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# Next Edge Private Debt Fund

February 2024

# Important Notes

**The ‘Next Edge Private Debt Fund’ or the ‘Fund’ means the ‘Next Edge Private Debt Fund’.**

**Capitalized terms not defined in this presentation are defined as set forth in the Offering Memorandum of the Fund (the ‘OM’).**

This communication is not, and under no circumstances is to be construed as, an invitation to make an investment in the Fund nor does it constitute a public offering to sell the Fund or any other products described herein. Applications for the Fund will only be considered on the terms of the OM. The OM contains important detailed information about the Fund. Copies of the OM may be obtained from Next Edge Capital Corp., the principal distributor of the Fund. Each purchaser of the units of the Fund (the ‘Units’) may have statutory or contractual rights of action under certain circumstances as disclosed in the OM. Please review the provisions of the applicable securities legislation for particulars of these rights. Terms defined herein shall have the same meaning as in the OM. 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.**

**Investors should review the OM in its entirety for a complete description of the Fund, its risks, and consult their registered dealers before making an investment.**

The information contained in this material is subject to change without notice and Next Edge Capital Corp. will not be held liable for any inaccuracies or misprints.

Any descriptions or information involving investment process or strategies is provided for illustration purposes only, may not be fully indicative of any present or future investments, may be changed at the discretion of the Investment Manager and are not intended to reflect performance.

The Fund has not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any State securities laws. The Fund may not be offered or sold in the United States or to US persons.

## Cautionary Note Regarding Forward-Looking Statements

The following presentation may contain forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that Next Edge Capital Corp., the Credit Advisor or any affiliates thereof (the 'Companies') believe, expect or anticipate will or may occur in the future (including, without limitation, statements regarding any targeted returns, projections, forecasts, statements and future plans and objectives of the Companies) are forward-looking statements. These forward-looking statements reflect the current expectations, assumptions or beliefs of the Companies based on information currently available to the Companies.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Companies to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Companies.

Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in international financial and commodities markets, fluctuations in currency exchange and interest rates, liquidity of portfolio investments, reduction in availability of leverage, default by counterparties, special risks arising from short sales and investments in forward contracts and other derivatives, unintentional trades, accuracy of analytical models, valuation risks, limitations on redemptions, tax consequences, changes in applicable laws and other risks associated with investing in securities and those factors discussed under the section entitled 'Risk Factors' in the Prospectus.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Companies disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Companies believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

## Risks of Investing In The Fund

Please see the Fund's OM for a complete listing and description of the risks associated with an investment in the Fund.

### Risks Associated With An Investment In The Partnership

General Investment Risk; No Guaranteed Return; Limited Operating History; Class Risk; No Advice to Investors; Illiquidity of Units or Limited Liquidity; Potential Conflicts of Interest; Reliance on the Manager and Credit Advisors; Capital Depletion Risk; Fees and Expenses of the Partnership; Risks Arising from Multiple Classes of Units; Changes in Applicable Law; Changes to Canadian Tax Laws and Challenges by the CRA; Achievement of the Investment Objective; Changes in Investment Strategies; Illiquid Positions; Not a Public Mutual Fund; Distributions; Possible Effect of Redemptions; Possible Loss of Limited Liability; Possible Negative Impact of Regulation; Potential Indemnification Obligations; Reliance on Manager and Track Record; Currency Risk; Initial Investment in the Partnership; Legal; Tax Liability; Units are not Insured and Strategies.

### Risks Associated With The Underlying Investments & Strategies

Availability of investments; Counterparty and Settlement Risk; Credit Risk; Custody Risk and Broker or Dealer Insolvency; Debt Securities; Diversification; Valuation of the Partnership's Investments; General Litigation Risk; Uninsured and Underinsured Losses; Equity Risk; Exchange Traded Funds; Failure to Meet Commitments; Foreign Investment Risk; General Economic and Market Conditions; Highly Volatile Markets; Interest Rate Changes; Investment and Trading Risks in General; Issuer-Specific Changes; Knowledge and Expertise of the Credit Advisors; Leverage; Limited Sources of Borrowing; Liquidity Risk; Credit Advisor Insolvency; Nature of the Investments; Options; Portfolio Turnover; Shorting; Use of Derivatives and Composition of Investments.

# Executive Summary – Private Lending

## Next Edge Capital Private Debt Fund

Over time, the Private Lending Sector has provided investors with attractive absolute returns and superior risk-adjusted returns. In addition, attributes that investors value heavily such as capital preservation, consistency of returns, attractive yield, and great diversification benefits within a portfolio, are some of the key attributes that the sector has shown historically.

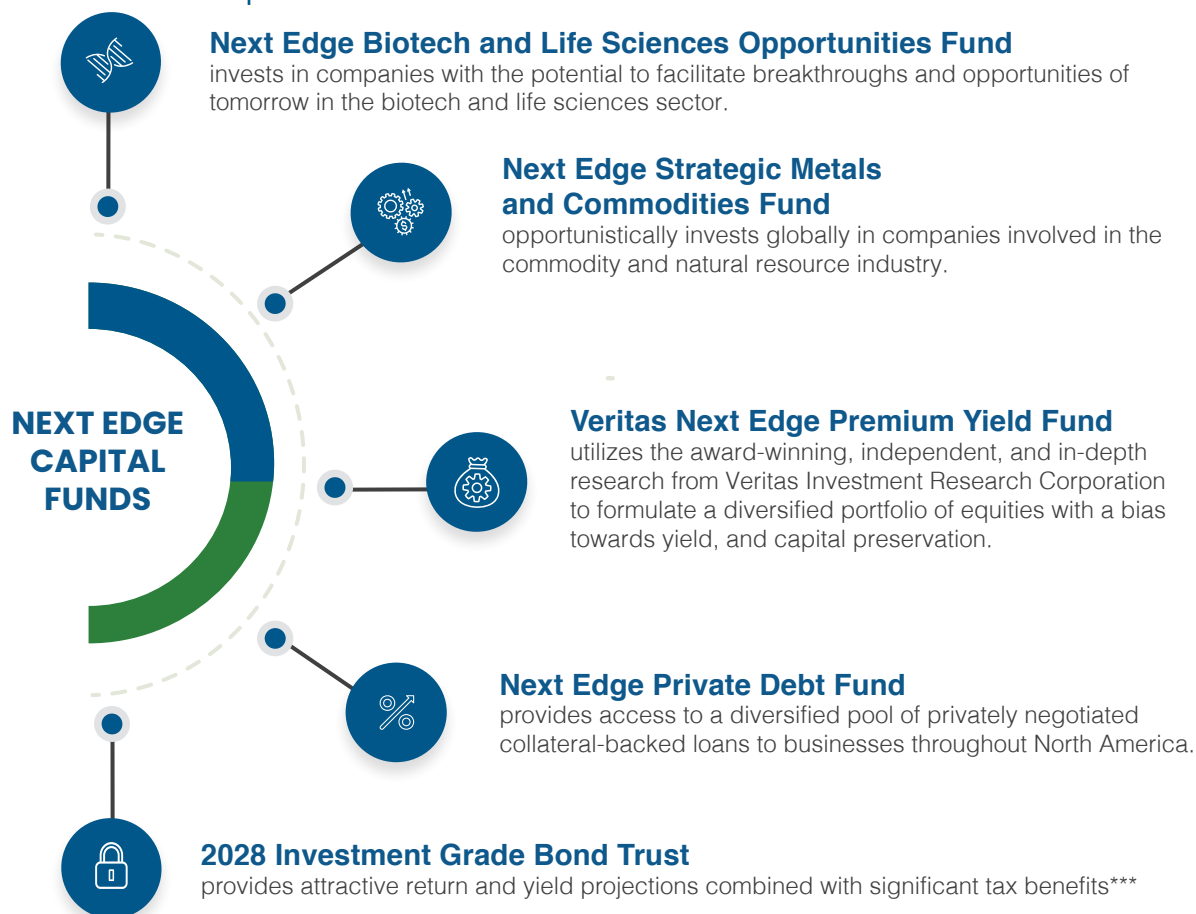
The Next Edge Private Debt Fund was launched in June 2015 to focus on providing lending capital to businesses throughout North America. These loans are generally senior secured, 1st lien loans backed by collateral that fit within one of our primary financing solutions such as Factoring (receivables-based financing), Asset-Based Lending, Lender Finance, Specialty Finance, and Equipment Finance.

