



## **NEXT EDGE MUTUAL FUNDS**

### **Annual Information Form**

<b>Next Edge Biotech and Life Sciences Opportunities Fund,</b> an alternative mutual fund	Class A units Class F units
<b>Next Edge Strategic Metals and Commodities Fund,</b> an alternative mutual fund	Class A units Class F units Class I units
<b>Veritas Next Edge Premium Yield Fund</b>	Class A units Class F units Class I units

October 15, 2021

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

**TABLE OF CONTENTS**

**Page**

<b>Name, Formation and History of the Funds .....</b>	<b>1</b>
<b>Description of Units Offered by the Funds .....</b>	<b>1</b>
<b>Organization of the Funds .....</b>	<b>3</b>
Manager and Trustee .....	3
Executive Officers and Directors of the Manager .....	4
Portfolio Advisers.....	4
Brokerage Arrangements.....	8
Custodian.....	9
Administrator, Registrar and Valuation Agent.....	9
Independent Auditor.....	9
Promoter .....	9
Principal Securityholders .....	9
<b>Fund Governance .....</b>	<b>9</b>
General .....	9
Manager, Trustee and Portfolio Manager.....	10
Independent Review Committee .....	11
Use of Derivatives by the Funds .....	12
Short Selling .....	12
Leverage – Alternative Funds Only .....	12
Proxy Voting Guidelines .....	12
Conflict of Interest.....	13
<b>Calculation of Net Asset Value.....</b>	<b>13</b>
<b>Purchase, Switches and Redemptions.....</b>	<b>16</b>
Purchases and Switches.....	16
Redemptions.....	18
Short Term Trading .....	19
<b>Investment Restrictions .....</b>	<b>20</b>
General .....	20
Derivatives .....	20
<b>Income Tax Considerations .....</b>	<b>23</b>
Taxation of the Funds.....	23
Taxation of Unitholders.....	25
Redemption and Issue of Units .....	25
Alternative Minimum Tax.....	26
Statements .....	26
Registered Tax Plans .....	26
Exchange of Tax Information Risk .....	27
<b>Material Contracts .....</b>	<b>27</b>
<b>CERTIFICATE OF NEXT EDGE BIOTECH AND LIFE SCIENCES OPPORTUNITIES FUND, NEXT EDGE STRATEGIC METALS AND COMMODITIES FUND, AND VERITAS NEXT EDGE PREMIUM YIELD FUND AND OF THE MANAGER AND PROMOTER .....</b>	<b>29</b>

## **NAME, FORMATION AND HISTORY OF THE FUNDS**

This annual information form contains information about Next Edge Biotech and Life Sciences Opportunities Fund, Next Edge Strategic Metals and Commodities Fund and Veritas Next Edge Premium Yield Fund (each a “**Fund**” and, collectively, the “**Funds**”). Next Edge Biotech and Life Sciences Opportunities Fund and Next Edge Strategic Metals and Commodities Fund are also referred to herein, together, as the “**Alternative Funds**”.

The Funds are trusts established under the laws of Ontario. The Funds are governed by an amended and restated master declaration of trust dated November 3, 2020 (the “**Master Trust Declaration**”) and in the case of Next Edge Biotech and Life Sciences Opportunities Fund, a supplemental trust declaration dated November 3, 2020, and in the case of Next Edge Strategic Metals and Commodities Fund, a supplemental trust declaration dated July 16, 2021, and in the case of Veritas Next Edge Premium Yield Fund, a supplemental trust declaration dated October 15, 2021 (the “**Supplemental Trust Declarations**” 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 Funds. Next Edge is also the portfolio manager of Next Edge Biotech and Life Sciences Opportunities Fund and Veritas Next Edge Premium Yield Fund. See “Organization of the Funds” for more details.

The Alternative Funds are also considered to be “alternative mutual funds”, as defined in National Instrument 81-102 - *Investment Funds* (“**NI 81-102**”). This permits the Alternative Funds to use strategies generally prohibited to conventional mutual funds and as described herein and in the simplified prospectus of the Alternative Funds.

The address, phone number, website address and email address of Next Edge and the Funds is 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6, 416-775-3600 or toll-free at 1-877-860-1080, email: [info@nextedgecapital.com](mailto:info@nextedgecapital.com) and website: [www.nextedgecapital.com](http://www.nextedgecapital.com).

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

## **DESCRIPTION OF UNITS OFFERED BY THE FUNDS**

### *Offering*

The Funds each offer an unlimited number of Class A Units, Class F Units and Class I Units (with the exception of the Next Edge Biotech and Life Sciences Opportunities Fund which offers Class A and Class F Units only) (each a “**Unit**” and together the “**Units**”). Units of the Funds are offered on a continuous basis in all Provinces of Canada (the “**Offering Jurisdictions**”).

### *Distributions*

Each class of Units of a 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 a Fund’s net income adjusted for class specific expenses (including the management fees which will be different for each class of a Fund). Accordingly, the amount of distributions to unitholders of different classes (for each Unit) of a Fund may not be equal to each other.

## *Voting Rights*

Unitholders of the Funds (“**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 a 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 a Fund is affected in a manner that is different from other classes.

