

# Next Edge Biotech and Life Sciences Opportunities Fund

Annual Management Report of Fund Performance – 2023



NEXTEDGE  
CAPITAL

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Next Edge Biotech and Life Sciences Opportunities Fund (the “Fund”). You may obtain a copy of the annual financial statements at your request, and at no cost, by calling (416) 775-3600 or toll-free at (877) 860-1080, by writing to us at Next Edge Capital Corp., 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6, Canada or by visiting our website at [www.nextedgecapital.com](http://www.nextedgecapital.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

### **Caution Regarding Forward-looking Statements**

Certain portions of this report, including but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements about Next Edge Biotech and Life Sciences Opportunities Fund, including its strategies, risks, expected performance and condition. All statements, other than statements of historical fact, that address activities, events or developments that Next Edge Capital Corp. (the “Manager”) believe, expect or anticipate will or may occur in the future (including, without limitation, statements regarding any targeted returns, projections, forecasts, statements and future plans and objectives of the Fund) are forward-looking statements. These forward-looking statements reflect the current expectations, assumptions or beliefs of the Manager based on information currently available to the Fund.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Fund to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Fund.

Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in international financial and commodities markets, fluctuations in currency exchange and interest rates, illiquidity of portfolio investments, reduction in availability of leverage, default by counterparties, special risks arising from short sales and investments in forward contracts and other derivatives, unintentional trades, accuracy of analytical models, valuation risks, limitations on redemptions, tax consequences, changes in applicable laws and other risks associated with investing in securities and those factors discussed under the section entitled “Risk Factors” in the Fund’s simplified prospectus.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Manager and the Fund disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Manager believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

# Next Edge Biotech and Life Sciences Opportunities Fund

## Annual management report of fund performance – December 31, 2023

### Management discussion of fund performance

#### Investment Objective and Strategies

Next Edge Biotech and Life Sciences Opportunities Fund (the “Fund”) is a mutual fund established as a trust under the laws of the Province of Ontario by a declaration of trust dated November 3, 2020 made by Next Edge Capital Corp., in its capacity as trustee of the Fund. The Fund is divided into units of participation (“Units”) representing an interest in the Fund held by unitholders of the Fund (“Unitholders”). Effective October 14, 2022, the Fund has four classes of Units: Class A1 Units (formerly Class A Units), Class F1 Units (formerly Class F units), Class A Units, and Class F units.

The Fund started investing according to its investment objective on December 22, 2020.

#### *Investment Objective*

The Fund seeks short and long-term capital appreciation through the ownership of biotechnology and life sciences companies. Investments by the Fund may be made globally.

The Fund will not change the investment objectives of the Fund without the approval of a majority of Unitholders.

#### *Investment Strategies*

The portfolio manager uses the following investment strategies to attempt to achieve the Fund’s investment objective:

- Holdings comprised of a mix of biotechnology and life sciences companies.
- Sector exposure includes biotechnology, speciality pharma, medical devices, medical software and technology, diagnostics, drug delivery, bioinformatics and agricultural, healthcare services and telehealth services.
- Derivatives may be used for hedging purposes, to generate income and return enhancement.

Investment decisions are made by:

- Focusing on companies in early to later stages of clinical development or early commercialization that meet specific criteria and whose data has been subjected to peer reviewed analysis.
- The Fund is managed to seek to attempt to reduce overall portfolio volatility by: further reducing the risk associated with investments in a particular sector by placing option hedges on biotechnology indices; and exiting or hedging a particular position, should the applicable issuer be faced with event risks owing to expected upcoming factors/data/information.
- Collectively hedging to reduce the volatility of a traditionally volatile sector and to generate income and provide return enhancement.

The Fund may invest in or use derivatives for hedging and non-hedging purposes in a manner consistent with the investment objective of the Fund and as permitted by applicable securities legislation. Derivatives to be used by the Fund may include, but are not limited to, non-exchange traded options, forward contracts, futures contracts and swaps. The Fund may also sell short certain securities in accordance with NI 81-102. Short selling will be used selectively and opportunistically. To do this, the Fund borrows the securities it is selling short, and is under an obligation to return the borrowed securities to the lender at a future date. The Fund is required to pay the lender any distribution declared on the borrowed securities, together with any securities borrowing fees. To return the borrowed securities, the Fund purchases these same securities at a later date, with the result that the Fund will generally make a gain on the short sale if the price of the securities has declined by such date. The short selling activities of the Fund are subject to the limitations set out in NI 81-102 (and as such requirements are applicable to alternative mutual funds).

