

Investing in companies of the future: A unique, well defined process of investing in North American small and mid-capitalization biotechnology companies.

## FUND COMMENTARY

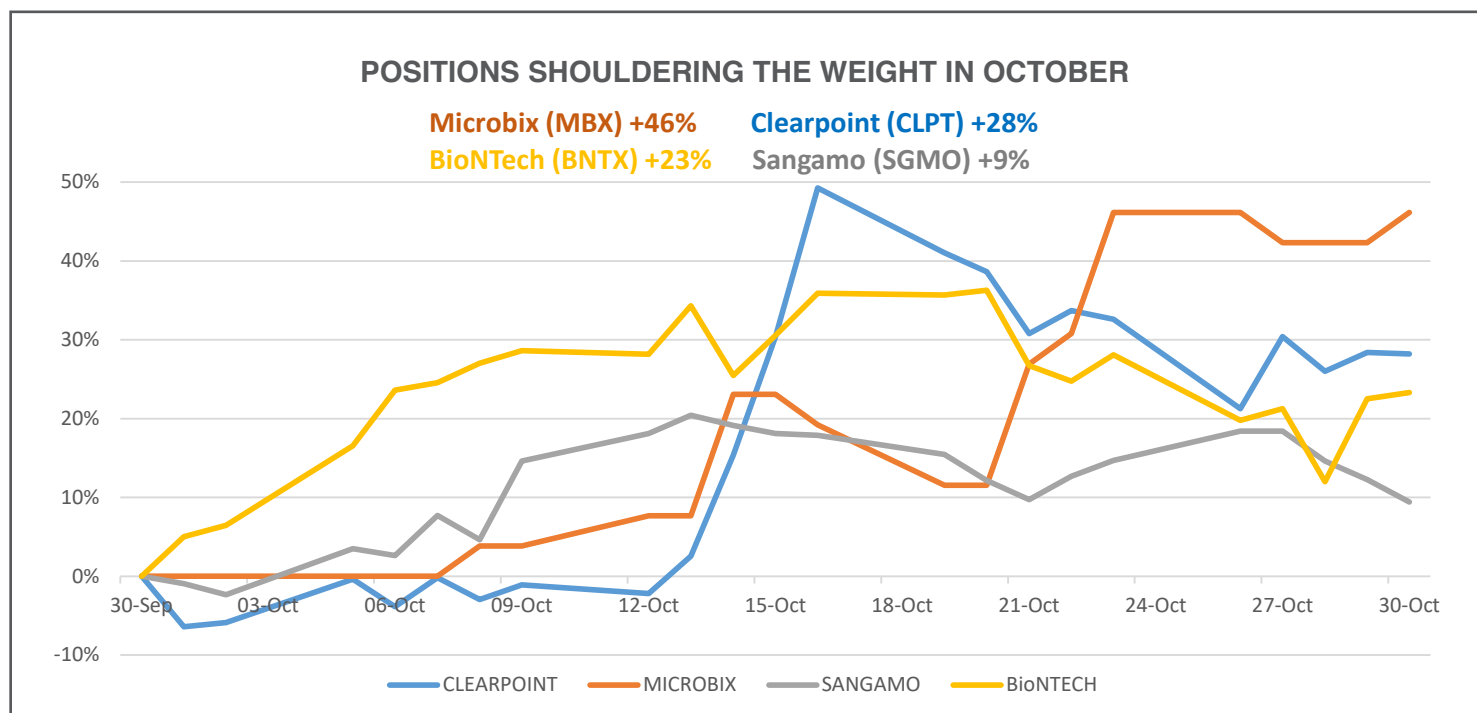
Mirroring October's performance prior to the 2016 US elections, biotech was weak going into the 2020 US elections, with the NASDAQ Biotech Index (^NBI) falling almost -4%, fearful of a blue wave. That being said, unlike previous elections when healthcare bashing was a favourite pastime among political types seeking favour, this time the focus was looking to biotech for urgently needed vaccines to subdue this pandemic and pave the way out of the social isolation that is destroying small and mid-size businesses.