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

- changing the basis of the calculation of a fee or expense that is charged to a 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 or introducing a fee or expense to be charged to a 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, in either case, 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;
- changing the manager of the Funds, unless the new manager is an affiliate of the Manager;
- changing the fundamental investment objectives of the Funds;
- decreasing the frequency of the calculation of the Funds’ net asset value (“**net asset value**” or “**NAV**”);
- undertaking a reorganization with, or transferring a 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 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 a 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 a 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 a 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 Funds are valued in Canadian dollars only.

Subject to the discretion of the Manager to waive minimum investment amounts, the initial investment in securities of a 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 two business days or such shorter period as may be required by Canadian securities regulatory authorities.

*Switches and Redesignations* You can switch your Units to another Fund (or another to another Next Edge fund) or redesignate your investment between the classes of a Fund through your dealer. You may be charged a switch/redesignation fee of up to 3.00% of the value of the Units switched/redesignated.

*Redemption Rights* Unitholders of a 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 a Fund (or a particular class of Units of a 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 FUNDS**

### ***Manager and Trustee***

Next Edge is the manager and trustee of the Funds pursuant to the terms of the Trust Declaration. Next Edge provides or arranges for the administrative services of the Funds including valuation services, fund accounting and securityholder records. Next Edge receives a management fee in respect of the Funds and is reimbursed for expenses of the Funds pursuant to the terms of the Trust Declaration in return for the services provided to the Funds, as described below under "Fund

Governance – Manager and Trustee”. Next Edge may also receive performance fees from the Funds in certain circumstances, as more specifically described in the simplified prospectus of the Funds.

Next Edge has the right to resign as manager or trustee of the Funds by giving written notice to Unitholders of the Funds 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 Funds and a new manager or trustee is not appointed, the Funds will terminate and the property of the Funds 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:

<b><i>Name and Municipality of Residence</i></b>	<b><i>Office or Position with Next Edge and Principal Occupation within the previous five years</i></b>
Robert H. Anton Oakville, Ontario	Acting Chief Executive Officer, Managing Director, President and Director of Next Edge
David A. Scobie Toronto, Ontario	Acting Ultimate Designated Person, Managing Director, Chief Operating Officer and Director of Next Edge
Nicholas M. Tata Toronto, Ontario	Chief Compliance Officer and Senior Vice-President, Operations
Toreigh N. Stuart Gravenhurst, Ontario	Director of Next Edge

Toreigh Stuart owns 35.7% of the voting securities of Next Edge, David Scobie owns 29.8% of the voting securities of Next Edge and Robert Anton owns 29.8% 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 Advisers***

*Next Edge*

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

Next Edge is an independent investment manager that manages approximately \$440 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 both Next Edge Biotech and Life Sciences Opportunities Fund and Veritas Next Edge Premium Yield Fund, which is sub-advised by Veritas in accordance with the investment objectives, restrictions and strategies of Next Edge Biotech and Life Sciences Opportunities Fund and Veritas Next Edge Premium Yield Fund respectively, as described in the simplified prospectus of the Funds. 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 Next Edge Biotech and Life Sciences Opportunities Fund and Veritas Next Edge Premium Yield Fund. With respect to Veritas Next Edge Premium Yield Fund, Next Edge has entered into a sub-advisory agreement dated October 15, 2021 (the “**Veritas Sub Advisory Agreement**”) with Veritas Asset Management Inc. (“**Veritas**”) pursuant to which Veritas will provide a model portfolio of securities recommendations to Next Edge in order to assist Next Edge in making its investment selections for Veritas Next Edge Premium Yield Fund.

Next Edge Biotech and Life Sciences Opportunities 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 Next Edge Biotech and Life Sciences Opportunities Fund:

Name	Title at Next Edge	Length of Service with Next Edge
Eden Rahim	Portfolio Manager	7 years
Michael Bird	Associate Portfolio Manager	7 years

**Eden Rahim** - Eden is the Portfolio Manager for Next Edge Biotech and Life Sciences Opportunities Fund. Next Edge Biotech and Life Sciences Opportunities Fund is the only dedicated Biotech mutual fund in Canada. He also has extensive institutional hedging experience through major crises, and the structuring of notes to create specific payoff profiles.

Eden’s experience includes over two decades of portfolio and hedge fund money management. He has managed and traded an options book spanning 250 + securities globally and 4 commodities, with the open interest of 500,000 contracts in addition to 14 covered call ETFs (over \$0.7 Billion AUM) in Canada, US & Australia employing his dynamic options writing discipline at Horizons Exchange Traded Funds.

Eden is a regular guest speaker about the biotech industry on Bloomberg TV and BNN as well as an author and contributor to many industry sources and major press articles in the US and Canada. For 4 years he has been a Panelist at the prestigious Bloom Burton Healthcare Conference.

**Michael Bird** - Michael is an Associate Portfolio Manager and Trader for Next Edge Biotech and Life Sciences Opportunities Fund. Michael possesses over twenty-five years of options and derivative trading experience. He was previously Vice President and head of the equity derivative group at Desjardins Securities.