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional returns, subject, in each case, to limits at least as stringent as those required by Canadian securities regulatory authorities.

# Next Edge Biotech and Life Sciences Opportunities Fund

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Management discussion of fund performance (continued)

As the Fund is considered an “alternative mutual fund” within the meaning of NI 81-102, as noted, it may use strategies generally prohibited to be used 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.

The Fund may depart temporarily from its fundamental investment objectives and will likely invest in cash or cash equivalents in the event of adverse market, economic, political or other considerations.

The Fund is managed by Next Edge Capital Corp. (the “Manager”). The custodian, registrar, transfer agent and valuation agent of the Fund is RBC Investor Services Trust. The registered office of the Fund is located at 1 Toronto Street, Suite 200, Toronto, Ontario, Canada, M5C 2V6.

## Risk

The Fund started investing according to its investment objective on December 22, 2020. Effective December 22, 2020, an investment in the Fund is subject to certain risk factors relating to the Fund, as detailed in its Simplified Prospectus. During the year ended December 31, 2023, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund.

## Results of Operations

The Fund experienced a decrease in its net assets during the year ended December 31, 2023:

Class of redeemable units	December 31, 2023 NAV per unit (CAD) <sup>1</sup>	December 31, 2022 NAV per unit (CAD)	% return for the year ended December 31, 2023 <sup>1</sup>
A1	5.15	5.60	-9.4%
F1	5.33	5.74	-8.4%
A	8.97	10.00	-10.3%
F	8.96	10.00	-10.4%

1. Net assets attributable to holders of redeemable units (“NAV”, or “Net Assets”).

Next Edge Biotech and Life Sciences Opportunities Fund commenced trading according to its investment objective on December 22, 2020 to provide investors with exposure to small-mid cap biotech stocks.

Class A and Class F were seeded January 3, 2023.

To the end of November 2023, 11 months into the year, again deeply in the red, it seemed assured that the Biotech sector’s tale-of-woe would extend for a third consecutive year, a dubious feat achieved only once prior in its 43-year history: 1992-1994, when the Amex biotech index declined -71%. The current bear market ended at -64%. The TSX Healthcare index declined -85% from its bull market high. If there is an assurance to draw upon from the past, that 1990s super bear was followed by a 5-year, +1,000% Bull market fuelled by a wave of new therapies and innovations, not dissimilar to the current biotech environment. Then, like now, the sector had endured a significant rate rise cycle in 1993-1994, as we have recently endured when 2-year yields surged from 0.09% in February 2021 to over 5.25% in November 2023. That is punishing to long-duration assets that are R&D funding intensive with the risky promise of distant future cash-flows.

During 2023, biotech began the year with a double-digit January rally, relieving the deeply oversold condition it ended 2022 with, that had been amplified by egregious tax-loss selling in the smaller companies we favor. That opening year rally soon faded into a -20% decline into the ended of Q1, signalling that not much had changed when interest rates resumed its rise. That Q1 decline was then erased by a narrow, large cap led Q2 rally. That was then followed by a disheartening unabated -35% 4-month decline through Q3 into Q4. That was the type of climactic decline against a backdrop of dismal sentiment that

# Next Edge Biotech and Life Sciences Opportunities Fund

Annual management report of fund performance – December 31, 2023

Management discussion of fund performance (continued)

bear markets end on. “Abandon all hope all ye who enter here”. And with that sentiment backdrop the die was cast for the best biotech rally in 18-months, which the fund positioned for.

At the end of Q3, we put out an intensively researched piece titled the ‘State of Biotech’, to quantify the significant valuation and technical extremes that had accumulated that argued for a reversion to the mean, as rare prior episodes had always resulted in, when all negative sentiment has been priced in and investors are now ill-positioned for a move in the opposite direction. Given the confluence of extremes from 10, 20 and 30 years ago, the case could be made for a return to years of positive returns in well chosen investments, regardless of the general market climate prevailing. Among the extremes we pointed that were destined to regress to the mean included:

1. FDA annual approvals declining from over 50 to 37, that would rebound.
2. Interest rate hiking cycle would stabilize at elevated levels or even decline.
3. Almost 40% of biotech companies has sunk to valuation below net cash.
4. Relative P-E were near 3-decade lows.
5. Enterprise Value-to-Revenues returned to the lows of the global financial crisis extremes.
6. The percent of +1,200 healthcare companies that declined -80% or greater exceeded 56%.
7. Percent of biotech companies below 200-day moving average declined to less than 10%.

