



NEXT EDGE MUTUAL FUNDS

Annual Information Form

Respecting Class A and Class F Units of

Next Edge Bio-Tech Plus Fund

November 14, 2016

No securities regulatory authority has expressed an opinion about the units of the Fund and it is an offence to claim otherwise.

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NAME, FORMATION AND HISTORY OF THE FUND

This annual information form contains information about Next Edge Bio-Tech Plus Fund (the “**Fund**”).

The Fund is a trust established under the laws of Ontario. The Fund is governed by a master declaration of trust dated December 1, 2014 (the “**Master Trust Declaration**”), a supplemental trust declaration dated December 1, 2014 (the “**Supplemental Trust Declaration**” and, together with the Master Trust Declaration, the “**Trust Declaration**”) made by Next Edge Capital Corp. (“**Next Edge**”, the “**Manager**” or the “**Trustee**”), the trustee and manager of the Fund. Next Edge is also the investment manager of the Fund. See “Organization of the Fund” for more details.

The address, phone number, website address and email address of Next Edge and the Fund is 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6, 416-775-3600 or toll-free at 1-877-860-1080, email: info@nextedgcapital.com and website: www.nextedgcapital.com.

In this document, *we*, *us* and *our* refers to Next Edge.

DESCRIPTION OF UNITS OFFERED BY THE FUND

Offering

The Fund offers an unlimited number of Class A Units and Class F Units (each a “**Unit**” and together the “**Units**”). Units of the Fund are offered on a continuous basis in all Provinces of Canada (the “**Offering Jurisdictions**”). Class A1 Units and Class F1 Units also exist but are not currently offered for sale.

Distributions

Each class of Units of the Fund will be entitled to the portion of any distribution by the Fund equal to that proportionate share of the adjusted net income of that class of the Fund, less the management fee and expenses of the Fund attributable to that class. Net income is the Fund’s net income adjusted for class specific expenses (including the management fees which will be different for each class of the Fund). Accordingly, the amount of distributions to unitholders of different classes (for each Unit) of the Fund may not be equal to each other.

Voting Rights

Unitholders of the Fund (“**Unitholders**”) have no voting rights except as permitted by the Trust Declaration or as required by Canadian securities legislation. If a vote is required, Unitholders of the Fund are entitled to one vote per Unit of the Fund as set out in the Trust Declaration. A separate class vote is required if a particular class of Units of the Fund is affected in a manner that is different from other classes.

The following matters currently require Unitholder approval of the Fund pursuant to securities legislation:

- changing the basis of the calculation of a fee or expense that is charged to the Fund or directly to its Unitholders by the Fund or the Manager in a way that could result in an increase in charges to the Fund or its Unitholders; however, no Unitholder approval will be required if the Fund is at arm's length to the person or company charging the fee or expense and if written notice of the change is provided to Unitholders at least 60 days before the effective date of the change;
- introducing a fee or expense to be charged to the Fund or directly to its Unitholders by the Fund or the Manager in a way that could result in an increase in charges to the Fund or its Unitholders;
- changing the manager of the Fund, unless the new manager is an affiliate of the Manager;
- changing the fundamental investment objective of the Fund;
- decreasing the frequency of the calculation of the Fund's net asset value ("**net asset value**" or "**NAV**");
- undertaking a reorganization with, or transferring the Fund's assets to, another issuer, when the Fund will cease to continue after the transaction and the transaction will result in the Unitholders of the Fund becoming Unitholders of the other issuer; however, Unitholder approval will not be required provided: (i) the independent review committee of the Fund (the "**IRC**") (as described under the section "Independent Review Committee" below) has approved the change in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**"), (ii) the Fund is being reorganized with, or transferring its assets to, another investment fund to which National Instrument 81-102 - *Investment Funds* ("**NI 81-102**") and NI 81-107 apply and that is managed by the Manager or an affiliate of the Manager, (iii) the reorganization or transfer of assets complies with required criteria described in NI 81-102, and (iv) written notice describing the reorganization or transfer is sent to Unitholders at least 60 days before the effective date of the reorganization or transfer;
- if the Fund undertakes a reorganization with, or acquires assets from, another issuer, if the Fund continues after the transaction, and the transaction results in the Unitholders of the issuer becoming Unitholders of the Fund and the transaction would be a material change to the Fund; and
- if the Fund restructures into a non-redeemable investment fund or an issuer that is not an investment fund.

Notice Requirements

Next Edge will also provide Unitholders of the Fund 30 days' written notice of any changes to the Trust Declaration, except that Next Edge may make changes without the approval of, or notice to, Unitholders if the changes are intended:

- to ensure regulatory compliance;

- to maintain the status of the Fund as a “unit trust” or “mutual fund trust” for the purpose of the *Income Tax Act* (Canada) (the “**Tax Act**”) or to respond to amendments to the Tax Act;
- to provide additional protection to Unitholders; and
- to remove conflicts or inconsistencies or to correct typographical, clerical or other errors, as long as such amendment is not prejudicial to the interests of Unitholders.

Purchases

The Fund is valued in Canadian dollars only.

Subject to the discretion of the Manager to waive minimum investment amounts, the initial investment in securities of the Fund must be at least CDN\$5,000 and any additional investment in the Fund must be at least CDN\$1,000. All complete orders will be processed within three business days or such shorter period as may be required by Canadian securities regulatory authorities.

Switches

You can switch your investment between the classes of the Fund or to another Next Edge fund in Canada through your dealer. You may be charged a switch fee of up to 3.00% of the value of the Units switched.

Redemption Rights

Unitholders of the Fund are entitled to redeem securities in the Fund and to receive an amount for each Unit redeemed equal to the applicable NAV per Unit. Under exceptional circumstances, the Manager may suspend the right for redemption and postpone the date of payment of redemptions for any period provided that the suspension complies with applicable securities regulatory policies. Please see the section entitled “Redemptions” for more details.

Liquidation Rights

If the Fund (or a particular class of Units of the Fund) is ever terminated, each Unit that you own will participate equally with each other Unit of the same class in the assets of the Fund after all of the Fund’s liabilities (or those allocated to the class of Units being terminated) have been paid.

ORGANIZATION OF THE FUND

Manager and Trustee

Next Edge is the manager and trustee of the Fund pursuant to the terms of the Trust Declaration. Next Edge manages the Fund’s investment portfolio and provides or arranges for the administrative services of the Fund including valuation services, fund accounting and securityholder records. Next Edge receives a management fee in respect of the Fund and is reimbursed for Fund expenses pursuant to the terms of the Trust Declaration in return for the services provided to the Fund, as described below under “Fund Governance – Manager and Trustee”. Next Edge may also receive performance fees from the Fund in certain circumstances, as more specifically described in the simplified prospectus of the Fund.