The extraordinary news is that biotech has risen to the occasion by sequencing the SARS-Cov2 virus in record time. With astonishing ingenuity and innovation, companies have created synthetic genetic sequences of specific components of the virus that are then encapsulated in liquid nanoparticles (LNP) and injected into human test subjects. Meanwhile, accomplishing these impressive advances in a record time of a few months instead of a few years. This novel technology then enlisted our cells' protein manufacturing ribosomes to create spike proteins. When those spike proteins find

their way into the bloodstream, our immune system recognizes these harmless antigens as foreign and begins to create antibodies against them.

The creation of these antibodies are now hardcoded in an immunity archive, should the real spike proteins make their way into the body. Inevitably, both the innate and adaptive immune systems can stage an immediate attack before this nefarious virus can gain the upper hand. While the durability of this defense is not yet known, given the titres of durable CD4 Helper T-cells and CD8 Killer T-cells antibodies produced in trial results to date suggest durability persisting a minimum of six months, with the likelihood of lasting up to a year. It is a start and the best hope we have to date. In a monumental nine months, biotech companies, fortified with novel technology platforms and provided with sufficient resources and focus, progressed from discovery to pre-clinical trials through Phases 1, 2, and 3 to provide the ammunition to counter-attack a universal enemy.

While biotech holdings were broadly weaker in October, it was mitigated by four core holdings bucking the trend.



For October, the Next Edge Bio-Tech Plus Fund (the "Fund") Class A Units' return slipped to -0.47% while the Class F Units pulled back -0.38% versus a decline of -1.82% for the Fund's Benchmark. The weakness in biotech is better reflected by the -3.7% decline in the NASDAQ Biotech Index (^NBI), while cannabis stocks fueled the TSX Healthcare Index's (TTHC) surge of +7.4%.

The +44% surge in **Microbix (MBX.to)** was ignited by significant expected revenue and bottom-line contribution from an Ontario government contract to provide viral transfer medium (VTM) necessary for COVID test swabs to be housed in before use. Without VTM, the effectiveness of the test will be compromised. Furthermore, Microbix will also provide quality assessment swabs to validate the accuracy of tests, no matter the testing platform. This government contract will likely broaden to other provinces as well as private diagnostic companies. The Ontario government contract has the potential to double or quadruple revenues over the next year. The company has other valuation catalysts aside from this substantial win and remains considerably undervalued.

**Clearpoint (CLPT)**, which is now up +300% from our original investment three years ago, gained another 28% in October. Clearpoint continues to grow revenues despite the pressure on elective surgeries. Its novel technology is a breakthrough in delivering drug therapies to the deepest, formerly inaccessible regions of the brain.

