) shown in the statements of comprehensive loss. The Manager absorbs expenses at its sole discretion and may cease to absorb expenses at any time.

##### (c) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the six months ended June 30, 2024 was \$2,875 (2023: 9,290).

#### 11. GLOBAL TENSIONS

The ongoing military conflicts globally have continued to negatively impact regional and global financial markets and economies. The adverse effects include, but are not limited to, significant market volatility, inflationary pressures, increase in interest rates, increase in credit risk, strain on commodity markets, foreign currency exchange rate volatility and disruption of business operations. In light of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Fund's risk exposures.

# Next Edge Biotech and Life Sciences Opportunities Fund

## General information

### **MANAGER AND PRINCIPAL DISTRIBUTOR**

Next Edge Capital Corp.  
18 King Street East, Suite 902  
Toronto, ON M5C 1C4

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

[www.nextedgecapital.com](http://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](http://www.rbcits.com)

### **BROKER**

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

[www.bmocm.com](http://www.bmocm.com)

### **AUDITOR**

Deloitte LLP  
Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9

[www.deloitte.ca](http://www.deloitte.ca)

### **LEGAL COUNSEL**

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

[www.fasken.com](http://www.fasken.com)

Next Edge Capital Corp.  
18 King St. E., Suite 902  
Toronto, ON M5C 1C4

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

[www.nextedgecapital.com](http://www.nextedgecapital.com)