Next Edge has the right to resign as manager or trustee of the Fund by giving written notice to Unitholders of the Fund in accordance with the Trust Declaration. The prior approval of the Unitholders is required for the appointment of a successor manager unless the new manager is an

affiliate of Next Edge. If the trustee is removed as trustee by the Unitholders, Next Edge shall appoint a new trustee. If, for any reason, Next Edge resigns or ceases to be manager or trustee of the Fund and a new manager or trustee is not appointed, the Fund will terminate and the property of the Fund will be distributed in accordance with the Trust Declaration.

Executive Officers and Directors of the Manager

The name and municipality of residence, position held with Next Edge and occupation during the past five years of each of the directors and executive officers of Next Edge are as follows:

| <i>Name and Municipality of Residence</i> | <i>Office or Position with Next Edge and Principal Occupation within the previous five years</i> |
|--|---|
| Toreigh N. Stuart Gravenhurst, Ontario | Managing Director, Chief Executive Officer and Director of Next Edge |
| David A. Scobie Toronto, Ontario | Managing Director, Chief Operating Officer and Director of Next Edge |
| Robert H. Anton Oakville, Ontario | Managing Director, Head of Sales and Product Development and Director of Next Edge |

Toreigh Stuart owns 37.5% of the voting securities of Next Edge, David Scobie owns 31.25% of the voting securities of Next Edge and Robert Anton owns 31.25% of the voting securities of Next Edge, each beneficially through family trusts. Other senior employees of Next Edge also own equity in the firm.

Portfolio Adviser

Next Edge also provides portfolio management services to the Fund pursuant to the Master Trust Declaration.

Next Edge is an independent investment manager that manages approximately \$235 million in alternative investment assets for a diversified base of predominantly Canadian retail investors. Next Edge was incorporated under the laws of Canada in 2006. Next Edge manages the investment portfolio of the Fund in accordance with the investment objectives, restrictions and strategies of the Fund described in the simplified prospectus of the Fund. Next Edge has the discretion to make investment decisions and arrange for the acquisition and disposition of portfolio investments, including all necessary brokerage arrangements. Next Edge receives a fee for the portfolio advisory services it provides to the Fund.

The following employees of Next Edge primarily make the investment decisions and are principally responsible for the day-to-day management of a material portion of the portfolio of both Fund:

| Name | Title at Next Edge | Length of Service with Next Edge |
|--------------|---------------------------|---|
| Eden Rahim | Portfolio Manager | 2 years |
| Michael Bird | Portfolio Manager | 2 years |

Eden Rahim was most recently Portfolio Manager and Options Strategist on thirteen globally listed covered call exchange-traded funds and responsible for management of one of the largest option books in Canada. The exchange-traded funds were based on his dynamic Buy-Write discipline

developed across institutional accounts since 1994 to systematically capture income from options markets. Mr., Rahim was also a five-year, five-star Canadian growth and biotechnology fund manager with extensive hedging and structured products experience managing another Canadian retail mutual fund from 1998-2003.

Michael Bird has over 25 years of options and derivate trading experience. He was previously head of the equity derivative group at Desjardin Securities. Other previous experience includes working as a senior trader in the equity derivative group at RBC-DS, as well as proprietary trading at CIBC Wood Gundy and McLeod Young Weir (BNS). Mr. Bird has served on the TSE Derivative Markets Committee and is a Director and Board Member of Intrinsyc Technologies Corporation (TSX).

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions, are made on behalf of the Fund by Next Edge, the portfolio advisor of the Fund, and are the ultimate responsibility of Next Edge.

Next Edge will make reasonable efforts to achieve best execution for portfolio transactions executed on behalf of the Fund. The best net price, as represented by brokerage commissions, spreads, and other costs, is an important factor in the selection of a broker or dealer, but a number of other factors are considered, including: the size of the transaction, the nature of the market of the security, the timing and impact of the transaction taking into account market prices and trends, confidentiality, speed and certainty of execution, clearance and settlement capabilities as well as the reputation, experience and financial stability of the broker or dealer, the quality of services rendered by the broker or dealer in other transactions and the permitted research goods and services to be provided to the Fund.

Next Edge may in its discretion allocate brokerage transactions of the Fund involving client brokerage commissions in return for “permitted” research goods and services which directly add value to an investment or trading decision, which are to the benefit of the Fund and which provide the Fund with reasonable benefit considering the use of the services provided by the broker or dealer and the amount of brokerage commissions paid. Any such allocations shall be pursuant to arrangements whereby Next Edge will allocate a specific number of trades to a particular broker or dealer in return for order execution services and specified permitted research goods and services. Next Edge has no outstanding contractual obligation to allocate the Fund’s brokerage transactions to any specific brokerage firm.

“Permitted” research goods and services and order execution goods and services, as defined in National Instrument 23-102 – *Use of Client Brokerage Commissions*, include: (i) advice as to the value of the securities and the advisability of effecting transactions in securities; (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends; and (iii) electronic tools, such as databases or software, that support (i) and (ii).

In certain circumstances, order execution and research goods and services may be provided to Next Edge in a bundled form and may include items that are not considered “permitted” research goods and services. In such cases, Next Edge will ensure the costs of such mixed-use services are unbundled and it will directly pay for those non-permitted goods and services.

Next Edge receives research goods and services in the nature of electronic tools, such as databases or software, from brokers and dealers in return for directing brokerage transactions involving client brokerage commissions.

Please call us, toll free, at 1-877-860-1080 or send us an email at info@nextedgecapital.com for a list of brokers and dealers to which brokerage transactions involving client brokerage commissions were directed by Next Edge in exchange for any good or services.

None of Next Edge or the Fund is affiliated with any broker or dealer.

Custodian

RBC Investor Services Trust of Toronto, Ontario is the custodian of the assets of the Fund pursuant to a custodian agreement as of May 7, 2016 (the “**Custodian Agreement**”). The custodian holds the assets of the Fund in accordance with the terms of the Custodian Agreement and the instructions of Next Edge, the trustee and manager of the Fund.

Where the Fund makes use of listed or over-the-counter derivatives, the Fund may deposit portfolio securities or cash as margin in respect of these transactions with a dealer or the other counterparty to the derivative transaction in accordance with applicable securities legislation.

Administrator, Registrar and Valuation Agent

RBC Investor Services Trust is the administrator, registrar and valuation agent of the Fund. The registrar maintains the registers of the Fund in Toronto, Ontario.