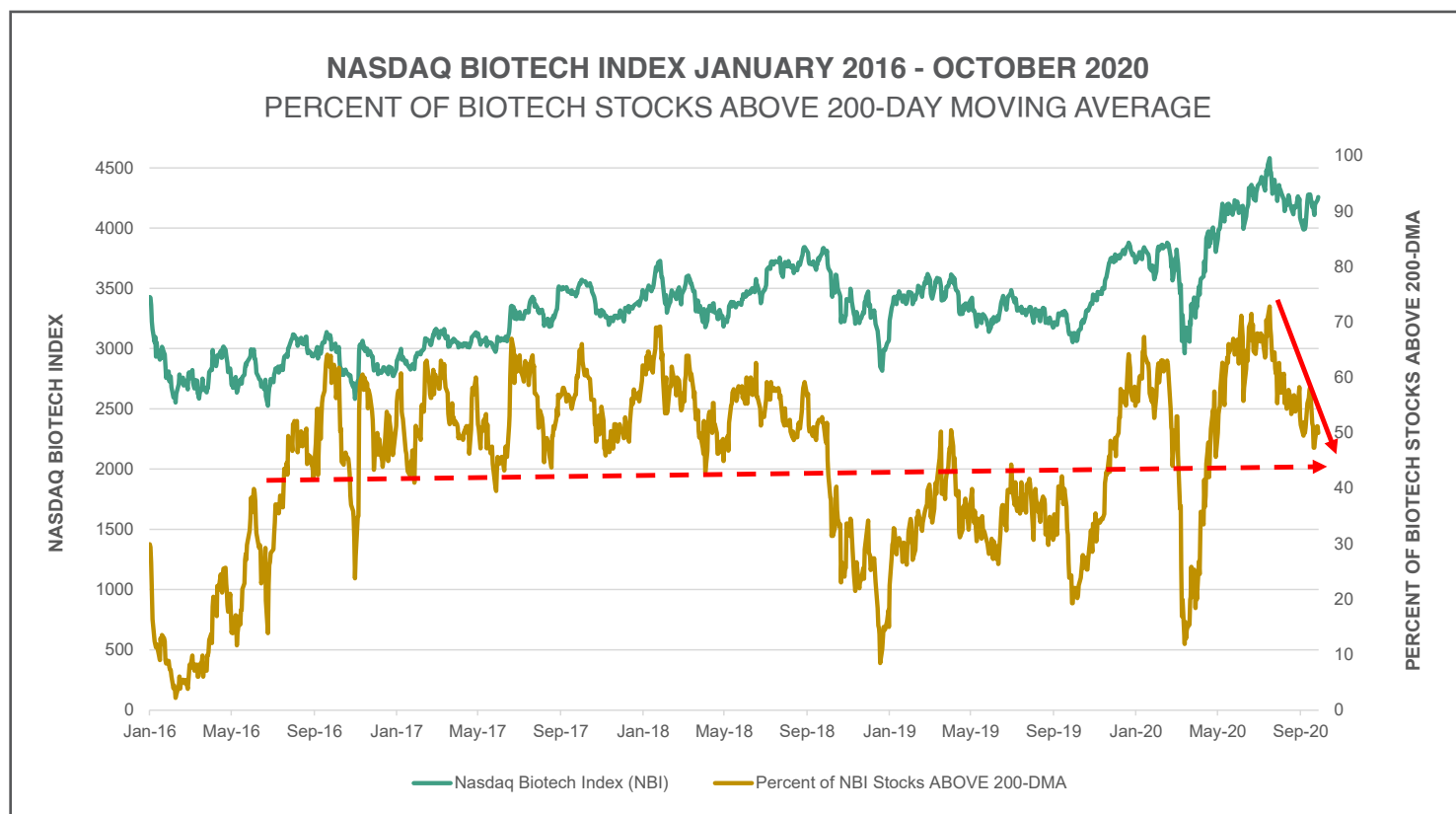
**BioNTech's (BNTX)** novel messenger RNA continues to rapidly advance its vaccine ahead of all other developers. It is partnered with Pfizer and could generate +\$1 billion in revenues in 2021.

**Sangamo (SGMO)** is the most advanced gene-editing company that no one knows about. Despite being the most advanced with its Hemophilia A therapy now enrolling in Phase 3 and partnered with Pfizer, it remains considerably undervalued versus the much earlier stage CRISPR companies for all the hurdles it has already overcome to reach that advanced stage. In addition to this, \$650 million in cash on its balance sheet from its lucrative partnerships with several large BioPharma companies intrigued by its platform technology.

## KEY INDICATOR MEASURE SUGGESTS OPPORTUNE ENTRY LEVEL ENTERING NOVEMBER

The percent of +200 companies in the NASDAQ Biotech Index (^NBI) trading above their 200-day moving average is one of the best means to ascertain the undulations of biotech cycles. Over the past 20 years, it is rare for this barometer to decline to 10% or below. When it does, it has always proven to be the lowest-risk entry point.