Michael’s other previous experience includes working as a Vice President and Senior Trader in the equity derivatives group at RBC, Vice President at CIBC/Wood Gundy, and options and proprietary trader at BNS. Michael has served on the TSE Derivative Markets Committee.

### Veritas Next Edge Premium Yield Fund

The following employee of Next Edge primarily makes the investment decisions and is principally responsible for the day-to-day management of a material portion of the portfolio of Veritas Next Edge Premium Yield Fund:

**Eden Rahim** - Eden is the Portfolio Manager for Veritas Next Edge Premium Yield Fund. Eden has extensive institutional hedging experience through major crises, and the structuring of notes to create specific payoff profiles.

Eden's experience includes over two decades of portfolio and hedge fund money management. He has managed and traded an options book spanning 250 + securities globally and 4 commodities, with the open interest of 500,000 contracts in addition to 14 covered call ETFs (over \$0.7 Billion AUM) in Canada, US & Australia employing his dynamic options writing discipline at Horizons Exchange Traded Funds.

Eden is a regular guest speaker about the biotech industry on Bloomberg TV and BNN as well as an author and contributor to many industry sources and major press articles in the US and Canada. For 4 years he has been a Panelist at the prestigious Bloom Burton Healthcare Conference.

**Michael Bird** - Michael is an Associate Portfolio Manager and Trader for Veritas Next Edge Premium Yield Fund. Michael possesses over twenty-five years of options and derivative trading experience. He was previously Vice President and head of the equity derivative group at Desjardins Securities.

Michael's other previous experience includes working as a Vice President and Senior Trader in the equity derivatives group at RBC, Vice President at CIBC/Wood Gundy, and options and proprietary trader at BNS. Michael has served on the TSE Derivative Markets Committee.

**Larry Guy** - Larry Guy is a Portfolio Manager for Veritas Next Edge Premium Yield Fund and Managing Director with Next Edge Capital. Larry is focussed on driving the business forward via strategic partnerships, initiatives, and sourcing of new product ideas. Previously, Mr. Guy was a Vice President with Purpose Investments having joined the firm in its infancy and saw vast growth prior to his departure. Prior to Purpose, Mr. Guy was a Portfolio Manager with Aston Hill Financial Inc. Prior to Aston Hill Larry Guy was Chief Financial Officer and Director of Navina Asset Management Inc., a company he co-founded that was subsequently acquired by Aston Hill Financial Inc. Mr. Guy holds a BA (Economics) degree from the University of Western Ontario and is a Chartered Financial Analyst.

### *Veritas Asset Management Inc.*

As noted, Next Edge has retained Veritas in order to provide sub-advisory services to Next Edge pursuant to the Veritas Sub Advisory Agreement. Veritas will provide a model portfolio comprised securities recommendations to Next Edge that will assist Next Edge in making its investment selections for Veritas Next Edge Premium Yield Fund.

The following employees of Veritas are principally responsible for providing sub-advisory services to Next Edge that will assist Next Edge in making its investment selections for Veritas Next Edge Premium Yield Fund:



**Antonio Scilipoti** – Mr. Scilipoti and his partners founded Veritas Investment Research Corporation in 2000 and launched Veritas in 2016 as a way to take action on the research ideas. He serves as the lead portfolio manager on Veritas’ funds. Mr. Scilipoti is a Fellow Chartered Public Accountant, a Fellow Chartered Accountant, a Certified Public Accountant (Illinois) and a member of the Association of Certified Fraud Examiners. Mr. Scilipoti also has served as a member of the Ontario Securities Commission’s Continuous Disclosure Advisory Committee since 2006. In 2019, he was appointed to the Board of the Capital Markets Advisory Committee of the International Accounting Standards Board.

**Samuel LaBell** – Mr. LaBell is an Advising Representative at Veritas, helping to structure and execute the firm’s portfolio strategies. Mr. LaBell is a partner and director of the Veritas group of companies. Prior to moving to Veritas, Mr. LaBell spent five years as Veritas Investment Research Corporation’s Head of Research and 11 years as the lead analyst covering the Oil & Gas sector. In 2006, Mr. LaBell was the first analyst to highlight Canada’s stock option backdating problem, which triggered a review of option filing practices by the Canadian Securities Administrators.

*Delbrook Capital Advisors Inc.*

Next Edge has retained Delbrook Capital Advisors Inc. (“**Delbrook**”) to provide investment sub-advisory services to Next Edge Strategic Metals and Commodities Fund pursuant to an investment sub-advisory agreement dated June 22, 2021 (the “**Delbrook Investment Sub Advisory Agreement**”). As portfolio sub-advisor of Next Edge Strategic Metals and Commodities Fund, Delbrook will manage the assets held by Next Edge Strategic Metals and Commodities Fund in accordance with its investment objectives and investment strategies and subject to applicable investment restrictions. The Delbrook Investment Sub Advisory Agreement may be terminated for a number of reasons, including if the Manager or Delbrook fails to maintain all necessary registrations or qualifications to effect the purposes of the Delbrook Investment Sub Advisory Agreement, or if either of the Manager or Delbrook consistently fails to discharge its duties and obligations under the Delbrook Investment Sub Advisory Agreement.