Independent Auditor

The independent auditor of the Fund is Ernst & Young LLP of Toronto, Ontario.

Promoter

Next Edge took the initiative in organizing the business of the Fund and therefore is considered to be a promoter of the Fund.

Principal Securityholders

As at October 31, 2016, no person or company owned of record or, to the knowledge of the relevant Fund or Manager, beneficially, directly or indirectly, more than 10% of the outstanding Units of the Fund.

Members of the IRC of the Fund do not own any voting or equity securities of the Fund, the Manager, or any person or company that provides services to the Fund or the Manager.

FUND GOVERNANCE

General

Fund governance refers to the policies, practices and guidelines of the Fund that relate to:

- Business practices

- Sales practices
- Internal conflicts of interest

The manager of the Fund, has adopted appropriate policies, procedures and guidelines to ensure the proper management of the Fund. These include guidelines and policies and procedures required by NI 81- 107 relating to conflicts of interest, including policies on personal conflicts of interest, prohibited related party transactions, best execution practices, soft dollar arrangements, brokerage arrangements, trade allocation practices, cross trading, record keeping and personal investing. In addition, the Manager has adopted sales, marketing, advertising and accounting policies relating to the Fund. The controls in place monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the Fund while ensuring compliance with regulatory and corporate requirements. The reporting systems in place ensure that these policies and guidelines are communicated to the persons responsible for these matters and monitor their effectiveness.

Manager, Trustee and Portfolio Advisor

Next Edge is the manager, trustee and portfolio advisor of the Fund. As such, it exercises its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and in connection therewith shall exercise the degree of care, diligence and skill that a reasonable person would exercise in the circumstances.

The duties of Next Edge as trustee and manager are set out in the Trust Declaration. Among its other responsibilities, Next Edge is responsible for arranging for investment management services and the offering of Units and monitoring the ongoing compliance of the Fund with tax and securities legislation.

The board of directors of the Manager is responsible for the compliance by the Manager with the terms of the Trust Declaration and the requirements of relevant legislation applicable to investment management and the offering of Units.

The board of directors of the Manager has also established policies and procedures designed to recognize the Manager's obligation to act in the best interest of the Fund and Unitholders and to place their interests ahead of its own. These policies include such topics as a code of ethics and conduct, personal and insider trading codes, privacy codes and conflict of interest policies addressing allocation of investments, allocation of costs, inter-fund trades, trades in related issuers, best-execution/soft dollars, correction of NAV errors and trades in underwritten securities by dealer-managed mutual funds. The board of directors of the Manager receives reports regarding compliance with such policies and procedures at least annually, including the consequences for employees resulting from non-compliance and revises the policies and procedures from time to time as appropriate.

Each officer and employee of the Manager is required to certify annually that such person has read the Manager's compliance manual which is designed to provide its officers and employees with an awareness of the requirements of the law governing the Fund, the offering of Units, and advisors, dealers and other market participants providing services to the Fund and to provide a procedural means to ensure the Manager's operations meet these requirements. These procedures establish an appropriate system of internal controls and include designation of employees responsible for meeting the various aspects of the Fund's and the Manager's regulatory requirements, including reporting and filing obligations.

The Manager markets the Fund and other investment funds sponsored by the Manager to dealers. In doing so, the Manager requires employees involved in the marketing function to become knowledgeable regarding regulatory limitations and requires marketing material to be reviewed by compliance officers and where appropriate outside legal advisors. The review is designed to ensure that full and fair disclosure of the material facts are made to potential investors.

The Manager has adopted written policies and practice guidelines applicable to the Fund to manage the risks associated with the use of derivative instruments and short selling. Such policies and practice guidelines require that:

- The use of derivative instruments and short selling be consistent with the Fund's investment objective and policies.
- The risks associated with the use of derivatives and short selling be adequately described in the Fund's simplified prospectus and other public disclosure documents.
- Authorized persons of the Manager approve the parameters, including trading limits, under which derivatives trading and short selling is to be permitted for the Fund and that such parameters comply with applicable securities legislation.
- The operational, monitoring and reporting procedures in place ensure that all derivatives transactions and short selling are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for the Fund.

These policies and practice guidelines are reviewed as necessary by a Senior Officers' Committee at the Manager. In addition, the Manager's Compliance Department has oversight over all use of derivative instruments by the Fund which may from time to time report to the Board of Directors as deemed appropriate.

As well, we test the Fund to ensure that there is an adequate cash cover in the underlying interest. We also monitor the Fund's gain and loss position on a weekly basis. We do not, however, test the Fund under stress conditions as we limit the maximum loss to 10% of the Fund's NAV for non-hedging transactions.

Independent Review Committee

NI 81-107 requires all publicly offered investment funds to establish an independent review committee to whom the manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the manager of public funds to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the independent review committee in carrying out its functions.

The IRC is required to be comprised of a minimum of three independent members and, pursuant to NI 81-107, is required to conduct regular assessments and provide reports to the Manager and the Fund's Unitholders in respect of its functions. The current members of the IRC are Eamonn McConnell, W. William Woods and Geoff Salmon. Mr. McConnell serves as the Chair of the IRC. These individuals also serve on the independent review committee of the other investment funds managed by Next Edge (together with the Fund, the "**Next Edge Funds**"). Each member of the IRC currently receives an annual retainer of \$10,000, plus reimbursement of expenses, and all such fees and expenses of the IRC will be paid by the Next Edge Funds *pro rata* based on the amount

of time spent on each Next Edge Fund's business. During the Fund's most recently completed financial year, the Fund's portion of compensation in respect of annual fees and meeting fees paid to: (i) Eamonn McConnell was \$271; (ii) W. William Woods was \$203; and (iii) Geoff Salmon was \$203. Nominal amounts were also paid to IRC members as reimbursement for expenses in connection with performing their duties.

The IRC will conduct regular assessments and provide reports to the Manager and to Unitholders on an annual basis. Annual reports to Unitholders, in respect of its activities on behalf of the Fund, will be available at the time the annual financial statements of the Fund is made public. These reports are required to be filed on SEDAR (the System for Electronic Document Analysis and Retrieval, found at www.sedar.com) and on the Manager's website at www.nextedgecapital.com. The report prepared by the IRC will also be available at a Unitholder's request, at no cost, by contacting Next Edge using the contact information on the back cover of this annual information form.

Use of Derivatives by the Fund

Derivative transactions by Next Edge on behalf of the Fund may be initiated only by authorized investment personnel approved by senior management who ensure that these individuals have the necessary proficiency and experience to use derivatives. As in the case of other portfolio transactions, all derivative transactions must be recorded on a timely basis and promptly reflected in the Fund's portfolio management records. Derivative positions are monitored daily to ensure compliance with all regulatory requirements, including cash cover requirements.

