Next Edge Private Debt Fund

Monthly Commentary as of March 31, 2021

An open-ended investment product that offers investors access to investments in predominantly secured, short-term loans through experienced credit advisors, with independent oversight.

FUND PERFORMANCE

	1 Month	YTD*	1 Year	3 Year Annualized	5 Year Annualized	Annualized Since Inception	Inception Date	NAV	Monthly Distribution
Class A1[1,2]	0.51%	1.85%	6.38%	7.24%	7.26%	7.27%	June 2015	$9.20	$0.0470
Class F1[1,2]	0.60%	2.13%	7.55%	8.44%	8.57%	8.60%	June 2015	$9.92	$0.0598
Class G[1,2]	0.54%	1.92%	6.70%	7.59%	7.72%	7.66%	June 2015	$9.37	$0.0502
Class H[1,2]	0.65%	2.26%	8.14%	9.04%	9.16%	9.11%	June 2015	$10.12	$0.0655
Class J[1,2]	0.62%	2.17%	7.73%	8.63%	8.76%	8.79%	October 2015	$9.69	$0.0597
Class K[1,2]	0.55%	1.97%	6.93%	N/A	N/A	7.41%	March 2019	$9.79	$0.0543
Class L[1,2]	0.65%	2.26%	8.13%	N/A	N/A	8.43%	March 2019	$10.00	$0.0648
Class A[1,2]	0.51%	1.84%	6.36%	7.20%	N/A	7.19%	April 2017	$9.47	$0.0482
Class F[1,2]	0.60%	2.13%	7.11%	7.89%	N/A	7.99%	April 2017	$9.63	$0.0580

FUND COMMENTARY

The Next Edge Private Debt Fund (the "**Fund**") returns ranged between 0.51% (Class A Units) and 0.60% (Class F1 Units) in February. The Fund's underlying portfolio (the "**Portfolio**") is broadly diversified with exposure to 144 factoring, asset-based, specialty finance, or similar type loans; in all, 126 unique clients; and with transactions in 29 states and 6 provinces. Presently, the geographic weighting of the Portfolio is approximately 41% to the US and 59% to Canada. Of these positions, 104 are factoring positions or facilities, 31 are asset-based loans, and 9 are asset-based lender finance loans. Top regional exposures are in Ontario, New York, South Carolina, British Columbia, Illinois, Quebec, Texas, Florida, Pennsylvania, and Delaware. The Portfolio's gross yield prior to Fund fees is ~12.1% based on invested capital.

In last month's comments, we mentioned that a significant amount of loan transactions were paid down, many in March. As such, we continue to currently hold an excessive amount of cash in the Portfolio. A significant number of transactions are in the credit underwriting diligence phase (> 10 deals) with even more in the origination pipeline (> 50 deals in the pre-term sheet stage). Despite the robust origination activity, we are unsure which transactions will close and the exact timing of such. We continue to monitor this closely and will take steps to reduce this cash balance if we are unable to deploy into quality transactions that meet our investment criteria.

Post-March 2020, and for much of the balance of last year and into 2021, factoring volume decreased significantly from 2019 levels. For many months there was more than a 60% drop in volume from the prior year. March 2021 saw some renewed activity, albeit still down significantly from the prior year's volumes pre-COVID-19. We are optimistic that this volume will continue to increase throughout the rest of this year as the general economy opens more broadly and companies look for financing to accommodate the ramp-ups in their revenue. We are currently seeing a lot of these types of transaction inquiries.

Although the higher cash levels and lower factoring activity levels may sound dire; year-to-date, in collaboration with our credit advisor, the Garrington Group of Companies Inc. ("**Garrington**"), we have collectively financed seven different transactions totaling over $85 million. We remain confident in our ability to continue to grow and deploy capital at attractive yields with good security. The types of transactions varied significantly from an industry and collateral standpoint, showcasing the credit team's adaptability and real-life examples of our motto of "Entrepreneurs Working with Entrepreneurs" to gain a better understanding of their businesses. We continue to take pride in this attribute which is maintained throughout the credit teams at both Next Edge and Garrington.

One such business that was funded that required a deep knowledge to gain our comfort is profiled below:

I*n Q1 2021 a transaction was closed for a metal fabricator in the US (the "Company"). Our financing supported a buy-out of the Company by the incumbent management team who are focussed on enhancing profitability and turning the Company around following a period of losses.*

The Company experienced difficulties transitioning its clients to a different product line which caused a string of consistent losses from 2017 to 2020. The management team created a turnaround plan to move into a more lucrative and higher margin product lineup that has created an achievable breakeven point and a sightline to Company profitability. A significant consideration in the turnaround of this business included a key domestic competitor closing its doors during the pandemic which will significantly increase the Company's domestic business. In addition, lower-cost international competitors do not offer the same product lines as the Company.

Strengths of the Company and why we were able to finance the deal:

- *Experienced management team in turnarounds and manufacturing.*
- *Solid financial reporting.*
- *Good inventory and strong accounts receivables to lend against.*
- *The closest competitors are internationally based, giving our borrower a competitive advantage in offering US customers smaller quantities and quicker delivery.*
- *Strong revenue projections in the first half of 2021.*
- *Accounts Receivables, Inventory, and Accounts Payable are all trending in a positive direction.*
- *No payroll or tax issues.*

As always, we welcome and appreciate any referrals, both from the investor side or for small to medium-sized businesses that may require lending capital in the $1MM - $30MM range. Thank you for your continued support and confidence in the Fund and our team. Please reach out with any questions, concerns, or if we can be of help in any way.