Despite the difficult conditions that prevailed through most of 2023, five of the fund holdings were acquired at significant premiums by larger BioPharma and Medtech companies seeking to bolster their pipelines and growth. There were Alberio, Concert Pharma, CTI Therapeutics, SeaGen and Opsens. Given the impending patent cliff and controls on drug prices, the need to acquire future growth has never been more pressing. Our portfolio has proven to be a farm system for companies seeking that growth.

For 2023, the fund’s Class A1 declined -9.41% and Class F1 declined -8.42%. Despite the green shoots that were emerging, the fund was hit especially hard by its Canadian holdings, declining from 20% weight at the beginning of 2023, to 11% by the end of the year, due to significant declines in a few holdings that were unable to secure additional funding in an austere funding environment, and the write-down of a private investment.

## Recent Developments

Biotech pulled back in January 2024, correcting the sharp November-December 2023 rally, as interest rates rebounded on persistent jobs growth, bottoming inflation and a more hawkish Fed tone, walking back its dovish stance of November. However, in February, the Fund surged on the strength of clinical, regulatory and earnings success among its Portfolio holdings. This is signaling that the market is now willing to reward such successes in a way that it did not during the bear market. Investors, seeing such rewards, are likely to return to the sector as it acting as if the new bull market is here to stay. That said, we will continue to avoid companies with significant dilution risk associated with raising funds, and focus on companies whose growth trajectory is intact, and mostly clinically de-risked.

## Related Party Transactions

The Manager is responsible for the day-to-day operations of the Fund and provides management services to the Fund, including the marketing, promotion, and distribution of the Fund; transfer agency services; and unitholder reporting and servicing. In consideration of the management services, the Fund pays management fees, which are accrued for daily, to the Manager based on the average NAV of the applicable class of units of the Fund. The Manager pays for dealer compensation, or service fees, if any, out of management fees.

Total management fees for the year ended December 31, 2023 amounted to \$30,027 (2022: \$49,042) with \$11,334 (2022: \$14,699) in outstanding accrued fees due to the Manager at December 31, 2023.

## Next Edge Biotech and Life Sciences Opportunities Fund

### Annual management report of fund performance – December 31, 2023

#### Management discussion of fund performance (continued)

The Fund will pay to the Manager, in respect of each fiscal quarter of the Fund, a performance fee equal to 20% of gain in the NAV per Unit of a Class of Units of the Fund, accrued for on a daily basis, over the preceding fiscal quarter or quarters since a performance fee was last payable, provided that the NAV per Unit of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter in which a performance fee was paid.

Total performance fees for the year ended December 31, 2023 amounted to \$nil (2022: \$nil), and \$nil (2022: \$nil) outstanding accrued fees due to the Manager at December 31, 2023.

The Manager incurs operating expenses on behalf of the Fund and is then reimbursed by the Fund for such expenses. For the year December 31, 2023, the Manager absorbed expenses of \$211,015 (2022: \$100,362). The Manager absorbs expenses at its sole discretion and may cease to absorb expenses at any time.

National Instrument 81-107 Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds, such as the Fund, to establish an independent review committee (“IRC”). Consequently, the Manager has appointed three independent IRC members. The purpose of the IRC is to: (i) review and provide input on the Manager’s written policies and procedures that deal with conflict of interest matters; (ii) consider and, if deemed appropriate, approve the Manager’s decision on a conflict of interest matter that the Manager refers to the IRC for approval; and (iii) perform such other duties as may be required of the IRC under applicable Canadian securities laws. Additional information about the IRC is available in the Fund’s prospectus. Fees are paid to the IRC members for the performance of their duties.

The total remuneration paid to members of the Independent Review Committee allocable to the Fund during the year ended December 31, 2023 was \$18,747 (2022: \$23,315).