Short Selling

The Fund may, from time to time, engage in short selling in a manner consistent with its investment objective and as permitted by applicable securities legislation. Where the Fund engages in short selling, it will sell securities short and provide a security interest over fund assets with dealers as security in connection with such transactions. In addition, at the time the Fund sells the security short, the aggregate market value of all securities of the issuer of the securities sold short by the Fund cannot exceed 5% of the total net assets of the Fund and the total market value of all securities sold short cannot exceed 20% of the total net assets of the Fund. On a daily mark-to-market basis, a fund that sells securities short must hold cash cover (as defined in NI 81-102) in an amount that, is at least 150% of the aggregate market value of all securities sold short by the fund. The risks of using these strategies are described under "Short Selling Risk", in the simplified prospectus.

Proxy Voting Guidelines

The Manager is responsible for all securities voting in respect of securities held by the Fund and exercising responsibility with the best economic interests of the Fund and the Unitholders. The Manager has established proxy voting policies, procedures and guidelines (the "**Proxy Voting Policy**") for securities held by the Fund to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the Fund and the Unitholders.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the Fund receives proxy materials. Issuers' proxies most frequently contain proposals to elect corporate directors, to appoint external

auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

Although the Proxy Voting Policy allows for the creation of a standing policy for voting on certain routine matters, other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

The Fund may limit their voting on foreign holdings in instances where the issues presented are unlikely to have a material impact on shareholder value, since the costs of voting (e.g., custodian fees, vote agency fees) in foreign markets may be substantially higher than for Canadian holdings.

If the potential for conflict of interest arises in connection with proxy voting and if deemed advisable to maintain impartiality, the Proxy Voting Policy provides that the Manager may choose to seek out and follow the voting recommendation of an independent proxy search and voting service.

The Proxy Voting Policy is available on request, at no cost, by calling the Manager at 416-775-3600 or toll-free at 1-877-860-1080 or emailing the Manager at info@nextedgecapital.com.

The Fund's proxy voting records for the annual period from July 1st to June 30th will be available free of charge to any investor of the Fund upon request at any time after August 31st following the end of that annual period. The Fund's proxy voting records will also be available on the website of the Manager at www.nextedgecapital.com.

Conflict of Interest

The services of the Manager and its affiliates are not exclusive to the Fund and nothing in the Trust Declaration prevents the Manager or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies or criteria are similar to those of the Fund) or from engaging in other activities.

The Trust Declaration acknowledges that the Manager may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from arm's length parties for comparable services.

Securities held indirectly by the Fund may also be held by other funds or clients for which the Manager or its affiliates provide investment advice. Because of different investment objectives or other factors, a particular security may be bought for one or more funds or clients when one or more other funds or clients are selling the same security. If opportunities for purchase or sale of securities by the Manager for the Fund or for other funds or clients for which the Manager renders investment advice arise for consideration at or about the same time, transactions in such securities will be effected, insofar as feasible, for the respective funds or clients on an equitable basis, in accordance with the Manager's trade allocation policy in effect from time to time.

CALCULATION OF NET ASSET VALUE

The purchase and redemption price of Units of the Fund is based on the NAV per class of the Units of the Fund next calculated after the Manager receives your purchase or redemption order. The NAV per class of a Unit of the Fund is calculated as at the close of trading on each day the Toronto

Stock Exchange is open for trading, which is usually 4:00 p.m. (Toronto time) but in some circumstances may be another time (the “**Closing Time**”). Any purchase or redemption orders received by or on behalf of the Manager before or at the Closing Time on a business day are priced based on the relevant NAV calculated on that day. Orders received after Closing Time are priced based on the NAV on the next business day. Your dealer may establish earlier cut-off times.

Separate NAVs per Unit are calculated in Canadian dollars for each class of Units of the Fund.

The class NAV per Unit of the Fund is calculated on each business day by dividing: (1) the amount equal to the value of that class’ proportionate share of assets of the Fund, less that class’ proportionate share of the common expenses of the Fund and less that class’ specific expenses by (2) the total number of Units of that class outstanding at such time.

In calculating the net asset value of the Fund, the value of:

- the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the valuation agent determines that any such deposit or call loan is not worth the face amount thereof, in which event the value will be deemed to be such value as the valuation agent determines to be the reasonable value thereof;
- the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices at such times as the valuation agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- the value of a security listed on a stock exchange will generally be the latest available closing sale price prior to the calculation of the net asset value. If the security was not sold on that day, the valuation agent will average the latest available ask price and the latest available bid price to determine the value of the security. If the stock exchange was not open on that day, then the value of the security will be the latest available sale price on the most recent day on which the stock exchange was open. A security listed on more than one stock exchange will generally be valued on the exchange where the greatest trading volume normally occurs;
- the value of any security which is traded on an over-the-counter market will be the average of the closing bid and the closing ask price, as reported by the financial press;
- the value of any security, the resale of which is restricted or limited, will be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund’s acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof;

- the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at the valuation time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- if, in the opinion of the valuation agent, stock exchange or over-the-counter prices do not properly reflect the prices which would be received upon the sale of such securities, the Trustee may value the securities at prices as appear to the Trustee to most closely reflect the fair value of the securities;
- all Fund assets valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency will be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the valuation agent;
- all expenses or liabilities (including any applicable fees payable to the Trustee) of the Fund will be calculated on an accrual basis;
- the value of any security or other property for which no price quotations are available will be its fair market value as calculated in a manner determined by the Trustee or valuation agent of the Fund; and
- where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a derivative liability that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of the Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their current market value.

If the value of an investment cannot be determined according to these rules, value will be determined according to what is deemed fair and reasonable by Next Edge.

For the purposes of the foregoing rules, quotations may be obtained from any report in common use, or from a reputable broker or other financial institution, provided that RBC Investor Services Trust, shall retain the discretion to use such information and methods as it considers necessary or desirable for valuing the assets of the Fund, including the use of a formula computation.

Upon calculating the NAV per class of a Unit of the Fund, we will make it available, at no cost, to investors. Investors may obtain the NAV per class of a Unit of the Fund by contacting Next Edge using the contact information on the back cover of this annual information form.