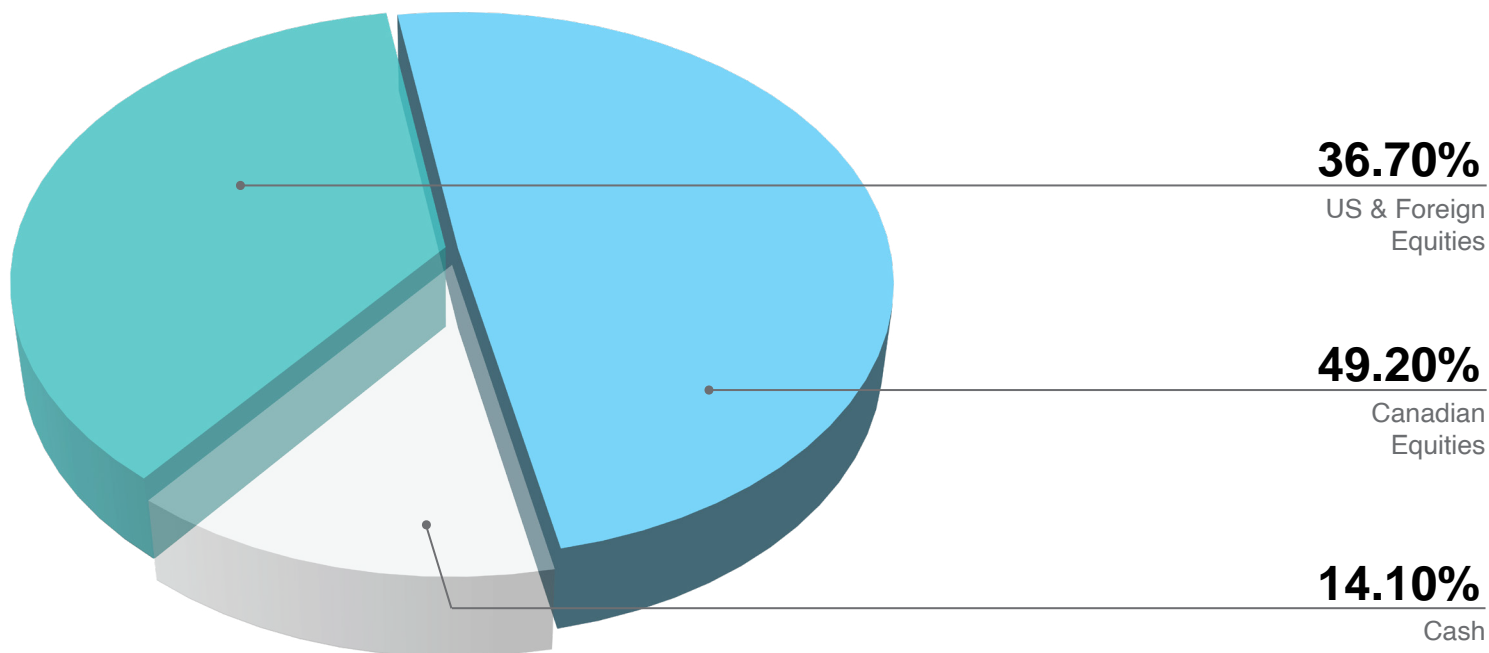
When a new bull market commences, that reading will typically surge to +70%, then correct back toward 45%. This is exactly what has occurred following the March low. Further, the subsequent three-month correction has returned this indicator to neutral, which during a bull market serves as a low-risk entry-level.



## DISCUSSION OF NEXT EDGE BIO-TECH PLUS FUND

The increase in cash holdings from 8% to 14% is temporary and is in the process of being allocated toward the US holdings, as a couple of Canadian holdings were reduced into strength. Many quality late phase/early commercialization biotech companies are on sale after the three-month correction. We will be allocating to those companies aggressively post-election.