#### **Fee-related information**

For the year ended December 31, 2023, fees paid or payable to Deloitte LLP for the audit of the financial statements of the Canadian Reporting Issuer funds within the Next Edge group of funds were \$94,160. Fees for other services were \$29,960.

# Next Edge Biotech and Life Sciences Opportunities Fund

## Annual management report of fund performance – December 31, 2023

### Financial highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the years ended December 31, 2023 to 2021.

#### Class A1 – Net Assets per Unit (CAD)

For the year ended December 31, <sup>1</sup>	2023	2022	2021
<b>Net Assets per unit, beginning of year</b>	5.60	8.89	10.44
<b>(Decrease) Increase from operations</b>			
Total revenue	0.02	0.01	-
Total expenses	(0.36)	(0.45)	(1.14)
Realized gains (losses) for the year	(0.82)	(1.61)	0.28
Unrealized (losses) gains for the year	0.77	(1.02)	(1.08)
<b>Total (decrease) increase from operations</b>	<b>(0.39)</b>	<b>(3.07)</b>	<b>(1.94)</b>
<b>Distributions</b>			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets per unit, end of year<sup>2</sup></b>	<b>5.15</b>	<b>5.60</b>	<b>8.89</b>

#### Class F1 – Net Assets per Unit (CAD)

For the year ended December 31, <sup>1</sup>	2023	2022	2021
<b>Net Assets per unit, beginning of year</b>	5.74	8.99	10.44
<b>Increase from operations</b>			
Total revenue	0.02	0.01	-
Total expenses	(0.18)	(0.32)	(0.74)
Realized gains (losses) for the year	(0.84)	(1.64)	0.28
Unrealized (losses) gains for the year	0.62	(0.91)	(2.01)
<b>Total (decrease) increase from operations</b>	<b>(0.38)</b>	<b>(2.86)</b>	<b>(2.47)</b>
<b>Distributions</b>			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets per Unit, end of year<sup>2</sup></b>	<b>5.33</b>	<b>5.74</b>	<b>8.99</b>

Next Edge Biotech and Life Sciences Opportunities Fund  
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Financial highlights (continued)

Class A – Net Assets per Unit (CAD) For the year ended December 31, <sup>1</sup>	2023
<b>Net Assets per unit, beginning of year</b>	10.00
<b>(Decrease) Increase from operations</b>	
Total revenue	-
Total expenses	(0.43)
Realized gains (losses) for the year	-
Unrealized (losses) gains for the year	(0.60)
<b>Total (decrease) increase from operations</b>	<b>(1.03)</b>
<b>Distributions</b>	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions</b>	<b>-</b>
<b>Net Assets per unit, end of year<sup>2</sup></b>	<b>8.97</b>
Class F – Net Assets per Unit (CAD) For the year ended December 31, <sup>1</sup>	2023
<b>Net Assets per unit, beginning of year</b>	10.00
<b>(Decrease) Increase from operations</b>	
Total revenue	-
Total expenses	(0.13)
Realized gains (losses) for the year	-
Unrealized (losses) gains for the year	(1.42)
<b>Total (decrease) increase from operations</b>	<b>(1.55)</b>
<b>Distributions</b>	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions</b>	<b>-</b>
<b>Net Assets per unit, end of year<sup>2</sup></b>	<b>8.96</b>

1. This information is derived from the Fund's audited financial statements for the years ended December 31, 2023 to 2021.
2. Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is calculated based on the average number of units outstanding over the year. Therefore, the beginning of year Net Assets, the increase (decrease) from operations and distributions, if any, will not sum to the end of year Net Assets.

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Financial highlights (continued)

**Class A1 – Ratios and Supplement Data:**

<b>For the year ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total NAV (CAD 000s) <sup>1</sup>	2,351	3,939	5,559
Number of units outstanding <sup>1</sup>	456,287	692,797	624,997
Management expense ratio <sup>2</sup>	2.16%	3.67%	7.21%
Management expense ratio before waivers or absorptions <sup>2</sup>	4.09%	4.36%	7.21%
Management expense ratio before performance fees	2.16%	3.67%	3.94%
Trading expense ratio <sup>3</sup>	3.15%	2.78%	2.48%
Portfolio turnover rate <sup>4</sup>	308.28%	220.47%	371.05%
NAV per unit (CAD)	5.15	5.60	8.89

