

NEXT EDGE BIO-TECH PLUS FUND

Monthly Report as of May 31st, 2017

Investing in companies of the future.

A unique, well defined process of investing in North American small and mid-capitalization Biotechnology companies.

FUND COMMENTARY

After the Next Edge Bio-tech Plus Fund (the “Fund”) advanced for six consecutive months to the end of April, and 9 months out of 10 months, it endured a steep correction in May. For May, the Fund’s Class A Units & Class F Units declined -8.81% and -8.60% respectively, versus a decline of -1.80% for the Fund’s Benchmark. For the past 12 months, the Fund appreciated +23.15% and +22.21% for the Class A Units and Class F Units respectively, versus a decline of -10.10% for the Fund’s Benchmark, maintaining an outperformance for the time period of over +32%. The Fund’s Benchmark was substantially influenced positively by the 29.6% advance in Valeant, which is a 25% weight in the TSX Healthcare Index.

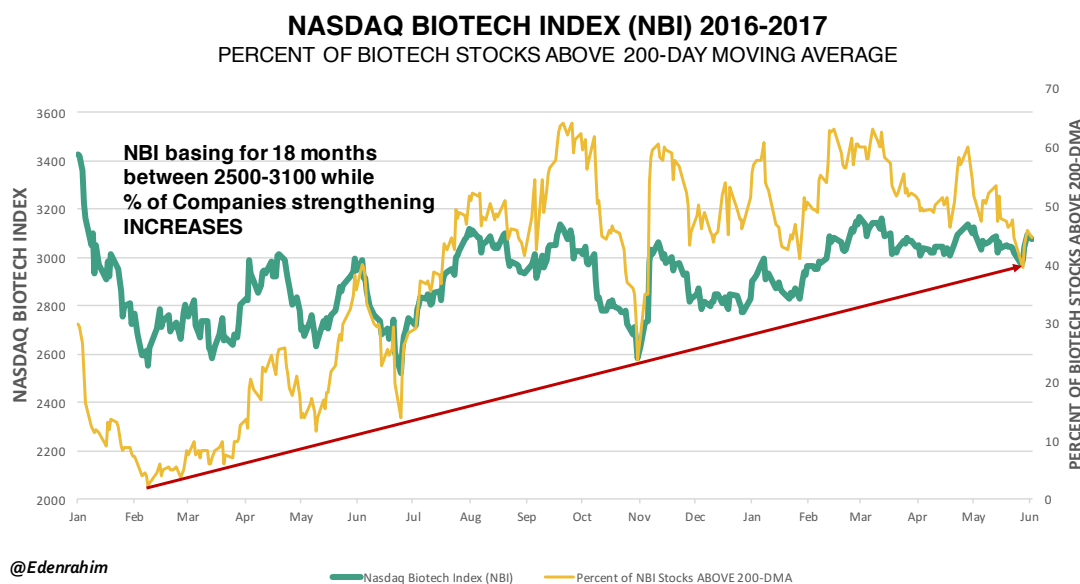
In the April commentary, we alerted investors to expect elevated volatility in May as several of our heavyweight holdings had pivotal data readouts that would impact their prices. That was compounded by a general mid-cap correction in the

sector that saw the percent of Nasdaq Biotech Index (NBI) companies above their 200-day moving average decline from 60% down to 39%. That led to an oversold condition at the end of May, and subsequently a substantial rebound in June to date.

Constructively, that

reading continues to trend upwardly for the past 15 months despite the NBI remaining mired in a tight trading range.

Almost half of the Fund’s monthly decline was attributed to the -67% drop in Neurotrope (NTRP), which missed achieving Statistical Significance in its exploratory 150 patient Phase 2 trial in moderate-to-severe Alzheimer’s disease. All told, the Fund had 12 US holdings and 6 Canadian positions decline by greater than -15%. Mitigating that pounding, were 5 Canadian holdings that advanced over +20%.



Source: Next Edge Capital Corp., Bloomberg Data,



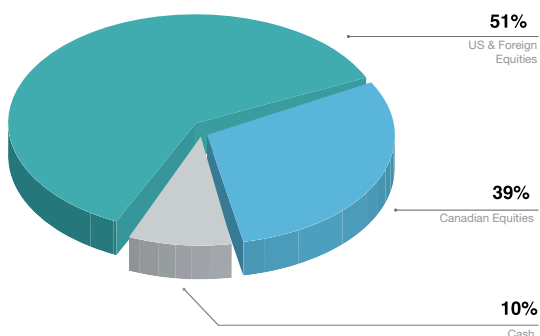
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Biotech: Perhaps Most Discounted, Least-crowded Investment Available

We have long made the case that biotech has become the least expensive sector in the market, despite embedded well above average long-term growth prospects. Many of the issues that caused the decline are fully discounted. We think there are many slow-growth value traps in the large companies, which only fuels our hypothesis that they will need to continue to acquire late-stage companies, such as those which we focus on, in order to jump-start their growth. It looks like some on Wall Street are also beginning to recognize the disconnect in value versus the rest of the market.