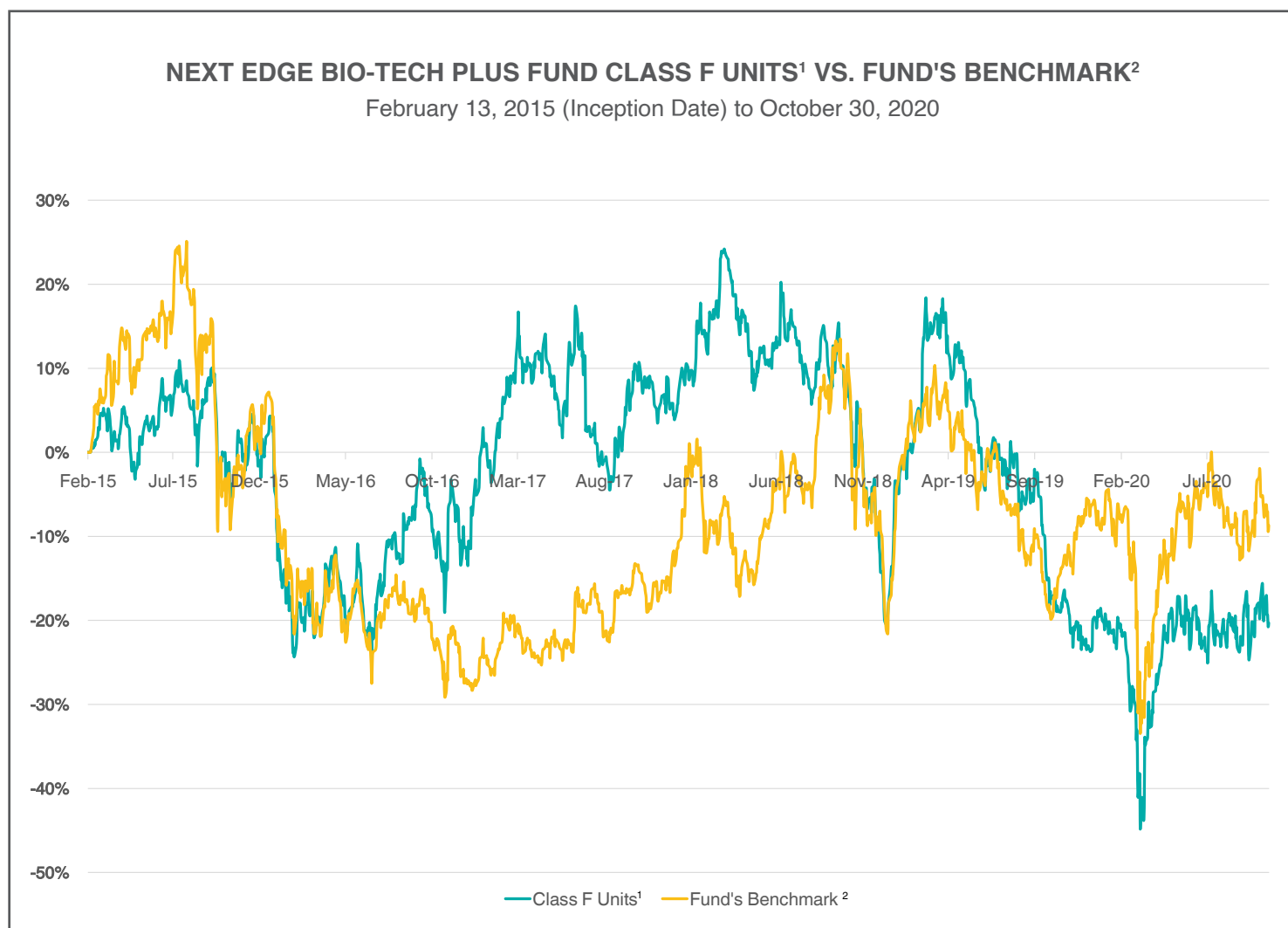
### COMPOSITION OF HOLDINGS AS AT OCTOBER 30, 2020



Source: RBC Investor and Treasury Services Inc., Next Edge Capital Corp. as of October 30, 2020