HISTORICAL PERFORMANCE[1] Class A1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD[2]
2021	0.69%	0.64%	0.51%	-	-	-	-	-	-	-	-	-	1.85%*
2020	0.51%	0.65%	0.22%	0.35%	0.28%	0.26%	0.60%	0.58%	0.56%	0.56%	0.58%	0.62%	5.90%
2019	0.69%	0.59%	0.77%	0.66%	0.63%	0.59%	0.58%	0.62%	0.57%	0.68%	0.64%	0.54%	7.82%
2018	0.68%	0.55%	0.66%	0.62%	0.64%	0.79%	0.67%	0.63%	0.63%	0.59%	0.64%	0.65%	8.06%
2017	0.66%	0.60%	0.57%	0.63%	0.61%	0.53%	0.57%	0.57%	0.60%	0.69%	0.54%	0.53%	7.33%
2016	0.55%	0.59%	0.70%	0.31%	0.35%	0.56%	0.53%	0.69%	0.63%	0.67%	0.80%	0.60%	7.21%
2015	-	-	-	-	-	0.61%	0.75%	0.37%	0.38%	0.65%	0.69%	0.60%	4.13%*

HISTORICAL PERFORMANCE[1] Class F1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD[2]
2021	0.78%	0.73%	0.60%	-	-	-	-	-	-	-	-	-	2.13%*
2020	0.61%	0.74%	0.32%	0.44%	0.37%	0.35%	0.69%	0.67%	0.65%	0.65%	0.67%	0.71%	7.06%
2019	0.79%	0.68%	0.86%	0.76%	0.72%	0.69%	0.67%	0.71%	0.66%	0.78%	0.73%	0.63%	9.02%
2018	0.80%	0.66%	0.78%	0.74%	0.76%	0.91%	0.77%	0.73%	0.72%	0.69%	0.73%	0.75%	9.41%
2017	0.77%	0.71%	0.68%	0.75%	0.74%	0.65%	0.68%	0.69%	0.72%	0.81%	0.66%	0.65%	8.83%
2016	0.66%	0.70%	0.81%	0.44%	0.44%	0.68%	0.64%	0.79%	0.74%	0.78%	0.91%	0.71%	8.62%
2015	-	-	-	-	-	0.61%	0.98%	0.49%	0.50%	0.77%	0.81%	0.72%	4.97%*

IMPORTANT NOTES

1. The Next Edge Private Debt Fund (the 'Fund') returns are net of all fees and expenses associated with Class A1 Units, Class F1 Units, Class G Units, and Class H Units charged from June 1, 2015 (trading start date). The Next Edge Private Debt Fund (the 'Fund') returns are net of all fees and expenses associated with Class J Units charged from October 1, 2015 (trading start date). The Next Edge Private Debt Fund (the 'Fund') returns are net of all fees and expenses associated with Class A Units, and Class F Units charged from April 1, 2017 (trading start date). The Next Edge Private Debt Fund (the 'Fund') returns are net of all fees and expenses associated with Class K Units and Class L Units charged from March 1, 2019 (trading start date). Returns for 2021 are unaudited. Therefore, performance statistics containing 2021 figures shown in this material are subject to final confirmation. The historical annualized rates of return for the Next Edge Private Debt Fund Class A1 Units as of March 31, 2021 are 1 yr 6.38%, 3 yr 7.24%, 5 yr 7.26%, 10 yr N/A, and CARR 7.27%; for Class F1 Units are 1 yr 7.55%, 3 yr 8.44%, 5 yr 8.57%, 10 yr N/A, and CARR 8.60%; for Class G Units are 1 yr 6.70%, 3 yr 7.59%, 5 yr 7.72%, 10 yr N/A, and CARR 7.66%; for Class H Units are 1 yr 8.14%, 3 yr 9.04%, 5 yr 9.16%, 10 yr N/A, and CARR 9.11%; for Class J Units are 1 yr 7.73%, 3 yr 8.63%, 5 yr 8.76%, 10 yr N/A, and CARR 8.79%; for Class K Units are 1 yr 6.93%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR 7.41%; for Class L Units are 1 yr 8.13%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR 8.43%; for Class A Units are 1 yr 6.36%, 3 yr 7.20%, 5 yr N/A, 10 yr N/A, and CARR 7.19%; for Class F Units are 1 yr 7.11%, 3 yr 7.89%, 5 yr N/A, 10 yr N/A, and CARR 7.99%.
2. Distribution - adjusted return
*Part Year

Capitalized terms not defined in this document are defined as set forth in the Offering Memorandum of the Fund (the 'OM'). There is no guarantee of trading performance and past or projected performance is not indicative of future results.

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

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

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of those laws. The information provided herein is for information purposes only and does not constitute a solicitation, public offering, advice or recommendations to buy or sell interests in the Fund, the Portfolio, Units or any other Next Edge Product. Please refer to the Fund's Offering Memorandum for more information on the Fund as any information in this Report is qualified in its entirety by the disclosure therein.

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