Next Edge Capital Corp. (“Next Edge” or “Next Edge Capital”), along with their primary credit advisor, Garrington Group Inc. (“Garrington” or “Garrington Group”), with roots in the private lending business dating back to 1999, have an experienced team with a proven ability to navigate the vast opportunities that the team sees, while being highly selective, and delivering significant value-added returns and risk management to investors.

# About Next Edge Capital Corp.

Next Edge Capital Corp. (“Next Edge Capital”) is an investment fund manager and a leader in the structuring and distribution of alternative, private credit and value-added fund products in Canada. The firm is led by an experienced management team that has launched numerous investment solutions in a variety of product structures for over two decades. Next Edge Capital specializes and focuses on providing unique, non-correlated pooled investment vehicles to the Canadian marketplace.

- ✓ Formed in July 2006 as Man Investments Canada Corp. and spun out via a management buyout in June 2014 and renamed to Next Edge Capital Corp.
- ✓ Registered as an Exempt Market Dealer, Portfolio Manager and Investment Fund Manager\*.
- ✓ Management team responsible for raising over CDN \$3 Billion of alternative assets in Canada since 2000\*\*.
- ✓ Focused on providing unique, non-correlated investment ideas.



\* Registered as an Investment Fund Manager in Ontario, Québec and Newfoundland and Labrador; a Portfolio Manager in Alberta and Ontario; and an Exempt Market Dealer in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

\*\*Please note that over CDN \$2 Billion of the CDN \$3 Billion of alternative assets raised relates to assets raised at a previous firm(s).

\*\*\*Based on Portfolio Securities that would have been included in the Portfolio if it had been formed and fully invested on December 21, 2023.



# The Case For Private Lending

## WHAT IS PRIVATE LENDING?



**Private lending** can be broadly defined as **privately negotiated loans** that take place **outside of the traditional banking network**.

There are many different areas of private lending with varying levels of risk/reward.



# The Case For Private Lending

Private lending fund assets under management have increased significantly over the past decade. Investors rationale for their attraction to the area are numerous and include:

## BENEFITS OF PRIVATE LENDING INVESTING

1

**Strong historical return and cash flow characteristics** relative to other fixed-income vehicles

2

**Low historical correlation** to traditional fixed income and equity markets

3

**Focus on capital preservation**

4

**Low historical volatility** relative to traditional fixed-income investments

5

**Historical consistency of returns**

# The Case For Private Lending

## Why The Excess Return?

Most investors explain the yield premium in private lending as an illiquidity premium to compensate investors for less liquidity. This is one factor, however, we believe there are many more. Some of these may include:

- ✓ Illiquidity premium.
- ✓ Regulatory.
- ✓ Sourcing/Origination Premium.
- ✓ Scarcity premium (banks not lending to certain areas, nor are many of the non-bank lenders).
- ✓ Size of transactions premium (competition is greater on larger-sized deals impacting pricing).
- ✓ There is no efficient market (i.e. no public pricing mechanism) to determine pricing, therefore pricing is very inefficient and subject to a premium.
- ✓ Complexity premium/barriers to entry.
- ✓ Sponsored vs non-sponsored deals.
- ✓ Cost of capital for non-bank lenders somewhat determines yield rates in the market.
- ✓ Factoring is a unique structural arbitrage opportunity.

The Next Edge Private Debt Fund was designed and seeks to capture many of these yield premiums.



# The Case For Private Lending

Asset-backed lending can be an attractive investment opportunity as the financing demand for small and middle market borrowers is strong and growing.

## SEIZING YIELD WITH A MORE CONSERVATIVE APPROACH

- ✓ Investors in collateral-backed private debt have historically attained superior risk-adjusted returns relative to publicly traded credit
- ✓ Returns associated with private debt have historically been uncorrelated with other investments and provide the potential to increase portfolio diversification and reduce volatility

## MORE RISK AVERSE THAN CASH FLOW LENDING

- ✓ Asset values remain relatively stable during down economic cycles versus cash flow
- ✓ For cash flow lenders, EBITDA can decline suddenly and remain that way for an extended time
- ✓ Historically, loan recovery rates are better in asset backed lending versus cash flow lending

## TURNING ILLIQUIDITY INTO AN ASSET CLASS

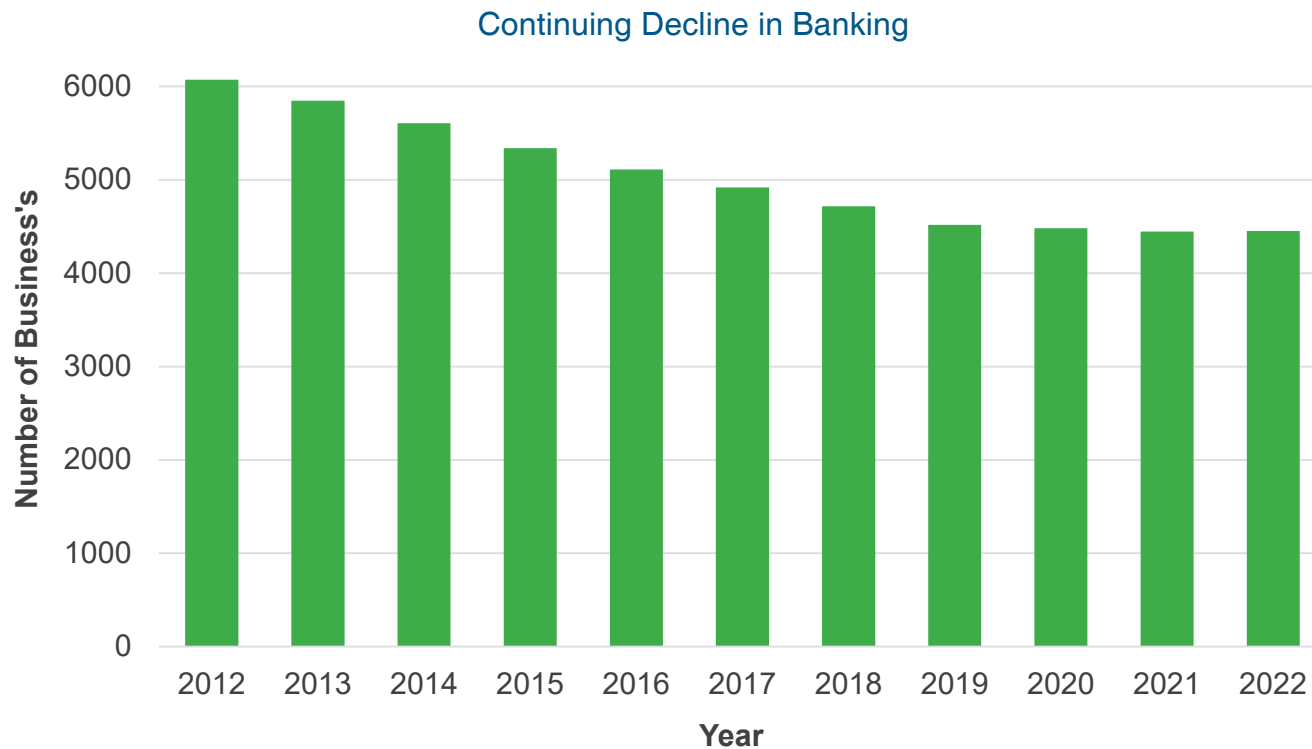
- ✓ Private lending typically yields above publicly traded credit instruments due to the illiquidity of the loans and not necessarily because asset-backed lenders face materially higher risk
- ✓ Next Edge believes that approximately 400-700 basis points of excess spread can be earned in a private transaction