**Class F1 – Ratios and Supplement Data:**

<b>For the year ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total NAV (CAD 000s) <sup>1</sup>	7,675	6,245	7,438
Number of units outstanding <sup>1</sup>	1,439,736	1,072,820	827,080
Management expense ratio <sup>2</sup>	1.10%	2.53%	4.61%
Management expense ratio before waivers or absorptions <sup>2</sup>	3.03%	3.22%	4.61%
Management expense ratio before performance fees	1.10%	2.53%	2.68%
Trading expense ratio <sup>3</sup>	3.15%	2.78%	2.48%
Portfolio turnover rate <sup>4</sup>	308.28%	220.47%	371.05%
NAV per unit (CAD)	5.33	5.74	8.99

**Class A – Ratios and Supplement Data:**

<b>For the year ended December 31,</b>	<b>2023</b>
Total NAV (CAD 000s) <sup>1</sup>	9
Number of units outstanding <sup>1</sup>	1,000
Management expense ratio <sup>2</sup>	1.54%
Management expense ratio before waivers or absorptions <sup>2</sup>	3.49%
Management expense ratio before performance fees	1.54%
Trading expense ratio <sup>3</sup>	3.15%
Portfolio turnover rate <sup>4</sup>	308.28%
NAV per unit (CAD)	8.97

**Class F – Ratios and Supplement Data:**

<b>For the year ended December 31,</b>	<b>2023</b>
Total NAV (CAD 000s) <sup>1</sup>	14
Number of units outstanding <sup>1</sup>	1,615
Management expense ratio <sup>2</sup>	0.47%
Management expense ratio before waivers or absorptions <sup>2</sup>	2.42%
Management expense ratio before performance fees	0.47%
Trading expense ratio <sup>3</sup>	3.15%
Portfolio turnover rate <sup>4</sup>	308.28%
NAV per unit (CAD)	8.96

1. This information is provided as at December 31, 2023 to 2021.

2. Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106.

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## Financial highlights (continued)

3. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.
  
4. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

# Next Edge Biotech and Life Sciences Opportunities Fund

Annual management report of fund performance – December 31, 2023

Financial highlights (continued)

## Management Fees

<b>Annual Management Fees</b> <b>(% of net asset value of the class of the Fund)</b>	
<b>Class</b>	<b>Management Fee<sup>1,2</sup></b>
Class A1 Units	1.00%
Class F1 Units	0.00%
Class A Units	1.50%
Class F Units	0.50%

1. Plus applicable HST.

2. The Manager may from time to time, in its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged. To the extent a portion of the management fee is waived, the Manager reserves the right to stop such waiver at any time and without notice to, or the consent of, Unitholders.

For its services to the Fund, the Manager is entitled to receive from the Fund a management fee (the “management fee”) at (up to) an annual rate of: (i) 1.00% of the portion of its NAV represented by the Class A Units, and (ii) nil of the portion of NAV represented by the Class F Units, calculated daily and paid monthly in arrears, plus applicable taxes. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund’s Units.

The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager.

Annual management fees, and a breakdown of the services received in consideration of the management fees, as a percentage of management fees, for the year ended December 31, 2023, are as follows:

### As a percentage of management fees

<b>Class of Units</b>	<b>Annual Rates</b>	<b>Dealer Compensation</b>	<b>General administration, investment advice and profit</b>
A1	1.00%	100.00%	0.00%
F1	0.00%	0.00%	100.00%
A	1.50%	66.66%	33.33%
F	0.50%	0.00%	100.00%