PURCHASES, SWITCHES AND REDEMPTIONS

Purchases and Switches

General

The Fund is authorized to create and offer an unlimited number of units, issuable in different classes. Each class of the Fund is offered by way of the simplified prospectus of the Fund. Class A Units and Class F Units may be purchased at any time. Units of the Fund are qualified for distribution in the Offering Jurisdictions. It is the intention of the Fund to sell Units only to persons resident in an Offering Jurisdiction. Therefore, the Fund will accept orders only where the address of the purchaser, or if the purchaser is not the principal, the address of the principal is in an Offering Jurisdiction. You may purchase Units of the Fund through a dealer registered in the Offering Jurisdiction where you place the order. The dealer must then transmit the order to the head office of the Manager by wire order, courier or priority post, without charge to you. The Fund is valued in Canadian dollars and you may only buy Units of the Fund in Canadian dollars.

No certificate will be issued to you upon a purchase. Your initial investment in Units of the Fund must be at least \$5,000 and any additional investment must be at least \$1,000. You also must maintain a minimum investment of at least \$1,000 in the Fund. The Fund may change or waive the minimum threshold for the initial investment or any additional investment in Units of the Fund at any time.

All complete purchase orders will be processed within three business days (or such shorter period required by Canadian securities regulatory authorities). If a purchase order is received at or before the Closing Time, the purchase order will be processed at the relevant class NAV calculated on the same business day. If the purchase order is received after Closing Time or on a day which is not a business day, it will be processed using the relevant class NAV calculated on the next business day.

If the Fund does not receive your payment within three business days of processing your purchase order, the Fund will redeem your Units on the following business day. If the redemption proceeds are greater than the payment you owe, the Fund will keep the difference. If the redemption proceeds are less than the payment you owe, the Manager will pay the difference to the Fund and then will seek to collect this amount, plus the expense of so doing, from the dealer placing the order. The arrangement between you and your dealer may entitle your dealer to reimbursement from you of that amount together with any additional costs and expenses of collection.

The Manager, on behalf of the Fund, may reject your purchase order within one business day of receiving the order. In these circumstances, any funds received in respect of the purchase order will be returned without interest. The Manager may determine from time to time to cease the sale of Units of the Fund for such period as the Manager shall determine.

Class A Units

As there are no criteria for holding Class A Units, anyone in the Offering Jurisdictions may purchase Class A Units through authorized dealers.

Your dealer may charge you an upfront sales commission of up to 3.00% of the subscription price (where such subscription price includes the sales charge, if any) when you buy Class A Units. The

Manager will pay a trailing commission to your dealer with respect to your Class A Units equal to 1.00% per annum of the NAV of your Class A Units.

Class F Units

Certain dealers have agreements with the Manager which enable them to offer Class F Units, to their clients. Only a client who pays an annual fee to such a dealer pursuant to a fee-based program may invest in Class F Units. These fees are negotiated between you and your dealer.

Your dealer does not receive trailing commissions from the Manager with respect to your Class F Units. No sales charges are payable in respect of your purchase of Class F Units.

Switches and Reclassifications

You can switch your investment to another Next Edge fund through your dealer. You may be charged a switch fee of up to 3.00% of the value of the Units switched. If you switch from the Fund to another fund, there will be a redemption of the Units you own and a purchase of securities of the new fund. Because you are moving from the Fund to another fund, the redemption will be a taxable transaction to you.

You can also reclassify your Units of the Fund into other Units of the Fund. No redemption charge is payable on reclassification. Based on the administration practice of the CRA a reclassification of Units is not a disposition for tax purposes. This means that you will not pay tax on any capital gains the Units may have accrued at the time of reclassification.

You may only switch or reclassify your Units if you satisfy any criteria required to hold the shares or units into which you are switching or reclassifying. The number of units or shares you will receive upon the switch or reclassification depends upon the relative NAV per Unit of the securities you hold as compared to the NAV per unit of the securities into which you will switch or reclassify. Accordingly, you may receive more or less units than the number of Units you choose to reclassify.

If new classes of units are offered by the Fund, you will be entitled to switch or reclassify all or a portion of your Units into the new class provided you meet the criteria of the new class (if any).

You may also submit a request to have your Class F Units of the Fund reclassified into Class A Units of the Fund. As mentioned above, you do not have to satisfy any criteria to hold Class A Units. In addition, if you hold Class F Units and your dealer advises the Manager at any time that you no longer satisfy the criteria for holding such Units, unless you direct the Manager to redeem your Units, the Manager will reclassify those Class F Units into Class A Units. Upon such reclassification, you may receive more or less Class A Units than the number of Class F Units that you hold, depending on the comparative NAVs. Rather than accepting the reclassification of your Units, you may advise your dealer that you have decided to redeem your Units instead. See "Redemptions", below.

Redemptions

You may redeem your Units and receive an amount for each Unit you redeem equal to the class NAV per Unit as next calculated after the Manager receives your redemption request. The following paragraphs set out the redemption procedure for the Fund.

The redemption of Units of the Fund is a disposition for tax purposes and may result in a capital gain or capital loss, which may result in a tax liability for Units held in a non-Registered Plan (as defined below).

- Redemption requests received by or on behalf of the Manager before or at Closing Time will be priced using the applicable class NAV calculated on that day.
- Requests received by or on behalf of the Manager after Closing Time, will be priced using the applicable class NAV calculated on the next business day.
- You may redeem your Units of the Fund through your registered dealer. Your registered dealer will forward your redemption request to the Manager. Dealers must transmit the particulars of your redemption request to the Manager by wire order, courier or priority post, without charge to you. You may also redeem your Units by wire order or by delivery of a request for redemption to the Manager.
- In order to complete your redemption request you must provide the Manager with all required redemption application documents. The Manager must receive either (1) a complete and written redemption request, signed by you or on your behalf or (2) a redemption order by telephone or electronic means on your behalf through a recognized investment dealer with which the Manager has made prior arrangements. If you have completed your redemption request, the Fund will pay you the redemption price, within three business days after the date of the calculation of the NAV per Unit used to establish your redemption price.
- If the Manager determines that the documents are incomplete, the Manager will notify you that its requirements have not been satisfied and will specify which documents are still to be delivered by you. Once you complete your redemption request, the Fund will pay you the redemption price, within three business days after the date of the calculation of the applicable NAV used to establish your redemption price. The Fund may also waive the redemption requirements and pay you the redemption price, within three business days of the Manager, on behalf of the Fund, making this decision.
- If, after ten business days of the receipt by the Fund of your redemption request, you fail to provide the Manager with your completed redemption application documentation, the Fund will issue to you on such tenth day the same number of Units as you redeemed. If the purchase price on that day is less than the redemption proceeds, the Fund will retain the excess. If the purchase price exceeds the redemption proceeds, the Manager will pay to the Fund the amount of the deficiency and will seek to collect that amount, plus expenses, from the dealer placing the redemption request. The arrangement between you and your dealer may entitle your dealer to reimbursement from you of that amount together with any additional costs and expenses of collection.
- The Fund will cancel any Units you redeem.
- Upon the direction of the Manager, the Fund may redeem your Units to the extent necessary to pay any outstanding fees, charges or expenses that you owe.