# The Case For Private Lending

Smaller and mid-market lending has been declining at banks for decades.

Asset-backed lending strategies capitalize on the opportunities created by a decline in bank lending and the heightened regulation imposed on them, while the demand for small and middle market business financing continues to grow.

Commercial banking businesses in the US in 2022 decreased to 4,453 businesses from 6,072 businesses in 2012.

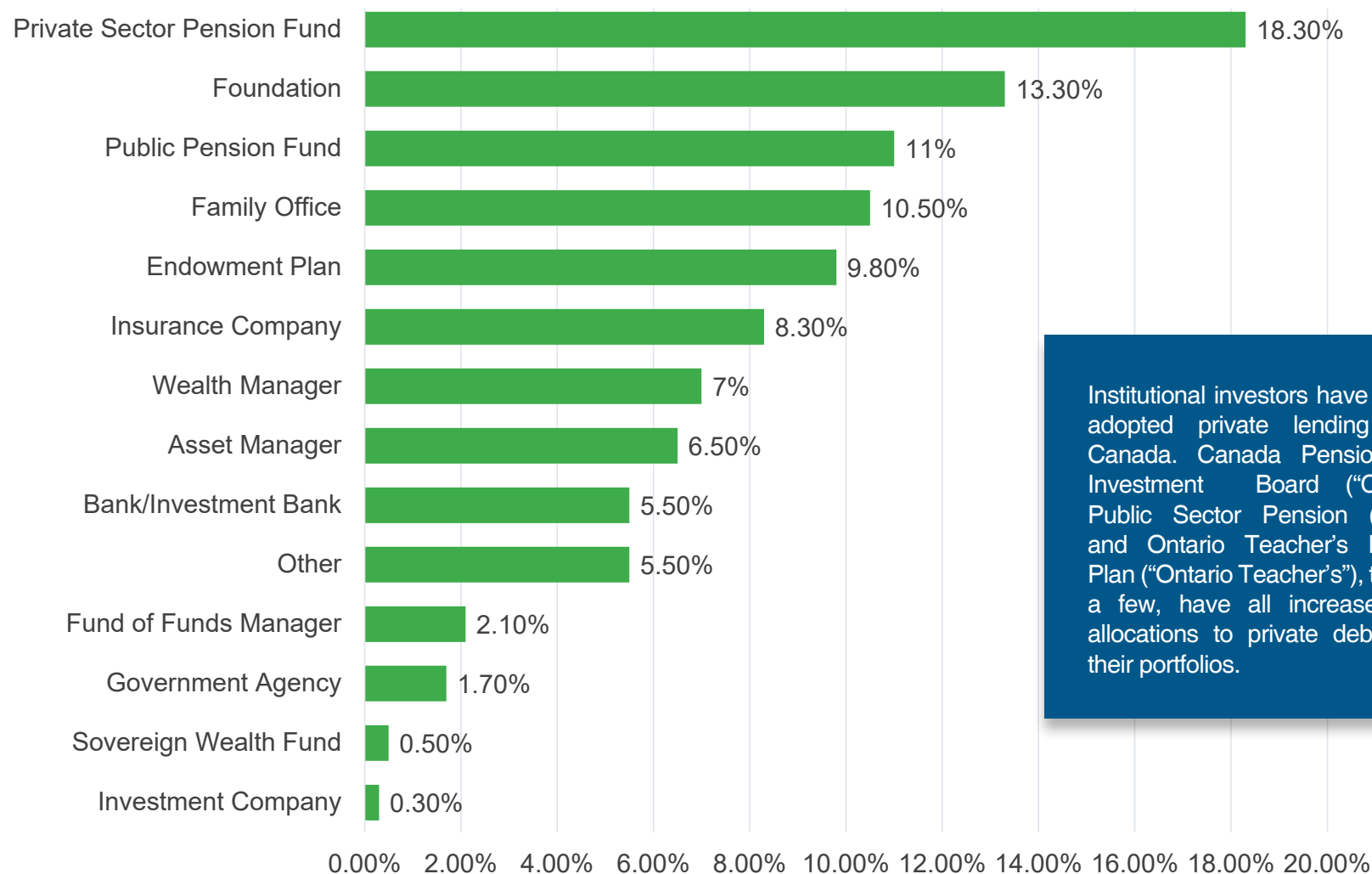


Source: IBIS world, 2022.