# Next Edge Biotech and Life Sciences Opportunities Fund

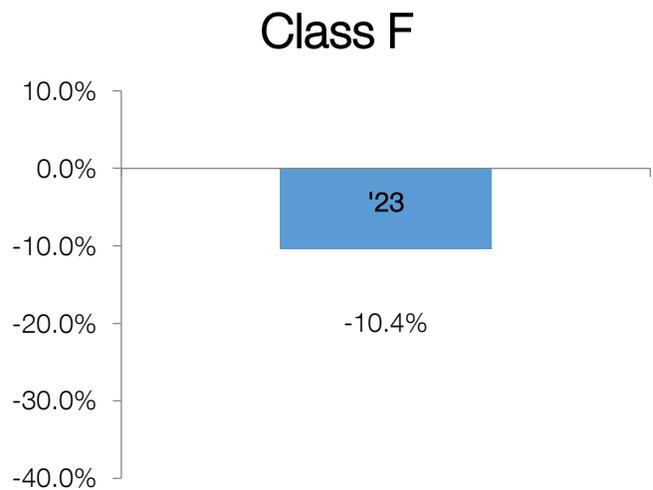
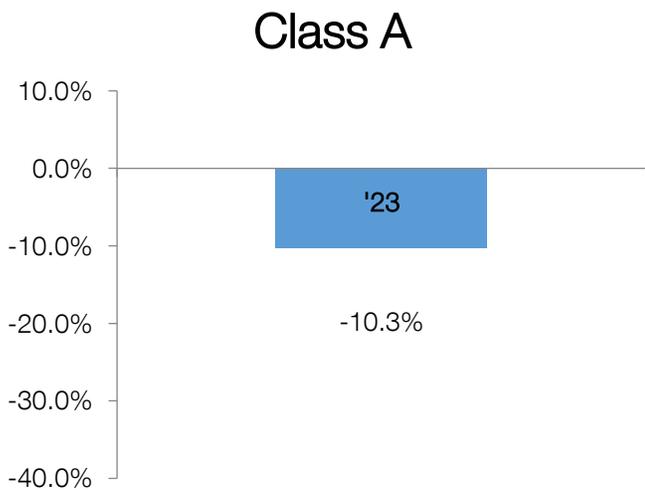
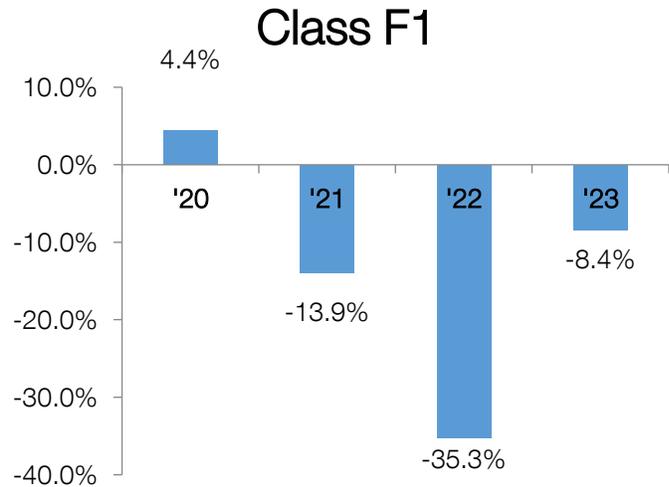
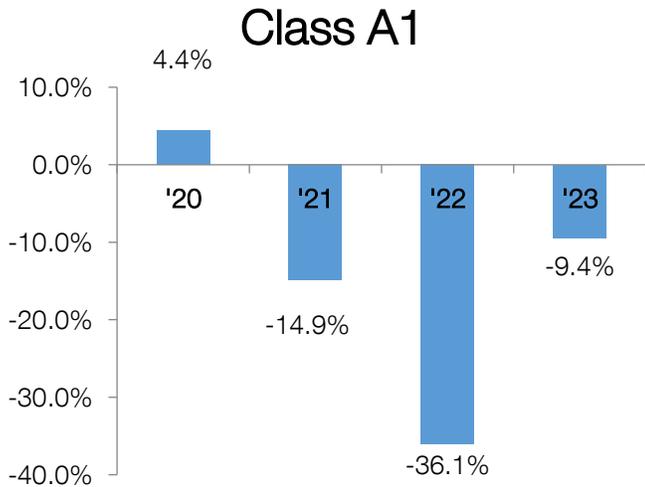
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## Past performance

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. The performance information shown does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Reported returns are as follows from the first day to the last day of each fiscal year shown.

### Year-by-Year Returns<sup>1</sup>



1. Returns for the period ended December 31, 2020 are from the Fund's inception date to December 31, 2020. Inception dates used for calculation are November 3, 2020 for Class A1; December 22, 2020 for Class F1; and January 3, 2023 for Classes A and F.

# Next Edge Biotech and Life Sciences Opportunities Fund

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Past performance (continued)

## Annual Compound Returns

The following table shows the historical annualized compound returns for each Class of units of the Fund, for the years ended December 31, 2023 to 2021. There is no guarantee of performance and past or projected performance is not a reliable indicator of future performance. The latest data available at the time of production has been used. Returns may increase or decrease as a result of currency fluctuations.