- The Manager may suspend the right of redemption and postpone the date of payment of redemptions for any period provided that it complies with applicable securities regulatory policies in doing so. The Manager may suspend your right to redeem Units with the consent of the securities regulatory authorities or for any period when normal trading is suspended on a stock exchange on which securities are listed and traded if those securities represent more than 50% of the value of the Fund without allowance for liabilities and provided those securities are not traded on another exchange that represents a reasonable practical alternative for the Fund.
- If the Manager suspends the right of redemption, you may either withdraw your redemption request or receive, once the suspension is lifted, a payment based on the NAV per Unit next calculated after the suspension is lifted.
- A dealer may make provision in arrangements that it has with an investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of the Fund or securities legislation for a redemption of securities of the Fund.

Short Term Trading

The Manager has adopted policies and procedures to detect and deter short-term trading. Short-term trades are defined as a combination of a purchase and redemption, including switches between Next Edge mutual funds, within a short period of time that the Manager believes is detrimental to other investors in the Fund. These trades can be for periods of up to 90 days.

The interests of Fund's investors and the Fund's ability to manage its investments may be adversely affected by short term trading because, among other things, these types of trading activities can dilute the value of Units of the Fund, can interfere with the efficient management of the Fund's portfolio and can result in increased brokerage and administrative costs to the Fund. While the Manager will actively take steps to monitor, detect and deter short-term trading, it cannot ensure that such trading activity will be completely eliminated.

A purchase (including a switch into the Fund) and a redemption (including a switch out of the Fund) within a short period of time may be subject to a short-term trading fee. If you redeem your Units within 90 days of purchase, the Manager may charge you a short-term trading fee of up to 3% of the aggregate NAV of the redeemed Units. The fee payable will be deducted from the redemption proceeds when you redeem your Units and such fees will be retained by the Fund. The Manager, in its sole discretion, may waive the short-term trading fee in special circumstances.

The Manager will monitor purchases and redemptions of Units of the Fund and if we are aware of a pattern of short-term trading that we believe, in our sole discretion, is significantly disrupting (or may potentially significantly disrupt) the management of the portfolios, we may also take such additional action as we consider appropriate to prevent further similar activity by the investor. These actions may include the delivery of a warning to the investor, placing the investor/account on a watch list to monitor his or her trading activity, the subsequent refusal of further trades by the investor if the investor continues to attempt such trading activity and/or closure of the investor's account.

The short-term trading fee will generally not be charged for a redemption of Units of the Fund (i) acquired through automatic investment of all distributions of net income or capital gains by the Fund; (ii) through the exercise of statutory redemption rights; (iii) as a result of switching between Next Edge investment funds; or (iv) in the absolute discretion of the Manager. For purposes of this short-term trading fee, Units will be considered to be redeemed or switched on a first-in first-out basis.

INVESTMENT RESTRICTIONS

General

The Fund is subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102. These restrictions and practices are designed, in part, to ensure that the investments of the Fund is diversified and relatively liquid and to ensure the proper administration of the Fund. The Fund is managed in accordance with these restrictions and practices.

The Fund will not mix its investments with investments of other persons. The investments of the Fund will be kept separate from the investments of and from all other property belonging to or in the custody of RBC Investor Services Trust or any other custodian of assets of the Fund.

The Fund is a unit trust under the Tax Act. The Fund also intends to qualify as a “mutual fund trust” under the Tax Act. The Fund will not engage in any undertaking other than the investment of its funds in property for the purposes of the Tax Act.

Provided the Fund is a “mutual fund trust” under the Tax Act, Units of the Fund will be qualified investments for Registered Plans (as defined below).

The prior approval of the Unitholders of the Fund is required for any change in the fundamental investment objectives of the Fund.

Derivatives

A derivative is a financial instrument that derives its value from the value of another security, index, economic indicator or other financial instrument. Examples of derivatives include:

Options - which are securities that give the mutual fund the ability to buy or sell a security at a pre-set price until a future date, but the mutual fund need not elect to do so.

Forward Contracts - which are similar to options, but instead they require a mutual fund to purchase or sell a security or commodity at a pre-set price at a future date, or exchange the equivalent value of the forward contract in cash. The counterparty (i.e the person (normally an investment dealer or financial institution) with whom a mutual fund enters into a derivative transaction) to the forward contract will be obliged to pay the mutual fund any increase in the value of the forward contract, or the mutual fund will be obliged to pay the counterparty any decrease in the value of the contract.

Futures Contracts - which are standardized forward contracts that trade on a futures exchange.

Swaps - which are arrangements under which a mutual fund agrees to exchange cash flows from different financial instruments with another party. Some examples include an interest rate swap in which a mutual fund agrees to exchange a fixed rate of interest on a bond for a floating rate of interest on another bond of the same amount, and a credit default swap in which a premium is paid by a mutual fund for a right to receive payment if a bond issuer commits certain specified defaults.

The Fund may use derivatives as permitted by applicable securities legislation (including NI 81-102) for a variety of reasons, including:

- to protect against losses caused by changes in the prices of securities, stock markets, interest rates, currency exchange rates and other risks. There is no assurance that this will be effective, so losses may result even where the Fund is trying to use derivatives to help reduce the risk associated with one or more of its investments. This also does not eliminate fluctuations in the prices of securities valued in a foreign currency, nor does it prevent losses if the prices of those securities decline. In addition, it may not be possible for the Fund to enter into transactions intended to protect against generally anticipated changes in interest rates, market prices, or currency exchange rates;
- to effectively increase or decrease the maturity of bonds and other fixed income securities in its portfolio;
- as a substitute for purchasing or selling the actual stocks and bonds on which the derivative is based. This allows the Fund to increase or reduce its exposure to certain markets, currencies or securities, without trading the actual shares, bonds or currency. Derivatives when used as a substitute for direct market transactions have risks similar to the actual purchase or sale of the security or currency upon which the derivative is based; and
- as a means to enhance returns, which could result in the Fund having to buy or sell securities at prices less favourable than those available in the market.

The Fund may use derivatives to help reduce (or “hedge”) against the risk associated with one or more of their investments. If so, the Fund must dispose of the derivative once it sells the investment. It may not be possible for the Fund to readily reduce the risks associated with its derivatives, including the Fund’s ability to reduce its exposure to the securities upon which the derivative is based.