## FUND PERFORMANCE

	Class A <sup>1</sup>	Class A1 <sup>1</sup>	Class F <sup>1</sup>	Class F1 <sup>1</sup>	Fund's Benchmark <sup>2</sup>
<b>NAV</b>	\$7.25	\$8.05	\$7.93	\$8.50	N/A
<b>1 month</b>	-0.47%	-0.35%	-0.38%	-0.26%	-1.82%
<b>YTD*</b>	-3.22%	-2.00%	-2.24%	-1.15%	-3.80%
<b>1 year</b>	-5.23%	-3.78%	-4.03%	-2.78%	3.58%
<b>3 year annualized</b>	-11.10%	-9.83%	-10.06%	-8.86%	2.98%
<b>Annualized return since inception</b>	-5.59%	-3.66%	-3.89%	-2.75%	-1.92%
<b>Standard Deviation</b>	25.99%	25.56%	25.59%	25.20%	25.94%
<b>Worst Drawdown</b>	-56.63%	-55.38%	-55.59%	-54.40%	-46.74%



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

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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.81%	-9.36%	0.08%	11.14%	2.80%	-2.65%	-0.54%	3.04%	-1.21%	-0.47%	-	-	-3.22% <sup>3</sup>
<b>2019</b>	16.42%	13.20%	3.05%	-3.56%	-8.48%	-1.85%	-0.52%	-4.50%	-8.38%	-7.02%	-4.12%	2.14%	-6.76%
<b>2018</b>	5.97%	1.84%	1.60%	-8.80%	2.26%	2.02%	-2.94%	4.43%	0.21%	-12.13%	-4.68%	-11.29%	-21.27%
<b>2017</b>	4.70%	9.94%	2.23%	3.04%	-8.81%	9.44%	-12.49%	1.49%	5.47%	1.47%	-0.17%	-0.94%	13.74%
<b>2016</b>	-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%
<b>2015</b>	-	-	-	-6.01%*	4.76%	3.25%	0.81%	-2.52%	-6.94%	-1.44%	7.15%	0.57%	-1.25% <sup>3</sup>

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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.69%	-9.26%	0.21%	11.28%	2.93%	-2.52%	-0.41%	3.17%	-1.09%	-0.35%	-	-	-2.00% <sup>3</sup>
<b>2019</b>	16.56%	13.31%	3.17%	-3.45%	-8.37%	-1.74%	-0.40%	-4.38%	-8.27%	-6.90%	-4.01%	2.28%	-5.41%
<b>2018</b>	6.10%	1.94%	1.71%	-8.70%	2.38%	2.13%	-2.83%	4.56%	0.32%	-12.02%	-4.57%	-11.19%	-20.19%
<b>2017</b>	4.74%	8.05%	2.47%	3.13%	-8.69%	9.56%	-12.39%	1.60%	5.58%	1.59%	-0.07%	-0.84%	13.20%
<b>2016</b>	-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%
<b>2015</b>	-	1.93%**	0.24%	-4.26%	4.88%	3.58%	1.33%	-2.41%	-6.76%	-1.32%	7.27%	0.69%	4.44% <sup>3</sup>

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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.71%	-9.28%	0.19%	11.26%	2.90%	-2.55%	-0.43%	3.14%	-1.11%	-0.38%	-	-	-2.24% <sup>3</sup>
<b>2019</b>	16.53%	13.29%	3.15%	-3.47%	-8.39%	-1.76%	-0.43%	-4.40%	-8.28%	-6.92%	-4.03%	2.29%	-5.63%
<b>2018</b>	6.07%	1.92%	1.69%	-8.72%	2.36%	2.11%	-2.85%	4.56%	0.29%	-12.05%	-4.60%	-11.21%	-20.38%
<b>2017</b>	4.85%	8.01%	2.24%	3.12%	-8.60%	9.55%	-12.41%	1.66%	5.59%	1.57%	-0.08%	-0.86%	13.08%
<b>2016</b>	-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%
<b>2015</b>	-	1.93%**	0.22%	-4.29%	4.86%	3.56%	1.31%	-2.43%	-6.79%	-1.35%	7.21%	0.67%	4.15% <sup>3</sup>