The following employee of Delbrook primarily makes the investment decisions and is principally responsible for the day-to-day management of a material portion of the portfolio of Next Edge Strategic Metals and Commodities Fund:

**Matthew J. Zabloski** - Mr. Zabloski is the founder, President and Chair and sole Director of the Delbrook since its inception in November of 2009. Mr. Zabloski has overall responsibility for the investment and trading decisions affecting Next Edge Strategic Metals and Commodities Fund’s investment portfolio. Mr. Zabloski has capital markets, investment research and portfolio management experience, beginning with Boston based Fidelity Management and Research Company where he acted as a Portfolio Manager and Research Analyst. In early 2008, he joined CI Investments to launch the CI Cambridge Advisors series of investment funds. While with CI, Mr. Zabloski managed a growth oriented portfolio and acted as a Senior Research Analyst for various investment funds. Mr. Zabloski holds an Honors BA and an MBA, both from the Richard Ivey School of Business at the University of Western Ontario.

### ***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 Funds by Next Edge.

Next Edge will make reasonable efforts to achieve best execution for portfolio transactions executed on behalf of the Funds. 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 Funds.

Next Edge may in its discretion allocate brokerage transactions of the Funds 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 Funds and which provide the Funds 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 Funds’ 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](mailto: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.

Next Edge is not affiliated with any broker or dealer.

### ***Custodian***

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

Where the Funds make use of listed or over-the-counter derivatives, the Funds 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 Funds. The registrar maintains the registers of the Funds in Toronto, Ontario.

### ***Independent Auditor***

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

### ***Promoter***

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

### ***Principal Securityholders***

As at September 30, 2021, no person or company owned of record or, to the knowledge of the relevant Funds or Manager, beneficially, directly or indirectly, more than 10% of the outstanding Units of the Funds other than the manager who owned beneficially and of record 1 Unit of Veritas Next Edge Premium Yield Fund, being 100% of the outstanding Units of Veritas Next Edge Premium Yield Fund.

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

## **FUND GOVERNANCE**

### ***General***

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

- Business practices
- Sales practices
- Internal conflicts of interest

The Manager has adopted appropriate policies, procedures and guidelines to ensure the proper management of the Funds. 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 Funds. The controls in place monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the Funds 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 Manager***

Next Edge is the manager, trustee of the Funds and portfolio manager of the Funds. As such, it exercises its powers and discharge its duties honestly, in good faith and in the best interests of the Funds 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 Funds 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 Funds 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 Funds, the offering of Units, and advisors, dealers and other market participants providing services to the Funds 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 Funds' and the Manager's regulatory requirements, including reporting and filing obligations.

The Manager markets the Funds 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 Funds 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 Funds' investment objective and policies.
- The risks associated with the use of derivatives and short selling be adequately described in the Funds' 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 Funds 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 Funds.

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 Funds which may from time to time report to the Board of Directors as deemed appropriate.

As well, we test the Funds to ensure that there is an adequate cash cover in the underlying interest. We also monitor the Funds' gain and loss position on a weekly basis. We do not, however, test the Funds under stress conditions as we limit the maximum loss to 10% of the Funds' 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 Funds' 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 Funds, the "**Next Edge Funds**"). The Chair of the IRC currently receives an annual retainer of \$12,000 and the other IRC members an annual retainer of \$9,000, 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.

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 their activities on behalf of the

Funds, will be available at the time the annual financial statements of the Funds are made public. These reports are required to be filed on SEDAR (the System for Electronic Document Analysis and Retrieval, found at [www.sedar.com](http://www.sedar.com)) and on the Manager's website at [www.nextedgcapital.com](http://www.nextedgcapital.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 Funds***

Derivative transactions by Next Edge on behalf of the Funds 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 Funds' portfolio management records. Derivative positions are monitored daily to ensure compliance with all regulatory requirements, including cash cover requirements.

### ***Short Selling***

The Funds may, from time to time, engage in short selling in a manner consistent with their investment objectives and as permitted by applicable securities legislation. Where a 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. With respect to the Alternative Funds, the aggregate market value of all securities of the issuer of the securities sold short by the Fund cannot exceed 10% of the total net assets of the Fund and the total market value of all securities sold short cannot exceed 50% of the total net assets of the Fund. The risks of using these strategies are described under "Short Selling Risk", in the simplified prospectus.

### ***Leverage – Alternative Funds Only***

The Alternative Funds may use leverage through the use of cash borrowings, short sales and derivatives. If used, the aggregate amount of cash borrowing and the market value of the securities sold short will not exceed 50% of an Alternative Fund's net asset value, and the aggregate amount of cash borrowing, the market value of the securities sold short and the notional amount of derivatives used for non-hedging purposes will not exceed 300% of an Alternative Fund's net asset value.

### ***Proxy Voting Guidelines***

The Manager is responsible for all securities voting in respect of securities held by the Funds and exercising responsibility with the best economic interests of the Funds and the Unitholders. The Manager has established proxy voting policies, procedures and guidelines (the "**Proxy Voting Policy**") for securities held by the Funds 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 Funds 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 Funds 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 Funds may limit its 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](mailto:info@nextedgecapital.com).

