



# Next Edge Private Debt Fund

(New/Continuing Class Units)

Monthly Commentary as of October 31, 2024

Access to predominantly secured, short-term loans in an all - weather structure

## FUND COMMENTARY

The Next Edge Private Debt Fund (the “Fund”) gained 0.96% (Class F2 Units) in October. These new/continuing classes of units were seeded for October 1 and this is the first month of investment exposure for this slightly modified mandate. Although investment exposure is broadly diversified from day one due to the new/continuing classes of units participation in many loan positions. These new classes of the Fund are now available for purchase on FundSERV (subject to respective dealer approvals).

During the month, the Fund participated in three new transactions. These financings were all factoring facilities for businesses located in Texas and New Mexico and operating in the energy and transportation sectors.

Additional capital was raised in the Fund during October which will be invested on November 1. Although the backdrop of the Canadian market in private credit offerings remains challenging, a decreasing interest rate environment and the resulting lower returns now available from traditional fixed-income investments relative to the past few years, make things more interesting for private credit funds once again.

As a refresher, the mandate of the Fund remains similar to the prior mandate. Whereby the Fund’s focus is on deploying capital via privately negotiated loans to businesses throughout North America. It accomplishes this through our relationship with the Fund’s credit advisor, Garrington Group Inc., via various financing verticals such as Factoring (receivables-based finance), Asset Based Lending (“ABL”), Lender Finance, and Specialty Finance areas.

As eluded to in prior months commentaries, some modifications were made to these new classes of units whereby these new/continuing classes of units will obtain exposure only to loans that qualify within the Fund’s existing credit facility special purpose vehicles (“SPVs”) with CIBC (USD 47.5MM) and BMO (USD 50MM). These banks each have set criteria for what types of financing they will provide credit exposure towards based on their areas of specialty, diligence, and comfort with the kinds of loans and facilities that we provide.

The benefits of the new/continuing classes of units of the Fund, especially in today’s investor environment within Canada, include greater scrutiny and enhanced liquidity. In addition to the annual financial statement audits, our credit facility providers, CIBC and BMO, each commission annual rigorous field exams on the SPVs that they provide leverage to, in addition to subjecting the SPVs to ongoing reporting and monitoring requirements. This structure also enhances liquidity by allowing us to adjust leverage exposure up or down on the entire Fund’s portfolio rather than on just a portion of it, while maintaining overall Fund portfolio exposure. While we do not position the Fund as a liquid vehicle, liquidity has been improved in response to the evolving needs of today’s investors in Canada.

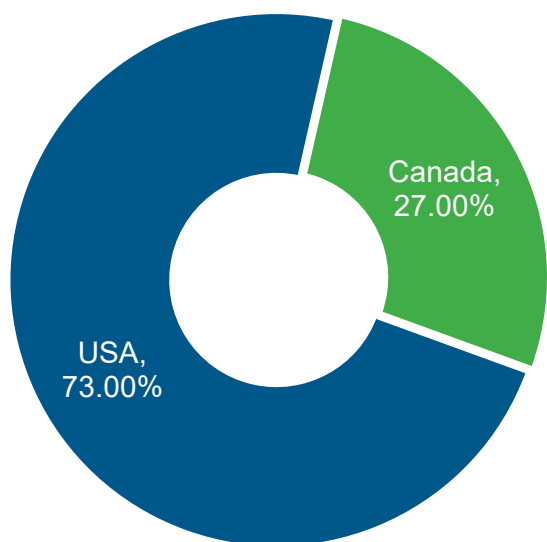
Please reach out to our team with any questions, or let us know if we can be of help in any way. We welcome and appreciate any referrals on either the Fund investment side or those companies that may require lending capital.

# PORTFOLIO BREAKDOWN AS OF SEPTEMBER 30, 2024

## Portfolio Breakdown by Category<sup>[a]</sup>

Sub-type	Allocation, %
Commercial Finance	27.10%
Lender Finance	23.00%
Factoring	23.40%
ABL	26.40%
<b>Total</b>	<b>100.00%</b>