COMPOSITION OF FUND HOLDINGS

May 31st 2017



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

HISTORICAL PERFORMANCE¹ Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	4.70%	9.94%	2.23%	3.04%	-8.81%	--	--	--	--	--	--	--	10.57% ³
2016	-19.36%	-6.35%	2.23%	4.93%	0.73%	-8.01%	14.00%	1.96%	5.06%	-9.56%	2.73%	6.71%	-9.11%
2015	--	--	--	-6.01%*	4.76%	3.25%	0.81%	-2.52%	-6.94%	-1.44%	7.15%	0.57%	-1.25% ³

S&P 500 Relative Value Cheat Sheet

Biotech: cheaper than ever and increasingly unloved

Extremely cheap, historically light positioning: buy Biotech

One industry that leaps out in our work as a relative value opportunity is Biotech. At just 14x forward earnings, Biotech is trading at a 20% discount to the S&P 500—close to its lowest discount in our data history – and well off its average market premium of 40%. And buy-side positioning in Biotech has fallen to its lowest level in six years, with large cap funds just 20% overweight, down markedly from a 90% overweight in 2013-14. Biotech is one of our preferred industries within Health Care, representing growth at a reasonable price, and we believe that political and pricing risks are overly discounted. Correlations within the sector have fallen, suggesting better opportunities for stock-pickers. (For opportunities within Biotech, please see our team's [concurrent report](#).)

Chart of the month: Biotech valuation & holdings history

Chart 1: Biotech: relative forward P/E (vs. S&P 500) since 1992 and relative weight in large cap active fund holdings (vs. S&P 500 weight) since 9/2008 (both as of April 2017)



Source: FactSet Ownership, FactSet/FirstCall, BofA Merrill Lynch US Equity & US Quant Strategy

COMPOSITION OF HOLDINGS FOR MAY 31ST, 2017

At the end of May, the Fund held US and foreign investments amounting to 51% of assets, down from 54%, due to depreciation in the value of holdings. In contrast, the Canadian weight rose slightly from 36% to 39% as five holdings enjoyed rallies ranging between +21% to +52% for the month. Cash was unchanged at 10%.



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HISTORICAL PERFORMANCE¹ Class A1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	4.74%	8.05%	2.47%	3.13%	-8.69%	--	--	--	--	--	--	--	9.20% ³
2016	-19.27%	-6.24%	2.34%	5.04%	0.78%	-7.92%	14.12%	2.09%	5.00%	-9.31%	2.95%	6.69%	-8.01%
2015	--	1.93%**	0.24%	-4.26%	4.88%	3.58%	1.33%	-2.41%	-6.76%	-1.32%	7.27%	0.69%	4.44% ³

HISTORICAL PERFORMANCE¹ Class F

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	4.85%	8.01%	2.24%	3.12%	-8.60%	--	--	--	--	--	--	--	9.13% ³
2016	-19.29%	-6.36%	2.40%	5.01%	0.76%	-7.94%	14.09%	2.06%	4.97%	-9.33%	2.92%	6.65%	-8.30%
2015	--	1.93%**	0.22%	-4.29%	4.86%	3.56%	1.31%	-2.43%	-6.79%	-1.35%	7.21%	0.67%	4.15% ³

HISTORICAL PERFORMANCE¹ Class F1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	4.32%	8.08%	2.50%	3.18%	-8.58%	--	--	--	--	--	--	--	9.01% ³
2016	-19.21%	-6.16%	2.43%	5.12%	0.88%	-7.85%	14.21%	2.19%	5.09%	-9.23%	3.01%	6.72%	-7.12%
2015	--	1.97%**	0.34%	-4.18%	4.98%	3.69%	1.43%	-2.31%	-6.66%	-1.22%	7.38%	0.80%	5.52% ³

HISTORICAL PERFORMANCE² Benchmark

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	2.68%	6.17%	-2.63%	-1.64%	-1.80%	--	--	--	--	--	--	--	3.35% ³
2016	-18.33%	-5.30%	-3.07%	3.79%	2.03%	-9.03%	8.51%	-2.57%	0.78%	-10.37%	2.81%	-2.62%	-30.94%
2015	--	4.53%**	4.05%	-1.68%	6.76%	0.87%	6.40%	-8.95%	-14.52%	0.70%	9.67%	0.48%	5.84% ³

1. Next Edge Bio-Tech Plus Fund returns are net of all fees and expenses associated with Class A Units charged from May 1st, 2015. Next Edge Bio-Tech Plus Fund returns are net of all fees and expenses associated with Class A1 Units, Class F Units, and Class F1 Units charged from March 1st, 2015. The historical annualized rates of return for May 31st, 2017 for Class A are 1 yr 23.15%, 3 yr – N/A, 5 yr – N/A, 10 yr – N/A; for Class A1 are 1 yr 22.52%, 3 yr – N/A, 5 yr – N/A, 10 yr – N/A; for Class F are 1 yr 22.21%, 3 yr – N/A, 5 yr – N/A, 10 yr – N/A; for Class F1 are 1 yr 22.95%, 3 yr – N/A, 5 yr – N/A, 10 yr – N/A.

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

(i) 40% of the percentage gain or loss of the S&P/TSX Capped Health Care Index; plus

(ii) 60% of the percentage gain or loss of the NASDAQ Biotechnology Index

The Benchmark returns are unaudited and subject to final confirmation. The historical annualized rates of return for the Benchmark for May 31st, 2017 are 1 yr -10.10%, 3 yr - N/A, 5 yr - N/A, 10 yr - N/A

3. Part Year

* Part Month start date April 13th, 2015 to April 30th, 2015

** Part Month start date: February 17th, 2015 to Feb 27th, 2015. There are inherent limitations in any comparison between a managed portfolio and a passive index. Each index is unmanaged and does not incur management fees, transaction costs or other expenses associated with a private fund. There are risks inherent in hedge fund investing programs.

Note to Investment Professionals: The information in the Monthly Report is being provided to current investors in the Fund and is being provided to their registered dealers for informational purposes only. This is not a sales literature and cannot be used as such.

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

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

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