The Funds' proxy voting records for the annual period from July 1<sup>st</sup> to June 30<sup>th</sup> will be available free of charge to any investor of the Funds upon request at any time after August 31<sup>st</sup> following the end of that annual period. The Funds' proxy voting records will also be available on the website of the Manager at [www.nextedgecapital.com](http://www.nextedgecapital.com).

### ***Conflict of Interest***

The services of the Manager and its affiliates are not exclusive to the Funds 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 Funds) or from engaging in other activities.

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

Securities held indirectly by the Funds 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 Funds 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 a 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 a Fund is calculated as at the close of trading on each day the Toronto Stock Exchange ("TSX") 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 a Fund.

The class NAV per Unit of a 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 of the Fund outstanding at such time.

In calculating the net asset value of the Funds, 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 applicable 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 of the Funds' assets valued in a foreign currency and all liabilities and obligations of the Funds payable by the Funds 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 Funds 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 Funds; and
- where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the applicable 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 Funds. 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 Funds, including the use of a formula computation.

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

## **PURCHASE, SWITCHES AND REDEMPTIONS**

### ***Purchases and Switches***

#### *General - Purchases*

The Funds are permitted to issue an unlimited number of classes and may issue an unlimited number of units of each class. The Funds have each created and each currently offer Class A Units, Class F Units and Class I Units (with the exception of Next Edge Biotech and Life Sciences Opportunities Fund which offers Class A Units and Class F Units only). No certificate will be issued to you upon a purchase of a Unit of a Fund.

Although the money which you and other investors pay to purchase Units of any class of a Fund is tracked on a class by class basis in the Fund's administrative records, the assets are combined in a single pool to create one portfolio for investment purposes.

The classes are subject to their respective minimum investment requirements. The Funds are also only available with confirmation that your IIROC-registered dealer has signed an agreement with us authorizing the dealer to sell such Units of the Funds.

In addition to the minimum investment requirements, the following describes the suggested class suitability (your financial advisor can best assist you with determining the right class for you) and any further class eligibility requirements you must meet to qualify to purchase the class.

- *Class A Units:* Available to all investors and may carry an upfront commission at the time of purchase of the Units.

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:* Available to investors who are enrolled in a dealer-sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs.
- *Class I Units:* Available to institutional investors or to other investors on a case-by-case basis, at the discretion of the Manager. The Manager does not pay any trailing commissions to dealers in respect of the Class I Units. If a Unitholder ceases to be eligible to hold Class I Units, as the case may be, the Manager may redesignate a Unitholder's Class I Units of the Fund as Class A Units of the same Fund after providing the Unitholder with 5 days' notice, unless the Unitholder notifies the Manager during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class I Units. Unitholders may be charged a sales commission in connection with such redesignation by their dealer.

Your dealer does not receive trailing commissions from the Manager with respect to your Class F and Class I Units.

If you cease to satisfy criteria for holding Units of a particular class, Next Edge may redesignate your Units as such number of Units of another class of the same Fund that you are eligible to hold having an aggregate equivalent net asset value.

All of the classes of Units have the same investment strategy and restrictions but differ with respect to one or more of their features, such as management fees, expenses, redemption fees or commissions, as set out in the Funds' Simplified Prospectus. The Net Asset Value per Unit of each class will not be the same as a result of the different fees and expenses allocable to each class of Units.

A separate net asset value per Unit is calculated for each class of Units (the "**Unit Price**"). The Unit Price is the price used for all purchases, switches, redesignations and redemptions of Units of that class (including purchases made on the reinvestment of distributions). The price at which Units are issued or redeemed is based on the next applicable Unit Price determined after the receipt of the purchase or redemption order.

You may purchase any class of Units of a Fund through an IIROC registered dealer that has entered into a distribution agreement with us to sell the Funds. See "Description of Units" for a description of each class of Units offered by a Fund. The issue price of Units is based on the Unit Price for that particular class.

The minimum initial investment in Class A Units and Class F Units of the Funds is \$5,000. The minimum initial investment in the Class I Units is \$1,000,000 or such other amount as determined at the discretion of the Manager. The minimum subsequent investment in the Class A Units, Class F Units and Class I Units of the Funds is \$1,000. These minimum investment amounts may be adjusted or waived in the discretion of Next Edge.

If we receive your purchase order before 4:00 p.m. (Toronto time) on the second Business Day immediately preceding a Valuation Day, we will process your order at the Unit Price calculated on such Valuation Day. Otherwise, we will process your order at the Unit Price calculated on the next Valuation Day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

Please contact your dealer to find out how to place an order. Please note that dealers may establish cut-off times for receiving purchase orders so that they may be properly processed prior to the 4:00 p.m. (Toronto time) deadline on the second Business Day immediately preceding a Valuation Day. When you submit money with a purchase order, the money will be held in our trust account and any interest the money earns before it is invested in a Fund is credited to the Fund, not to your account.

We must receive the appropriate documentation and payment in full within two business days of receiving your purchase order in order to process a purchase order. If a Fund does not receive payment in full within the required time, we will sell the Units that you bought. If we sell them for more than you paid, the Fund will keep the difference. If we sell them for less than you paid, we will bill you for the difference plus any costs or interest. We do not issue certificates when you purchase the Funds. We are entitled to reject any purchase order, but we can only do so within one business day of receiving it. If we reject an order, we will return immediately to your dealer any monies we have received from you in connection with that order.