Derivatives from foreign markets may have a higher risk of default and may be harder to sell, than comparable instruments traded in Canadian and U.S. markets.

Derivatives also have the risk that the counterparty may be unable to meet its obligations, or that a dealer with whom the Fund has entered into a derivative arrangement may become insolvent. This may result in the loss of any deposit held for the Fund by that dealer.

The Fund may also use derivatives for purposes other than to reduce risk. If the Fund uses them for a “non-hedging” reason, such as to increase its exposure to certain market sectors or foreign markets, then the Fund must ensure that it complies with applicable securities legislation, including NI 81-102. Certain of these restrictions with respect to particular derivatives are described further below.

Options

The Fund may purchase clearing-corporation and over-the-counter (OTC) options, including options on futures contracts, as a means to increase or decrease its exposure to different markets and securities within the same market. Where the Fund uses options for non-hedging purposes, it will limit its purchases as required by applicable securities legislation, including NI 81-102.

The value of options will vary with movements in the value of the securities upon which the options are based.

If the Fund purchases an option:

- the issuer of the option must have a “designated rating” (as defined in NI 81-102) unless the option is a clearing corporation option.

If the Fund sells an option:

- the option it creates will give the buyer until some future date the ability to require the Fund to either sell its securities, or purchase securities from the buyer, at the option of the buyer at a pre-set price;
- the Fund will receive income (called a “premium”) as a means to realize a greater return. If the option expires unused, the Fund will simply keep the premium. If, however, the option is exercised, the Fund is required to purchase or sell (as the case may be) the securities specified by the option at the pre-set price; and
- the Fund will set aside cash or securities which can be used to satisfy its obligations under the option, which together with any deposit made in respect of the option will satisfy its obligations.

Futures and Forward Contracts

The Fund may use futures contracts and forward contracts:

- to help reduce the risk associated with their investments; and
- for purposes other than to reduce risk, but then only if permitted by applicable securities legislation, and only if the Fund has cash and cash-like securities, or holdings which are a reasonable substitute for investments covered by these contracts, as required by applicable securities legislation.

INCOME TAX CONSIDERATIONS

This section describes the principal Canadian federal income tax considerations applicable to the Fund and only applies to individual investors who are residents of Canada and who hold Units of the Fund as capital property for tax purposes.

The summary is not intended to be exhaustive. It does not address provincial or foreign tax considerations. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in their particular circumstances. In this summary the term “Registered Plan” means a trust governed by registered retirement savings plan (RRSP), registered retirement income fund (RRIF), registered education savings plan (RESP), deferred profit sharing

plan (DPSP), registered disability savings plan (RDSP) or tax-free savings account (TFSA), each as defined in the Tax Act.

The Fund currently qualifies as a mutual fund trust under the Tax Act. In order to qualify as a mutual fund trust, among other requirements, the Fund must have at least 150 Unitholders of a particular class of Units each of whom holds a minimum number and value of Units (the “**Unitholder Requirement**”). If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

Taxation of the Fund

The Fund will not be liable for tax under the Tax Act in respect of its net income or net capital gains for a taxation year to the extent that such net income and net capital gains are distributed to Unitholders in the year.

Provided the Fund is a mutual fund trust throughout a taxation year, the Fund may be entitled to retain (i.e., not distribute) certain capital gains without being subject to tax thereon.

Losses incurred by the Fund cannot be allocated to Unitholders but may be carried forward and deducted by the Fund in future years.

The Fund is required to calculate its net income and net realized capital gains in Canadian dollars for purposes of the Tax Act, and may, as a consequence, realize income or capital gains from changes in the value of the U.S. dollar or other relevant currencies relative to the Canadian dollar.

Gains and losses realized on futures, forward contracts, options and other derivatives will generally be treated by the Fund as ordinary income and loss for tax purposes.

The Tax Act contains “loss restriction event” (“LRE”) rules that could apply to the Fund. In general, a LRE occurs to the Fund if a person (or group of persons) acquires units of the Fund worth more than 50% of the fair market value of all the units of the Fund. If a LRE occurs (i) the Fund will be deemed to have a year-end for tax purposes, (ii) any net income and net realized capital gains of the fund at such year-end will be distributed to Unitholders of the Fund, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. However, the Fund will be exempt from the application of the LRE rules in most circumstances if the Fund is an “investment fund” which requires the Fund to satisfy certain investment diversification rules.

Unless the Fund is a mutual fund trust under the Tax Act throughout a taxation year, the Fund may in certain circumstances be subject to alternative minimum tax for such year even though its net income and net realized capital gains are paid or payable to its unitholders.

Unless the Fund is a mutual fund trust under the Tax Act throughout a taxation year, the Fund will be liable to a special tax under Part XII.2 of the Tax Act if its unitholders include “designated beneficiaries” and it has “designated income”. If the Fund has a “designated beneficiary” (which includes a non-resident of Canada, certain trusts and certain tax-exempt persons) and has “designated income” (which includes capital gains from the dispositions of “taxable Canadian property” and income from a business carried on in Canada), the Fund will be liable to pay Part XII.2 tax at a rate of 40% on such designated income. Such tax will be effectively borne by the

“designated beneficiaries”, whereas taxable unitholders of the Fund who are resident in Canada should generally achieve the same after-tax return as if the Fund were not subject to Part XII.2 tax.

It is assumed that at no time will “financial institutions” (as defined in section 142.2 of the Tax Act) hold more than 50% of the fair market value of all the units of the Fund at any time that it is not a mutual fund trust under the Tax Act. If financial institutions held more than 50% of the fair market value of all the units of the Fund at a time when it is not a mutual fund trust under the Tax Act, the Fund would be subject to the “mark-to-market” rules under the Tax Act on its “mark-to-market property.”

Taxation of Unitholders

A Unitholder of the Fund will be required to include in income the net income and the taxable portion of the net capital gains (or the *taxable capital gains*) of the Fund distributed to the Unitholder in the year, whether the Unitholder receives the distributions in cash or reinvests them in additional Units. If a Unitholder’s share of distributions from the Fund in a year exceeds the Unitholder’s share of the Fund’s net income and net capital gains for the year, the excess will not be taxable but will reduce the adjusted cost base of the Unitholder’s Units in the Fund. To the extent that the adjusted cost base of the Unitholder’s Units in the Fund is less than zero, such negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Units will be increased by such amount.

The Fund intends to make designations so amounts treated as foreign income, net capital gains and taxable dividends from Canadian corporations retain their identity for tax purposes in the hands of Unitholders when distributed to them. Where foreign income has been so designated, the Unitholder will be treated as having paid the Unitholder’s proportionate share of foreign taxes paid by the Fund on that income and may be entitled to claim a foreign tax credit. To the extent that amounts are designated as taxable dividends from Canadian corporations, the gross-up and dividend tax credit rules will apply including an enhanced dividend gross-up and tax credit in respect of “eligible dividends.”