# The Case For Private Lending

## Broadly Adopted by Institutional Investors

Investors in Private Debt by Type (%), 2020\*



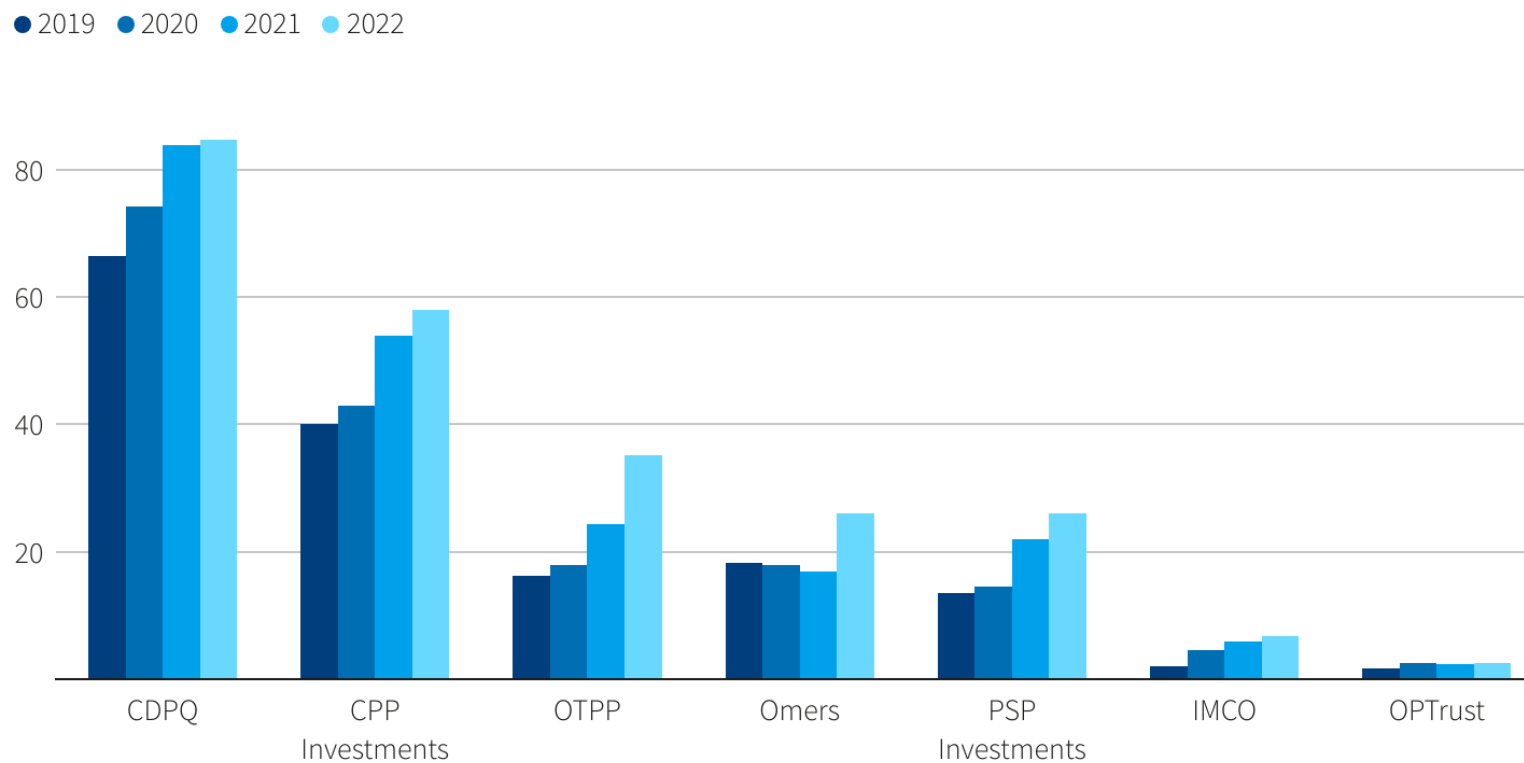
Institutional investors have broadly adopted private lending within Canada. Canada Pension Plan Investment Board ("CPPIB"), Public Sector Pension ("PSP"), and Ontario Teacher's Pension Plan ("Ontario Teacher's"), to name a few, have all increased their allocations to private debt within their portfolios.

\*Source: 2021 Preqin Global Private Debt Report

# The Case For Private Lending

## Broadly Adopted by Institutional Investors

Growth in Credit Allocations per Year in C\$ Billion



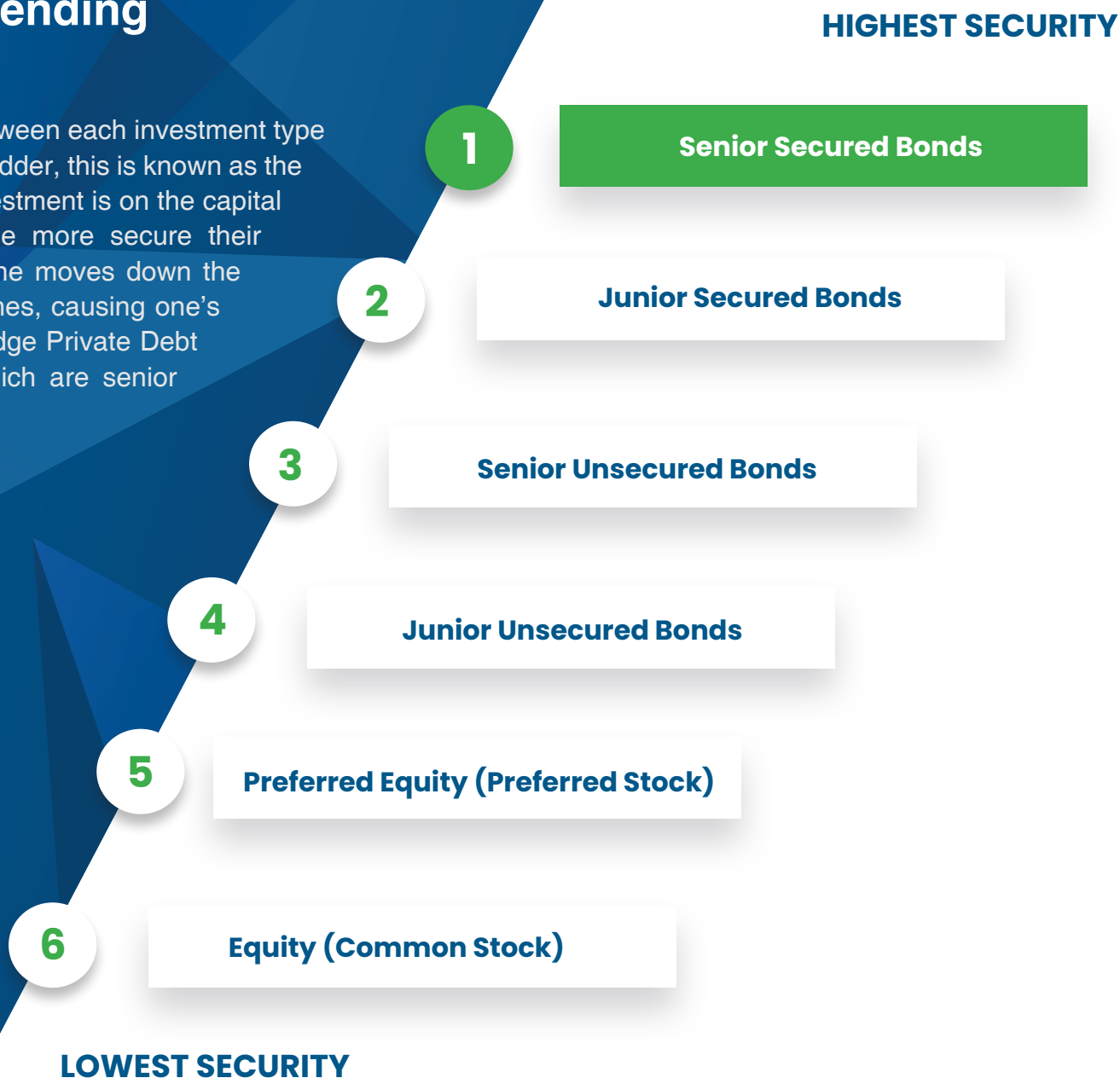
Note: All figures are for calendar years, except for CPP and PSP, where the financial years run to the subsequent end-March

Source: Reuters, January 2024

# The Case For Private Lending

## Capital Stack

The graphic displays the relationship between each investment type and its position on the priority payment ladder, this is known as the “Capital Stack”. The higher up one’s investment is on the capital stack (i.e. Senior Securitized Debt) the more secure their priority payback position is. Thus, as one moves down the capital stack, their priority claim diminishes, causing one’s investment risk to increase. The Next Edge Private Debt Fund is primarily focused on loans which are senior secured in nature.