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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.61%	-9.18%	0.30%	11.38%	3.01%	-2.43%	-0.32%	3.26%	-1.01%	-0.26%	-	-	-1.15% <sup>3</sup>
<b>2019</b>	16.66%	13.40%	3.25%	-3.36%	-8.29%	-1.66%	-0.31%	-4.30%	-8.18%	-6.82%	-3.93%	2.37%	-4.41%
<b>2018</b>	6.20%	2.02%	1.80%	-8.62%	2.47%	2.22%	-2.74%	4.72%	0.40%	-11.94%	-4.49%	-11.11%	-19.30%
<b>2017</b>	4.32%	8.08%	2.50%	3.18%	-8.58%	9.66%	-12.31%	1.69%	5.67%	1.68%	0.02%	-0.75%	13.70%
<b>2016</b>	-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%
<b>2015</b>	-	1.97%**	0.34%	-4.18%	4.98%	3.69%	1.43%	-2.31%	-6.66%	-1.22%	7.38%	0.80%	5.52% <sup>3</sup>

## HISTORICAL PERFORMANCE<sup>2</sup> Benchmark

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2020</b>	-4.49%	-4.49%	-9.52%	13.06%	8.20%	0.56%	-1.09%	-0.67%	-1.79%	-1.82%	-	-	-3.80% <sup>3</sup>
<b>2019</b>	23.92%	2.48%	0.32%	-2.15%	-9.33%	6.74%	-7.06%	-6.36%	-4.75%	3.95%	6.58%	1.03%	11.94%
<b>2018</b>	3.69%	-7.10%	-0.59%	-3.19%	7.01%	3.38%	0.79%	12.82%	4.67%	-15.71%	0.55%	-13.15%	-10.15%
<b>2017</b>	2.68%	6.17%	-2.63%	-0.85%	-1.80%	7.97%	0.93%	1.24%	1.35%	-3.01%	3.95%	8.58%	26.51%
<b>2016</b>	-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%
<b>2015</b>	-	4.53%**	4.05%	-1.68%	6.76%	0.87%	6.40%	-8.95%	-14.52%	0.70%	9.67%	0.48%	5.84% <sup>3</sup>

## IMPORTANT NOTES

1. Next Edge Bio-Tech Plus Fund returns are net of all fees and expenses associated with Class A Units charged from May 1, 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 1, 2015. Returns for 2020 are unaudited. Therefore, performance statistics containing 2020 figures shown in this material are subject to final confirmation. The historical annualized rates of return for the Next Edge Bio-Tech Plus Fund Class A Units as of October 30, 2020 are 1 yr -5.23%, 3 yr -11.10%, 5 yr -4.57%, 10 yr N/A, and CARR -5.59%; for Class A1 Units are 1 yr -3.78%, 3 yr -9.83%, 5 yr -3.61%, 10 yr N/A, and CARR -3.66%; for Class F Units are 1 yr -4.03%, 3 yr -10.06%, 5 yr -3.84%, 10 yr N/A, and CARR -3.89%; for Class F1 Units are 1 yr -2.78%, 3 yr -8.86%, 5 yr -2.71%, 10 yr N/A, and CARR -2.75%.

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 as of October 30, 2020 are 1 yr 3.58%, 3 yr 2.98%, 5 yr -1.41%, 10 yr N/A, and CARR -1.92%.

The Benchmark is not representative of the Fund's investment strategy as the Fund invests in small and mid-capitalization biotechnology and healthcare companies based in the US and Canada whereas the Benchmark involves investing in predominantly large capitalization biotechnology and healthcare companies based in the US and Canada.

3. Part Year

\* Part Month start date April 13, 2015 to April 30, 2015.

\*\* Part Month start date February 17, 2015 to February 27, 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.

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