Gains realized by the Fund from the use of derivative securities generally will result in the distribution of income rather than capital gains.

If an investor owns Units of the Fund on a distribution date, the investor will receive a share of the net income and net capital gains distributed by the Fund on that date. The investor will be required to pay tax on the distribution even if the investor just bought the Units and the net income and net capital gains arose before the Units were purchased. A distribution reduces the Fund’s NAV.

Redemption and Issue of Units

On a redemption, switch or other disposition of a Unit of the Fund, a Unitholder will realize a capital gain to the extent that the proceeds of disposition of the Unit exceed the Unitholder’s adjusted cost base of the Unit and any costs of disposition. If the adjusted cost base of the Unit and any costs of disposition exceed the proceeds of disposition, the Unitholder will realize a capital loss. One-half of a capital gain or a capital loss is generally taken into account in determining taxable capital gains and allowable capital losses. Allowable capital losses may only be deducted against taxable capital gains.

The adjusted cost base of a Unit of the Fund will generally be the weighted average cost of all Units of the Fund, including Units purchased on the reinvestment of distributions. Accordingly, when a Unit of the Fund is acquired, its cost will generally be averaged with the adjusted cost base of the other Units of the Fund owned by the Unitholder to determine the adjusted cost base of each Unit of the Fund then owned by such Unitholder.

A switch of Units from one fund to another Next Edge fund is a redemption of Units of the first fund and a purchase of units of the second fund. Consequently, a capital gain or capital loss may be realized on the redemption of Units of the first fund. The cost of the Units of the second fund will be averaged with the adjusted cost base of any Units of the second fund already owned for the purpose of calculating their adjusted cost base thereafter.

Unlike a switch, a reclassification of Units of one class to another class of the same fund is not a disposition for tax purposes. Consequently, no capital gain or capital loss will be realized by a Unitholder on a reclassification.

In certain situations where a Unitholder disposes of Units and would otherwise realize a capital loss, the loss will be denied. This may occur if the Unitholder, the Unitholder's spouse or another person affiliated with the Unitholder (including a corporation controlled by the Unitholder) has acquired Units (which are considered to be "substituted property") within 30 days before or after the Unitholder disposed of the Unitholder's Units. In these circumstances, the Unitholder's capital loss may be deemed to be a "superficial loss" and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the Units which are substituted property.

Alternative Minimum Tax

Distributions by the Fund that are designated as taxable dividends from Canadian corporations or net capital gains, and capital gains realized on a disposition of Units, may increase a Unitholder's liability for alternative minimum tax.

Statements

Unitholders will receive an annual statement with information relating to distributions from the Fund in which they hold Units in order to complete their income tax returns. Unitholders should keep records of the cost of Units acquired so that they can calculate any capital gain or loss on the redemption or other disposition of Units.

Registered Tax Plans

Provided that the Fund is a mutual fund trust under the Tax Act, Units of the Fund will be qualified investments for Registered Plans. Provided that Units of the Fund are qualified investments for Registered Plans, no tax will be payable on net income and net capital gains distributed by the Fund on Units held by a Registered Plan, or on any capital gains that the plan makes when it redeems Units, as long as the proceeds remain in the plan.

Generally, you will be taxed if you withdraw money from such plans (other than withdrawals from a TFSA and certain withdrawals from a RESP or RDSP).

Foreign withholding taxes may apply to investments made by the Fund. Such taxes are not recoverable by Registered Plans.

If Units of the Fund are “prohibited investments” for a TFSA, RRSP or RRIF a Unitholder who is a holder of a TFSA or an annuitant of a RRSP or RRIF that holds Units of the Fund will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a Unit of a trust which does not deal at arm’s length with the holder, or in which the holder has a significant interest, which, in general terms, means the ownership of 10% or more of the value of a trust’s outstanding Units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm’s length. Unitholders are advised to consult their own tax advisors in regarding the application of these rules to their particular circumstances.

MATERIAL CONTRACTS

The following are the material contracts of the Fund.

Trust Declaration

The Trust Declaration (for the Fund, comprised of the Master Trust Declaration and its Supplemental Trust Declaration) contains the following key terms:

- the Trustee will be reimbursed for all expenses of the Fund paid by the Trustee;
- the Fund has agreed to indemnify Next Edge and other parties subject to certain limitations and restrictions;
- the Trustee may terminate the Fund in accordance with applicable securities law requirements;
- Next Edge, as manager, will be paid a management fee as described in the simplified prospectus of the Fund; and
- the Manager will be responsible for expenses of the Fund in certain circumstances as described in the simplified prospectus of the Fund.

Custodian Agreement

The Custodian Agreement has been entered into between the Trustee, on behalf of the Fund, and the Custodian and includes the following key terms:

- the Custodian is entitled to an annual fee for services provided to the Fund;
- the Fund has agreed to indemnify the Custodian subject to regulatory limitations and restrictions; and
- any party may terminate the agreement on 90 days prior written notice to the other party.

Copies of the material contracts may be inspected by prospective or existing Unitholders during regular business hours at the offices of Next Edge and are available on Next Edge’s website at www.nextedgecapital.com or at www.sedar.com.

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

This annual information form of Next Edge Bio-Tech Plus Fund (the “**Fund**”), together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland & Labrador and do not contain any misrepresentations.

Dated: November 14, 2016

Next Edge Capital Corp.
on behalf of the Fund and as Manager of the Fund

“Toreigh N. Stuart”
Toreigh N. Stuart
Managing Director, Chief Executive Officer

“David A. Scobie”
David A. Scobie
Managing Director, Chief Operating Officer
(signing in his capacity as Chief Financial Officer)

On behalf of the Board of Directors of
Next Edge Capital Corp.
on behalf of the Fund and as Manager of the Fund

“Robert H. Anton”
Robert H. Anton
Director

Next Edge Capital Corp.
as Promoter of the Fund

“Toreigh N. Stuart”
Toreigh N. Stuart
Managing Director, Chief Executive Officer



NEXT EDGE BIO-TECH PLUS FUND

Additional information about the Fund is available in the Fund's management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by calling toll-free at 1 877 860-1080 or by e-mail at info@nextedgecapital.com.

The financial statements and other information about the Fund, such as information circulars and material contracts, are also available on Next Edge's website at www.nextedgecapital.com or at www.sedar.com.

Next Edge Capital Corp.

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