# Next Edge Private Debt Fund

## ABOUT THE FUND

- Focused on deploying privately negotiated lending capital to businesses throughout North America
- Loans and financing facilities are generally senior secured, 1st lien loans backed by collateral that fit within one of our primary financing solutions such as Factoring (receivables-based financing), Asset-Based Lending, Lender Finance, Specialty Finance, and Equipment Finance.
- In conjunction with our primary credit advisor, Garrington Group, with roots in the private lending business dating back to 1999, the team possesses vast experience in the private lending sector and has processed in excess of \$5.7 Billion\* of transactions historically.
- The Fund's goal is to deliver attractive absolute and risk adjusted returns to investors.

## KEY FEATURES

- Broadly diversified portfolio of loans and financing facilities throughout North America.
- Vast origination network throughout North America for sourcing opportunities.
- Capital preservation focus.
- Attractive yield.
- Consistency of returns.
- Diversification benefits within a portfolio context.
- Distributions paid monthly equivalent to the monthly yield/return.
- Registered Plan Eligible.

\*Fundings are based upon funds that have been deployed by (a) Garrington Group, and (b) (i) Liquid Capital Corp, Garrington Group Inc's subsidiary; (ii) Next Edge Private Debt LP, Garrington Group's primary capital provider, and (iii) Garrington Equipment Finance "GEF" (collectively, "Group and its Affiliates") as of December 31, 2022.



# Next Edge Private Debt Fund Key Relationship Parties

## Garrington Group of Companies

Garrington Group of Companies (“Garrington”) offers synergies within a large network of companies. This group has a significant presence in the North American small and medium-sized enterprises (“SME”) lending business and has become a very strong partner to Next Edge Capital Corp. and the Fund.

Under the Garrington Group of Companies are a few loan origination and commercial finance businesses - Garrington Capital and Liquid Capital, which Next Edge Capital Corp. utilizes as a primary source to obtain transactions for the Fund, which are in turn underwritten, processed, administered and monitored at Garrington Financial Services. Next Edge Capital has various members that work closely within the Garrington Group and have representation and a veto on the investment committee responsible for approving any transaction that goes into the Fund.



### ABOUT GARRINGTON

- With over 65 employees<sup>1</sup> across the US and Canada, Garrington has completed more than \$USD 5.7 Billion<sup>2</sup> in total financings since inception in 1999.
- Garrington has a wide reach with centralized offices, as well as physical sales presence in over 20 jurisdictions<sup>3</sup>.
- Current assets under advisory is over \$USD 400 million<sup>4</sup>.
- Garrington's investment team has extensive experience in commercial finance, with a long history in all lending verticals within their mandate.

1. Employees, consultants, and advisors as of December 31, 2022, across all companies that form a part of Garrington.

2. Fundings are based upon funds that have been deployed by (a) Garrington, and (b) (i) Liquid Capital Corp, Garrington Group Inc's subsidiary; (ii) Next Edge Private Debt LP, Group's primary capital provider, and (iii) Garrington Equipment Finance "GEF" (collectively, "Group and its Affiliates") as of December 31, 2022.

3. Includes jurisdictions in which Garrington and its Affiliates maintain locations.

4. As of December 31, 2022.

# Next Edge Private Debt Fund

## Key Features

1

Private Loans not Market Priced  
(Minimal Volatility)

2

Attractive Risk/Reward Ratio

3

Strong and Experienced  
Management Team

4

Focus on Capital Preservation

5

Low Interest Rate Sensitivity

6

Low historical Correlation to  
Equity and Bond Markets

7

Strong Deal Origination  
Relationships Across North America

# Investment Philosophy

## Four Pillars of Strength

Private lending to SME businesses in North America, primarily in loan sizes under USD \$30 million has the potential to provide excellent risk adjusted returns relative to other asset classes **WHEN MANAGED APPROPRIATELY.**

### **VAST ORIGINATION**

Opportunity to review hundreds of potential loans each year through thousands of referral sources

### **ROBUST AND EFFICIENT UNDERWRITING**

Full diligence of operational and financial controls, collateral quality and legal/regulatory review

### **LAYERS OF OVERSIGHT**

Ongoing assessment of company financials, collateral coverage, exit strategy, periodic site visits and appraisals

### **PACING OF CASH FLOWS**

Pacing transaction flows with the capital we receive from our clients is critically important –overlaid with significant revolving credit facilities from two major banks

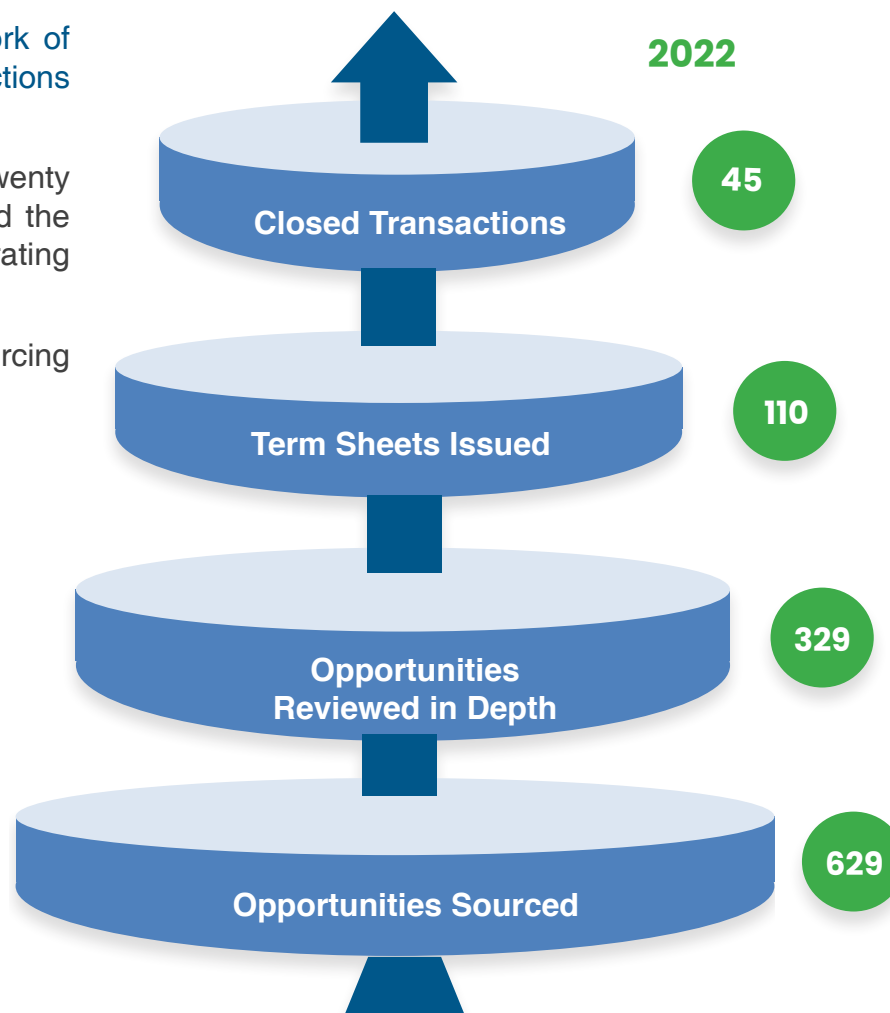
# Loan Origination and Initial Screening

Robust Origination Platform - established and proprietary network of industry contacts gives us the ability to access and execute transactions across a diverse array of assets and structures.