#### *Switches and Redesignations*

You can switch your investment to another 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 either Fund to another

fund, there will be a redemption of the Units of the Fund you own and a purchase of securities of the new fund. Because you are moving from a Fund to another fund, the redemption will be a taxable transaction to you. You may also redesignate all or part of your investment from one class of Units to another class of Units of a Fund. This is called a redesignation. You may only switch or redesignate your Units if you satisfy any criteria required to hold the securities into which you are switching or reclassifying.

If we receive your switch or redesignation order before 4:00 p.m. (Toronto time) on the second Business Day immediately preceding a Valuation Day, we will process your order at the Unit Price calculated on such Valuation Day. Otherwise, we will process your order at the Unit Price calculated on the next Valuation Day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

You may have to pay a fee to your Dealer to effect such a switch or redesignation. You negotiate the fee with your investment professional.

The value of your investment, less any fees, will be the same immediately after the switch or redesignation. You may, however, own a different number of Units because each class may have a different Unit Price. Redesignating Units from one class to another class of the same fund is generally not a disposition for tax purposes.

### ***Redemptions***

Unitholders of a 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.

The redemption of Units 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 that are not held in a Registered Plan (as defined below).

If we receive your redemption order before 4:00 p.m. (Toronto time) on the second Business Day immediately preceding a Valuation Day, we will process your order at the Unit Price calculated on such Valuation Day. Otherwise, we will process your order at the Unit Price calculated on the next Valuation Day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

The latest we will send you your money will be ten business days after the Valuation Day used to process your sell order. Required documentation may include a written order to sell with your signature, guaranteed by an acceptable guarantor. If you redeem through your Dealer, they will advise you what documents they require. Any interest earned on the proceeds of an order to redeem before you receive the money will be credited to the applicable Fund, not to your account. Redemption payments will be made in Canadian dollars.

Under exceptional circumstances we may be unable to process your redemption order. This would most likely occur if market trading has been suspended on stock exchanges, options exchanges or futures exchanges on which more than 50% by value of the applicable Fund's assets are listed and

if such Fund's portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative.

We may postpone a redemption payment during any period which redemption rights of the Funds are suspended in the circumstances described above as required by securities legislation or with the approval of the applicable securities regulatory authorities.

There are no redemption fees for the Funds, except as described under "Short-Term Trading Fee".

### ***Short Term Trading***

We have adopted policies and procedures to detect and deter inappropriate and excessive short-term trading.

Inappropriate short-term trading in Units of a Fund can have an adverse effect on such Fund. Such trading can increase brokerage and other administrative costs of a Fund and interfere with our long-term investment decisions.

In order to protect the interest of the majority of Unitholders in the Funds and to discourage inappropriate short-term trading in the Funds, investors may be subject to a short-term trading fee. If an investor redeems Units of a Fund within 90 days of purchasing such Units, such Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, two percent (2%) of the net asset value of the Units of the particular class of the Fund being redeemed. In addition, the Manager may reject future purchase orders.

We also consider excessive short-term trading as a combination of purchases and redemptions (including switches) that occurs with such frequency within a 30-day period that we believe is detrimental to the Funds' investors.

Inappropriate short-term trading may harm a Fund's investors who do not engage in these activities by diluting the NAV of the Fund's Units as a result of the market timing activities of other investors. Inappropriate and excessive short-term trading may cause a Fund to carry an abnormally high cash balance and/or high portfolio turnover rate, both of which may reduce the Fund's returns.

We may take such additional action as we consider appropriate to prevent further similar activity by you. These actions may include the delivery of a warning to you, placing you or your account(s) on a watch list to monitor your trading activity and the subsequent rejection of further purchases by you if you continue to attempt such trading activity and/or closure of your account.

In determining whether a short-term trade is inappropriate or excessive, we will consider relevant factors, including the following:

- *bona fide* changes in investor circumstances or intentions;
- unanticipated financial emergencies;
- the nature of the Funds;
- past trading patterns;
- unusual market circumstances; and
- an assessment of harm to the Funds or to us.

The short-term trading fee will not apply in certain circumstances, such as:

- redemptions of Units by another fund managed by Next Edge;
- redemptions of Units purchased by the reinvestment of distributions;
- for systematic withdrawal plans;
- redesignation of Units from one class to another class of a Fund;
- redemptions initiated by Next Edge or where redemption notice requirements have been established by Next Edge;
- redemptions of Units to pay management fees, administration fees, operating expenses and Fund costs; or
- in the absolute discretion of Next Edge.

## **INVESTMENT RESTRICTIONS**

### ***General***

The Funds are 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 Funds are diversified and relatively liquid and to ensure the proper administration of the Funds. The Funds are managed in accordance with these restrictions and practices.

As noted above, the Alternative Funds are considered “alternative mutual funds”, as defined in NI 81-102. This permits an Alternative Fund to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage.

A Fund will not mix their investments with investments of other persons. The investments of a 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 such Fund.