## Breakdown by Country<sup>[b]</sup>



\$ WEIGHTED TERM TO MATURITY IN DAYS<sup>[c]</sup>

164

\$ WEIGHTED LTV RATIO<sup>[d]</sup>

64%

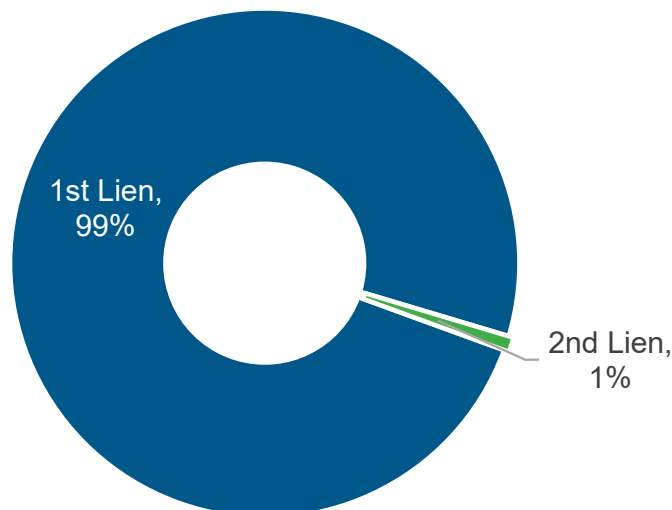
TOTAL NUMBER OF LOANS<sup>[e]</sup>

100

## Loan Portfolio – Term to Maturity<sup>[f]</sup> in Days

Sub-type:	Avg. days to maturity
Commercial Finance	90
Lender Finance	281
Factoring	90
ABL	204
<b>Total</b>	<b>168</b>

## Loan Portfolio – Security Position \$ Weighted Composition<sup>[g]</sup>



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

Only monthly returns to be provided for the first year.

### Class A2

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD <sup>2</sup>
2024	--	--	--	--	--	--	--	--	--	0.86%	--	--	N/A

### Class F2

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD <sup>2</sup>
2024	--	--	--	--	--	--	--	--	--	0.96%	--	--	N/A

## IMPORTANT NOTES

1 The Next Edge Private Debt Fund (the 'Fund') returns are net of all fees and expenses associated with Class A2 Units and Class F2 charged from September 1, 2024 (trading start date). Performance statistics containing 2024 figures shown in this material are subject to final confirmation. The historical annualized rates of return for the Next Edge Private Debt Fund Class A2 Units as of October 31, 2024 are 1 yr N/A, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR N/A; for Class F2 Units are 1 yr N/A, 3 yr N/A, 5 yr N/A%, 10 yr N/A, and CARR N/A.

### 2. Distribution - adjusted return

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 alternative investing programs.

Potential investors should note that alternative investments can involve significant risks and the value of an investment may go down as well as up. There is no guarantee of trading performance and past or projected performance is not indicative of future results. Capitalized terms not defined in this document are defined as set forth in the Offering Memorandum of the Fund (the 'OM'). There is no guarantee of trading performance and past or projected performance is not indicative of future results.

Next Edge Capital Corp. is the manager and trustee of the Fund (the 'Manager'). The investment objective of the Fund is to achieve consistent risk-adjusted returns with minimal volatility and low correlation to most traditional asset classes. The Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Next Edge Private Debt LP (the 'Partnership') through the Next Edge Commercial Trust (the 'Sub Trust'). To achieve its investment objective the Partnership will primarily allocate capital to a number of specialist loan originators and managers of credit pools ('Credit Advisors'), to take advantage of opportunities in the private debt markets. Strategies that may be used include trade finance, consumer finance, invoice factoring, supply chain financing, syndicated loans, regulatory capital, mezzanine debt, structured credit and asset-based lending. The Partnership will invest in both senior and subordinated debt subject to the advice and recommendations of their Credit Advisors with the intent of building a portfolio, either directly or indirectly, of private income generating securities. 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 Product. Please refer to the Fund's Offering Memorandum for more information on the Fund as any information in this Report is qualified in its entirety by the disclosure therein.

[a] Categorizations of loans and investments are internal, potentially subjective, and subject to change.

[b] Based on geographic location of the head office of borrower/counterparty.

[c] Based on the legal maturity date of the loan. Loans are subject to being renewed and/or extended. Factoring facilities are typically by way of ongoing purchase and sale agreements for the factoring of receivables and may not have an explicit maturity date, but an estimated average period of 90 days has been used for the full collection of factored receivables and maturity time of factoring facilities.

[d] Calculated as loan balance / estimated collateral. Collateral figures and values are unaudited and may encompass a range, depending on valuation methodologies, including Use Value, Orderly Liquidation and Forced Liquidation valuations. Collateral calculations are typically limited to the assets held directly by the borrower or for which the Fund is directly entitled to. LTV ratios are set to a minimum of only 33% on a loan-by- loan basis for conservative representation (even where LTV ratios could actually be lower on certain loan facilities).

[e] Loans are distinguished by terms and instrument, but a single counterparty may be party to multiple loans/positions. These totals do not include loans made by our commercial SME finance borrowers which would bring the aggregate total (both through indirect and direct positions within our portfolio) to over 150 commercial finance loans.

[f] Dollar-weighted by carrying value. Factoring facilities typically involve the direct purchase and custody of factored receivables and are considered 1st position for this calculation.

[g] Based on the legal maturity date of the loan. Loans are subject to be renewed/extended. Factoring facilities are typically by way of ongoing purchase and sale agreements for the factoring of receivables and may not have an explicit maturity date, but an estimated average period of 90 days has been used for the full collection of factored receivables and maturity time of factoring facilities.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS**

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