Garrington has eight business development professionals and twenty lending franchise professionals, as well as senior leadership and the investment teams at both Next Edge Capital and Garrington, generating opportunities.

Focus on qualified sources across our proprietary network of sourcing partners.

- 1** Investment bankers and brokers
- 2** Specialty advisors such as turnaround consultants
- 3** Commercial bankers
- 4** Attorneys and accountants



As a result of our long-standing participation in asset-backed lending, repeat relationships account for a significant amount of our deal flow.

# Next Edge Private Debt Fund Areas of Lending

## Factoring/Receivables Based Financing

- Financing a company via the purchase of an asset, the receivables, as a means of advancing the company's cash flow cycle
- Focused on full recourse, full notification factoring
- Focused on factoring bona fide receivables that are in good standing for goods and/or services delivered

### Security features to the transaction include:

- Advance/discount rate to the value of the receivables purchased
- Diversity of receivables
- Credit quality of the receivables
- Verification of the invoices
- Notification of invoices (taking legal title)
- Personal guarantees from the owners
- Credit insurance on the receivables (Intact)

From an investor standpoint, there is an arbitrage inefficiency that can be exploited from the attractive yields charged to the client/ company based on their weaker business credit relative to that of the end debtor (receivable) which is the primary security underpinning the transaction.

# Next Edge Private Debt Fund Areas of Lending

## Asset-Based Lending (ABL)

- Loans to businesses secured by assets that acts as collateral for the loan
- These loans tend to be secured by assets such as receivables, inventory, real estate or equipment
- Loans tend to be senior secured, 1st lien positions with registered security
- Understanding why they need our capital and the use of proceeds and how this will help the company get from point A to point B is important to us
- Review of key members of the company, past financials, go forward projections
- Third-party specialist appraisers are brought in to determine the value of assets such as inventory, real estate and equipment
- Third-party specialist firms are brought in to perform a field audit on the company
- Advance rates on collateral are set based on many factors to allow for a healthy cushion
- Loans tend to be shorter term in nature (typically, 1-year demand facilities)
- Loan sizes range from \$2MM - \$30MM



# Next Edge Private Debt Fund Areas of Lending

## Lender Finance Loans

- Loans provided to non-bank lenders whereby the primary collateral/assets backing the transaction are the pool of loans/receivables.
- Loans tend to be senior secured, 1st lien loans with registered security
- Loan sizes range from \$2MM - \$30MM
- Loans tend to range from 1-3 years
- Advance rates are set with a healthy cushion based on the value and variability of the asset pools as well as the company's financial situation (Tangible net worth)
- Review of key members of the company, past financials and go-forward projections, loan pool performance metrics, robustness of their reporting systems are a few of the many considerations reviewed
- Third-party specialist field auditors are brought in as part of the diligence process
- Some examples of positions in this vertical include loans to factoring/ABL companies, auto title lenders, MICs and mortgage lenders, equipment finance lenders

# Next Edge Private Debt Fund Areas of Lending

## Specialty Lending

- Loans provided to companies based on liquidation values of secured assets, asset pools and verifiable enterprise values
- Loan sizes range from \$2MM - \$30MM
- Loans tend to range from 1-3 years
- Loans tend to be senior secured, 1st lien loans with registered security

# Advanced Due Diligence

Upon term sheet approval and receipt of deposit, on-site and off-site diligence is performed on the borrower and any related parties, including sponsors and guarantors.

1

## OPERATIONAL CONTROLS

- Review company's business model and management
- Typically engage industry specific third-party consultants
- On-site visits and background checks on key individuals

2

## FINANCIAL CONTROLS

- Evaluate capital structure of company to ensure borrower has significant capital or equity at risk
- Review available financial statements on borrower
- Background and credit checks of borrower and principals

3

## COLLATERAL QUALITY

- Third-party appraisal
- Field exam
- Assess collateral quality, liquidity, and price transparency
- Verify existence of collateral to mitigate fraud risk

4

## LEGAL & REGULATORY REVIEW

- Legal and regulatory review of underlying collateral
- Legal documentation drafted/reviewed by third party legal counsel specific to the asset
- Financial and operational covenants defined
- Lien search and collateral filing
- Third-party agreements in place and documented

5

## CULMINATION OF DILIGENCE

- Investment Memorandum
- Investment Committee Vote (members of both Next Edge and Garrington sit on the investment committee responsible for approving any transaction that goes into the Fund). Next Edge retains a veto on any transaction.

# Advanced Due Diligence

Monitoring of the loans, covenants, financial health, and the collateral backing the transaction are key components to low loss rates.

Early warning signs allow for our team to be proactive with the borrower, well ahead of there being a major problem, often preventing a situation from deteriorating beyond having multiple means of correction.



## RISK MANAGEMENT STRATEGY

- Maintain strong asset collateral coverage (i.e., limiting loan-to-value levels) throughout the life of the transaction
- Require borrowers to have significant capital at risk to ensure alignment of interests
- Manage leverage wisely
- Having an exit strategy at origination



## ONGOING PORTFOLIO MANAGEMENT

- Ongoing assessment of company financials and evaluation of trend and performance to budgets and past experience
- Consistent tracking of key performance Indicators
- Cash account reconciliation
- Borrowing base calculations
- Strong relationship management and understanding the borrower's business
- Ongoing risk assessment and tracking both at the borrower level and external influences (economic, environmental)
- Continuous collateral valuations and review of borrowing base calculations
- Periodic site visits

# Next Edge Private Debt Fund Historical Performance

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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD <sup>2</sup>
2024	0.60%	0.60%	--	--	--	--	--	--	--	--	--	--	1.21%*
2023	0.55%	0.51%	0.58%	0.55%	0.52%	-0.15%	0.52%	0.58%	0.58%	0.59%	0.57%	-1.71%	3.74%
2022	0.62%	0.53%	0.40%	0.66%	0.63%	0.57%	0.52%	0.63%	0.49%	0.64%	0.58%	0.28%	6.74%
2021	0.69%	0.64%	0.51%	0.51%	0.43%	0.32%	0.28%	-0.10%	0.47%	0.56%	0.48%	0.55%	5.47%
2020	0.51%	0.65%	0.22%	0.35%	0.28%	0.26%	0.60%	0.58%	0.56%	0.56%	0.58%	0.62%	5.90%
2019	0.69%	0.59%	0.77%	0.66%	0.63%	0.59%	0.58%	0.62%	0.57%	0.68%	0.64%	0.54%	7.82%
2018	0.68%	0.55%	0.66%	0.62%	0.64%	0.79%	0.67%	0.63%	0.63%	0.59%	0.64%	0.65%	8.06%
2017	0.66%	0.60%	0.57%	0.63%	0.61%	0.53%	0.57%	0.57%	0.60%	0.69%	0.54%	0.53%	7.33%
2016	0.55%	0.59%	0.70%	0.31%	0.35%	0.56%	0.53%	0.69%	0.63%	0.67%	0.80%	0.60%	7.21%
2015	--	--	--	--	--	0.61%	0.75%	0.37%	0.38%	0.65%	0.69%	0.60%	4.13%*