The Funds are unit trusts under the Tax Act. The Funds are qualified as and also intend to continue to qualify as “mutual fund trusts” under the Tax Act. The Funds will not engage in any undertaking other than the investment of its funds in property for the purposes of the Tax Act.

Provided the Funds are “mutual fund trusts” under the Tax Act, Units of the Funds will be qualified investments for Registered Plans (as defined below).

The prior approval of the Unitholders of the Funds are required for any change in the fundamental investment objectives of the Funds.

### ***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 Funds 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 Funds are 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 Funds 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 their portfolio;
- as a substitute for purchasing or selling the actual stocks and bonds on which the derivative is based. This allows the Funds to increase or reduce their 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 Funds having to buy or sell securities at prices less favourable than those available in the market.

The Funds may use derivatives to help reduce (or “hedge”) against the risk associated with one or more of their investments. If so, the Funds must dispose of the derivative once it sells the investment. It may not be possible for the Funds to readily reduce the risks associated with its derivatives, including the Funds’ 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 Funds has entered into a derivative arrangement may become insolvent. This may result in the loss of any deposit held for the Funds by that dealer.

A Fund may also use derivatives for purposes other than to reduce risk. If a 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. Note, pursuant to NI 81-102, the Alternative Funds are permitted to invest in specified derivatives, uncovered derivatives or enter into derivatives contracts with counterparties that do not have a designated rating as defined in NI 81-102.

### Options

The Funds 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 Funds use options for non-hedging purposes, each 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 a 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 a 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 Funds 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 their obligations.



## Futures and Forward Contracts

The Funds 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 Funds have 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, as of the date hereof, that apply to the Funds and to individual investors who are residents of Canada and who hold Units of the Funds 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.

Next Edge Biotech and Life Sciences Opportunities Fund currently qualifies as a mutual fund trust under the Tax Act. Next Edge Strategic Metals and Commodities Fund and Veritas Next Edge Premium Yield Fund each intend to qualify as a mutual fund trust under the Tax Act from the date of their respective formations by filing a tax election in their first income tax return under the Tax Act. Such election may be made if Next Edge Strategic Metals and Commodities Fund and Veritas Next Edge Premium Yield Fund otherwise qualify as mutual fund trusts by the time their first income tax return is due for filing under the Tax Act. In order to qualify as a mutual fund trust, among other requirements, a Fund must have at least 150 Unitholders of a particular class of Units each of whom holds a minimum number and value of Units. If the Funds 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 Funds***

The Funds 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. However, a Fund that is a “mutual fund trust” for purposes of the Tax Act throughout a taxation year, will be denied a deduction that it otherwise would have been entitled to, in respect of amounts allocated (the “allocated amount”) to unitholders whose units are redeemed by such trust if certain conditions are met. The deduction will be denied in respect of a portion of the allocated amount if such portion is not included in the unitholder’s proceeds of disposition of the unit on the redemption, to the extent (i) such portion would be paid out of the ordinary income of the trust, and/or (ii) such portion is a capital gain, to the extent that it is greater than the capital gain that would otherwise have been realized by the unitholder on the redemption.

The Manager intends to administer the redemption of units of the Funds in such a manner so as to avoid the inclusion of any income to the Funds under these rules, unless it is otherwise precluded from doing so.

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

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

The Funds are required to calculate their 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 Funds as ordinary income and loss for tax purposes.

The Tax Act contains “loss restriction event” (“LRE”) rules that could apply to the Funds. In general, a LRE occurs to a 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) to the extent possible, 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, a 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 a 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 a 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 a Fund is not a mutual fund trust throughout a taxation and 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 a 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 a 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 a 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 a 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 Funds intend 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 Funds 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 Funds from the use of derivative securities generally will result in the distribution of income rather than capital gains.

If an investor owns Units of a 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 Funds' NAV.

### ***Redemption and Issue of Units***

On a redemption, switch, or other disposition of a Unit of a 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 a 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 a Fund is acquired, its cost will generally be averaged with the adjusted cost base of the other Units of the same 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 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 redesignation 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 of a particular Fund 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 of the same Fund (which are considered to be "substituted property") within 30 days before or after the Unitholder disposed of the Unitholder's Units and Units are held by the Unitholder or the affiliate at the end of the 30 day period after the disposition. 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 Funds 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 Funds 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 a 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 a 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 Funds. Such taxes are not recoverable by Registered Plans.

If Units of the Funds are "prohibited investments" for a TFSA, a RESP, a RDSP, a RRSP or a RRIF a Unitholder who is a holder of a TFSA or a RDSP, a subscriber of a RESP or an annuitant of a RRSP or RRIF that holds Units of the Funds ("**Holder**") 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. In addition, the Units will not be a "prohibited investment" if such Units are "excluded

property” as defined in the Tax Act for these purposes. Unitholders are advised to consult their own tax advisors in regarding the application of these rules to their particular circumstances.