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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD <sup>2</sup>
2024	0.69%	0.69%	--	--	--	--	--	--	--	--	--	--	1.39%*
2023	0.65%	0.60%	0.68%	0.64%	0.61%	-0.06%	0.61%	0.67%	0.67%	0.68%	0.67%	-1.62%	4.88%
2022	0.71%	0.62%	0.49%	0.75%	0.72%	0.66%	0.61%	0.72%	0.58%	0.73%	0.67%	0.37%	7.91%
2021	0.78%	0.73%	0.60%	0.60%	0.52%	0.41%	0.37%	-0.01%	0.56%	0.65%	0.57%	0.64%	6.63%
2020	0.61%	0.74%	0.32%	0.44%	0.37%	0.35%	0.69%	0.67%	0.65%	0.65%	0.67%	0.71%	7.06%
2019	0.79%	0.68%	0.86%	0.76%	0.72%	0.69%	0.67%	0.71%	0.66%	0.78%	0.73%	0.63%	9.02%
2018	0.80%	0.66%	0.78%	0.74%	0.76%	0.91%	0.77%	0.73%	0.72%	0.69%	0.73%	0.75%	9.41%
2017	0.77%	0.71%	0.68%	0.75%	0.74%	0.65%	0.68%	0.69%	0.72%	0.81%	0.66%	0.65%	8.83%
2016	0.66%	0.70%	0.81%	0.44%	0.44%	0.68%	0.64%	0.79%	0.74%	0.78%	0.91%	0.71%	8.62%
2015	--	--	--	--	--	0.61%	0.98%	0.49%	0.50%	0.77%	0.81%	0.72%	4.97%*

	1 Month	YTD*	1 Year	3 Year Annualized	5 Year Annualized	Annualized Since Inception	Inception Date	NAV	Monthly Distribution
<b>Class A1<sup>1,2</sup></b>	0.60%	1.21%	3.88%	5.27%	5.91%	6.59%	June 2015	\$7.86	\$0.0471
<b>Class F1<sup>1,2</sup></b>	0.69%	1.39%	5.02%	6.42%	7.07%	7.86%	June 2015	\$8.51	\$0.0588

1. The Next Edge Private Debt Fund (the 'Fund') returns are net of all fees and expenses associated with Class A1 Units and Class F1 Units charged from June 1, 2015 (trading start date). Returns for 2023 are unaudited. Therefore, performance statistics containing 2023 figures shown in this material are subject to final confirmation. The historical annualized rates of return for the Next Edge Private Debt Fund Class A1 Units as of February 29, 2024 are 1 yr 3.88%, 3 yr 5.27%, 5 yr 5.91%, 10 yr N/A, and CARR 6.59%; for Class F1 Units are 1 yr 5.02%, 3 yr 6.42%, 5 yr 7.07%, 10 yr N/A, and CARR 7.86%.

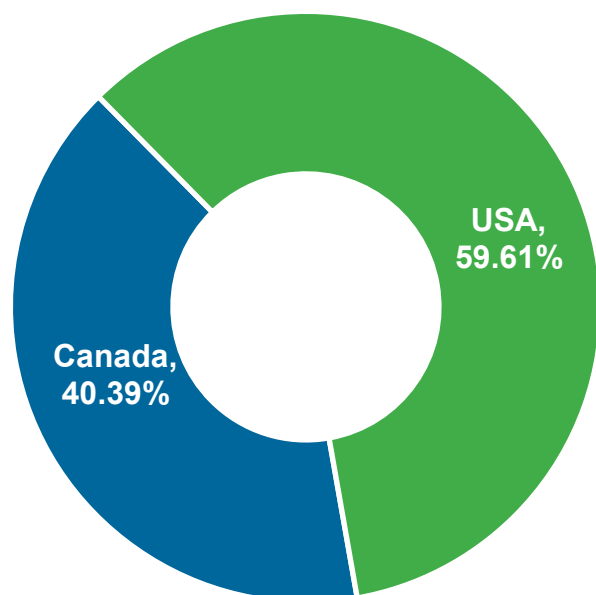
2. Distribution - adjusted return.

\*Part Year.

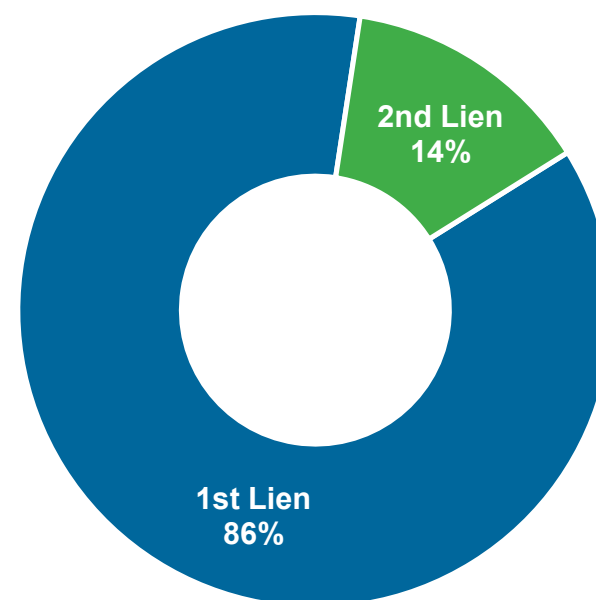


# Next Edge Private Debt Fund Portfolio Breakdown (December 2023)

**Loan Portfolio –  
Breakdown by Country<sup>1</sup>**



**Loan Portfolio –  
Security Position \$ Weighted Composition<sup>2</sup>**



# of CA provinces	7
# of US states	23

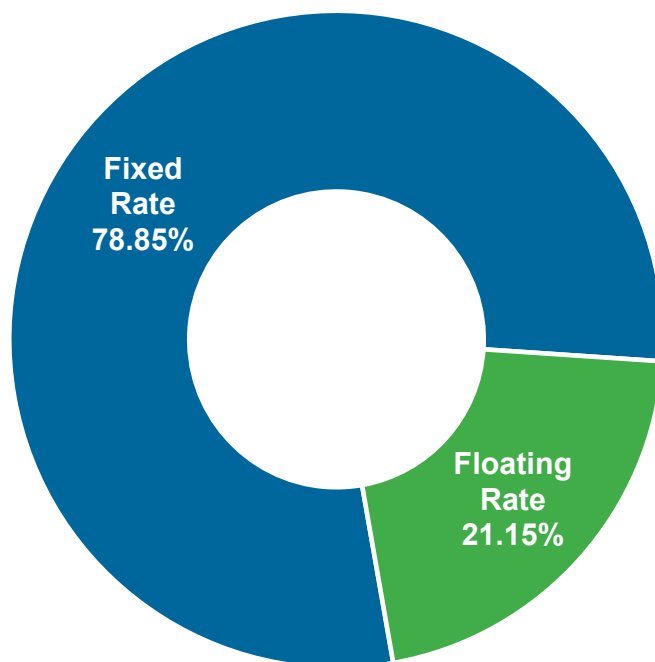
1. Based on geographic location of the head office of borrower/counterparty.

2. Dollar-weighted by carrying value. Factoring facilities typically involve the direct purchase and custody of factored receivables and are considered first position for this calculation.

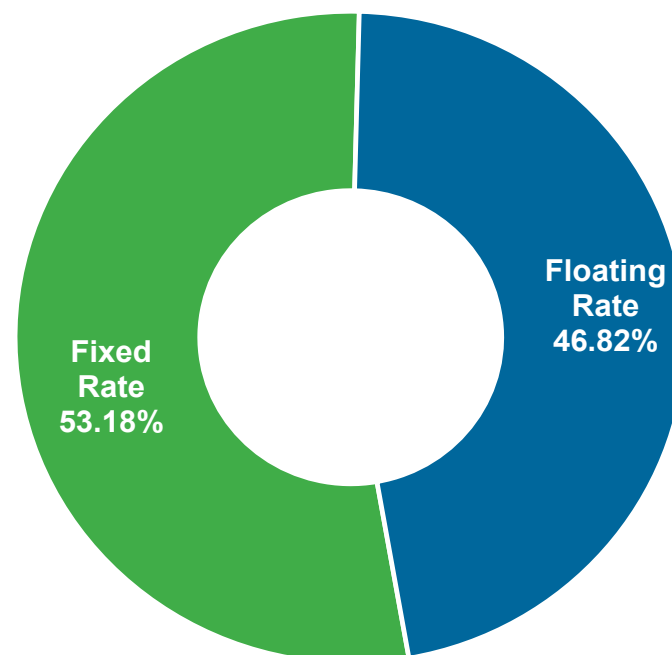
# Next Edge Private Debt Fund Portfolio Breakdown (December 2023)

Loan Portfolio - Floating versus Fixed Rate

**Straight Average**



**\$ Weighted Average**



# Next Edge Private Debt Fund Portfolio Breakdown (December 2023)

## Loan Portfolio – Average Term to Maturity<sup>1</sup> in Days

Loan Type	Avg. Days to Maturity
ABL	191
Lender Finance	276
Specialty Finance	89
Factoring	103
Lender Finance - Franchisee Factoring	90
<b>\$ Weighted Term in Days (full Loan Portfolio)</b>	<b>291</b>

**\$ Weighted LTV ratio  
as at December 29, 2023**

**66.83%**

1. 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

# Summary of Terms

FundSERV Codes (Interim – For Purchase)	<ul style="list-style-type: none"> <li>• Class A NEC 448</li> <li>• Class F1 NEC 442</li> </ul>
FundSERV Codes (Final)	<ul style="list-style-type: none"> <li>• Class A NEC 458</li> <li>• Class F1 NEC 452</li> </ul>
Min. Initial Investment	\$10,000; for Accredited Investors only
Min. Subsequent Investment	\$5,000; for Accredited Investors only
Effective Management Fee (Includes Servicing Fee of 1.0% on the Class A Units; there is no Servicing Fee on the Class F1 Units)	<ul style="list-style-type: none"> <li>• Class A 1.50%</li> <li>• Class F1 0.50%</li> </ul>
Performance Fee	<ul style="list-style-type: none"> <li>• 20% above 6% per annum hurdle rate (with a catch-up)</li> </ul>
Valuation	Monthly
Redemptions	Monthly, with 90 days notice
Distributions	Monthly, at a variable rate tied to each month's realized gains/yield
Registered Plan Status	Eligible
Auditor	Deloitte LLP
Registrar, Administrator and Valuation Agent	RBC Investor Services Trust
Custodian	RBC Investor Services Trust

# Appendix

# Key Next Edge Team Members



**Robert Anton**

President and Founding Partner

- Over 30 years of experience in financial services industry
- Former Executive Vice President, Sales for Man Investments Canada
- Former Executive Vice President, National Sales Manager of BluMont Capital Corp.
- Holds a Bachelor of Arts from Wilfred Laurier University as well as the Chartered Alternative Investment Analyst (CAIA) designation



**Erica Axani**

Chief Risk Officer

- Over 25 years in the factoring and asset based lending industry, with a focus on specialty lending
- Previously held positions as Chief Accountant, Senior Account Manager, Assistant Vice President and Chief Underwriter, on behalf of a large Canadian institution which specializes in these areas



**Cheng Dang**

Executive Vice President,  
Finance

- Over 15 years of experience in financial services industry
- Former Controller for Man Investments Canada Corp. and had a broad range of financial responsibilities for the Canadian office of Man Group plc.
- Experience in public practice, industry and entrepreneurship.
- Chartered Accountant and Bachelor of Commerce graduate from the University of British Columbia



**Richard Goode**

Executive Vice President

- Over 25 years of experience in financial services industry
- Former Managing Director and Head of Sales at Ninepoint Partners/Sprott Asset Management Inc.
- Held numerous positions within the sales and marketing departments of BluMont Capital Corp.
- Graduated from the University of Windsor with a Bachelor of Arts degree



**David Scobie**

Chief Operating Officer

- Over 25 years of experience in financial services industry
- Former Managing Director of Man Investments Canada Corp.
- Former Chief Operating Officer and a director of BluMont Capital Corp.
- B.A. and a B.Ed. from Acadia University.



# Key Garrington Management Team Members



**Jordan Allen**  
CEO, Garrington Capital, US

- Over 30 years experience in asset management
- Former partner and COO of Victory Park Capital
- Former co-head and COO for Man Investments (USA)
- Juris Doctor from Northwestern University Law School



**Tammy Kemp**  
Chief Credit Officer

- Over 30 years experience in trade finance, asset-based lending and distressed lending in North America
- Former Vice-President and Director of Risk of TCE Capital
- Former Vice-President of Century Services



**Bert Crossin**  
Head, ABL Underwriting

- Over 25 years experience in commercial lending with primary focus on asset-based lending
- Currently leads ABL underwriting efforts including credit and risk oversight
- Held various senior credit positions at Wells Fargo, Royal Bank and other large Canadian institutions



**Toreigh Stuart**  
Senior Advisor

- Over 25 years experience in asset management
- Former CEO of Man Investments Canada Corp. and BluMont Capital Corp.
- CFA and CAIA charter holder
- BA Economics, University of Toronto

# Key Garrington Management Team Members



**Richard Coles**  
General Counsel

- Over 20 years of experience in TCE Capital's business and affairs
- A member of the Law Society of Ontario and the Ontario Bar Association (OBA)
- Has an LL.B from Western University and an Hons. BA and MBA from University of Toronto



**Melissa Huot**  
Chief Operating Officer

- Over 15 years of experience in Finance management positions at large public companies such as Wolseley Canada and Second Cup Coffee Co.
- Graduated from McGill University with a Bachelor Degree in Business
- Holds CPA and CMA designations.



**Michael Lukjanczuk**  
Managing Director, Finance

- Over the last 15 years working with large public and private companies including public practice
- Held senior finance management roles at various leading companies including TJX Canada, Second Cup Coffee Ltd. and the Canada Revenue Agency
- Graduated from the University of Toronto with a Bachelor of Commerce



**Rob Richardson**  
Head, Equipment Finance Underwriting

- Over 25 years experience in bank and private credit with focus on small and mid-sized borrowers.
- Former Vice President and Senior portfolio manager of Exworks Capital.
- Held various senior positions at PNC Bank, GMAC Commercial Finance and the CIT Group.

# Key Garrington Management Team Members



**Sol Roter**  
Strategic Advisor

- Over 45 years in finance, working capital and factoring industries
- Founder of Liquid Capital in 1999
- One of the most foremost factoring experts in North America, with over 30 years experience in the business



**Matthew Watt**  
Head, Factoring Underwriting

- Over five years in commercial lending with a primary focus on factoring
- Former VP of Underwriting for Far West Capital
- Held various positions within underwriting and operations for the Garrington Group and Far West capital, along with eight years of prior experience in education



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