### ***Exchange of Tax Information Risk***

Part XVIII of the Tax Act imposes due diligence and reporting obligations on “reporting Canadian financial institutions” in respect of their “U.S. reportable accounts”. The Funds are “reporting Canadian financial institutions” and may be required to provide information to the Canada Revenue Agency (“CRA”) in respect of its Unitholders who are “US reportable accounts”. Such information generally relates to citizenship, residency and, if applicable, a U.S. federal tax identification number or such information relating to the controlling person(s) in the case of certain entities. If Unitholders hold their Units through a dealer, the dealers will be subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to the Funds or its dealers to identify U.S. persons holding Units. If a Unitholder is (or any controlling person of certain entities) is identified as a U.S. person (including a U.S. citizen) or if a Unitholders does not provide the requested information and there are indicators of U.S. status, Part XVIII of the Tax Act will generally require information about the Unitholders’ investments held in the financial account maintained by the Funds or the dealer to be reported to the CRA, unless the investments are held within a certain registered plans (such as a RRSP). The CRA is expected to provide that information to the U.S. Internal Revenue Service.

The Tax Act also contains similar rules Part XIX in respect of other non-Canadian investors in the Funds.

### **MATERIAL CONTRACTS**

The following are the material contracts of the Funds.

#### **Trust Declaration**

The Trust Declaration (comprised of the Master Trust Declaration and a Fund’s Supplemental Trust Declaration) contains the following key terms:

- the Trustee will be reimbursed for all expenses of the Funds paid by the Trustee;
- the Funds have agreed to indemnify Next Edge and other parties subject to certain limitations and restrictions;
- the Trustee may terminate the Funds 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 Funds; and
- the Manager will be responsible for expenses of the Funds in certain circumstances as described in the simplified prospectus of the Funds.

#### **Custodian Agreement**

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

- the Custodian is entitled to an annual fee for services provided to the Funds;
- the Funds have 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.

**Delbrook Investment Sub Advisory Agreement (in respect of Next Edge Strategic Metals and Commodities Fund)**

The Delbrook Investment Sub Advisory Agreement (in respect of Next Edge Strategic Metals and Commodities Fund) has been entered into between the Manager and Delbrook and includes the following key terms:

- the Sub Advisory Agreement may be terminated for a number of reasons, including if the Manager or Delbrook fails to maintain all necessary registrations or qualifications to effect the purposes of the agreement, or if either of the Manager or Delbrook consistently fails to discharge its duties and obligations under the agreement.
- the Manager may terminate the agreement on 90 days prior written notice and the sub advisor may terminate the agreement on 150 days prior written notice.

**Veritas Sub Advisory Agreement (in respect of Veritas Next Edge Premium Yield Fund)**

The Veritas Sub Advisory (in respect of Veritas Next Edge Premium Yield Fund) has been entered into between the Manager and Veritas and includes the following key terms:

- the Sub Advisory Agreement may be terminated for a number of reasons, including if the Manager or Veritas fails to maintain all necessary registrations or qualifications to effect the purposes of the agreement, or if either of the Manager or Veritas consistently fails to discharge its duties and obligations under the agreement.
- the Sub Advisory Agreement may be terminated by mutual agreement of the Manager and Veritas, in which case the Fund will be wound down in an organized manner over the course of a six (6) month time period.

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.nextedgcapital.com](http://www.nextedgcapital.com) or at [www.sedar.com](http://www.sedar.com).

**EXEMPTIONS AND APPROVALS**

The Alternative Funds have obtained exemptive relief from the restriction in subsection 5.1(4) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (“NI 81-101”) to permit their simplified prospectus to be consolidated with the simplified prospectus of one or more other mutual fund(s): (i) that are reporting issuers to which NI 81-101 and NI 81-102 apply, (ii) that are not alternative mutual funds, and (iii) for which the Manager, or an affiliate of the Manager, acts as the investment fund manager.

**CERTIFICATE OF  
NEXT EDGE BIOTECH AND LIFE SCIENCES OPPORTUNITIES FUND, NEXT EDGE  
STRATEGIC METALS AND COMMODITIES FUND, AND VERITAS NEXT EDGE  
PREMIUM YIELD FUND (THE “FUNDS”) AND OF THE MANAGER AND  
PROMOTER**

This annual information form dated October 15, 2021, together with the simplified prospectus dated October 15, 2021 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 in each province of Canada and do not contain any misrepresentations.

Dated: October 15, 2021

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

*“Robert H. Anton”*

\_\_\_\_\_  
Robert H. Anton  
Acting Chief Executive Officer, Director,  
President

*“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 Funds

*“Toreigh N. Stuart”*

\_\_\_\_\_  
Toreigh N. Stuart  
Director

**Next Edge Capital Corp.**  
as Promoter of the Funds

*“Robert H. Anton”*

\_\_\_\_\_  
Robert H. Anton  
Managing Director, President



## **NEXT EDGE MUTUAL FUNDS**

**NEXT EDGE BIOTECH AND LIFE SCIENCES OPPORTUNITIES FUND**

**NEXT EDGE STRATEGIC METALS AND COMMODITIES FUND**

**VERITAS NEXT EDGE PREMIUM YIELD FUND**

Additional information about the Funds is available in the Funds' 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](mailto:info@nextedgecapital.com).

The financial statements and other information about the Funds, such as information circulars and material contracts, are also available on Next Edge's website at [www.nextedgecapital.com](http://www.nextedgecapital.com) or at [www.sedar.com](http://www.sedar.com).

***Next Edge Capital Corp.***

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