<b>Percentage Return</b>	<b>1 year</b>	<b>3 year</b>	<b>Since Inception<sup>1</sup></b>
Class A1 Units	-9.4%	-21.0	-19.7%
Class F1 Units	-8.4%	-20.1	-18.8%
Class A Units	-10.3%	N/A	-8.7%
Class F Units	-10.4%	N/A	-8.8%

1. Inception dates used for calculation are November 3, 2020 for Class A1; December 22, 2020 for Class F1; and January 3, 2023 for Classes A and F.

# Next Edge Biotech and Life Sciences Opportunities Fund

## Annual management report of fund performance – December 31, 2023

### Summary of investment portfolio

The following shows the Fund's Portfolio breakdown by asset mix, asset class, geography and the top 25 holdings. The Fund's investment portfolio may change due to ongoing portfolio transactions.

December 31, 2023 Portfolio by Asset Mix	% of Net Asset Value	
	Long	Short
United States equity	64.6	-
Canadian equities	8.2	-
International equity	14.4	-
Equity options	5.9	(1.6)
Canadian bond	2.5	-
United States bond	1.3	-
Total investments	96.9	(1.6)
Cash and cash equivalents <sup>1</sup>	4.2	-
Other net liabilities	0.5	-
Total net asset value	101.6	(1.6)

December 31, 2023 Portfolio by Industry	% of Net Asset Value	
	Long	Short
Pharmaceuticals, biotechnology & life sciences	74.3	-
Healthcare equipment & services	16.7	-
Other	5.9	(1.6)
Total investments	96.9	(1.6)
Cash and cash equivalents <sup>1</sup>	4.2	-
Other net liabilities	0.5	-
Total net asset value	101.6	(1.6)

December 31, 2023 Portfolio by Country	% of Net Asset Value	
	Long	Short
United States	71.8	(1.6)
Canada	10.7	-
International	14.4	-
Total investments	96.9	(1.6)
Cash and cash equivalents <sup>1</sup>	4.2	-
Other net liabilities	0.5	-
Total net asset value	101.6	(1.6)

1. Cash and cash equivalents are shown in total as one position.

Next Edge Biotech and Life Sciences Opportunities Fund  
Annual management report of fund performance – December 31, 2023  
Summary of investment portfolio (continued)

**Top 25 Long Positions**

<b>Issuer</b>	<b>% of Net Asset Value</b>
Cash and cash equivalent	4.2
Verona Pharma PLC, ADR	3.9
Phathom Pharmaceuticals Inc.	3.7
Biogen Inc.	3.4
Avadel Pharmaceuticals PLC, ADR	3.3
10X Genomics Inc.	3.3
Schrodinger Inc.	3.3
Arcutis Biotherapeutics Inc.	3.2
Pacific Biosciences of California Inc.	3.2
Protalix BioTherapeutics Inc.	3.0
Madrigal Pharmaceuticals Inc.	3.0
Acumen Pharmaceuticals Inc.	3.0
Delcath Systems Inc.	3.0
Nektar Therapeutics	3.0
Viking Therapeutics Inc.	2.9
Reviva Pharmaceuticals Holdings Inc.	2.7
Imagin Medical Inc., Private Bond, September 30, 2024	2.5
Actinium Pharmaceuticals Inc.	2.3
Microbix Biosystems Inc.	2.1
Eledon Pharmaceuticals Inc.	2.1
CRISPR Therapeutics AG	2.1
ClearPoint Neuro Inc.	2.0
Bluebird Bio Inc.	1.9
Aurinia Pharmaceuticals Inc.	1.9
MeiraGTx Holdings PLC	1.8

**Top 7 Short Positions<sup>1</sup>**

<b>Issuer</b>	<b>% of Net Asset Value</b>
INTRA-CELLULAR THERAPIES INC@90 CALL OPT 16 FEB 24	(0.7)
CYTOKINETICS INC@115 CALL OPT 16 FEB 24	(0.4)
INVESCO QQQ TRUST SERIES 1@365 PUT OPT 09 FEB 24	(0.2)
MADRIGAL PHARMACEUTICALS@240 CALL OPT 19 JAN 24	(0.1)
PROTHENA CORP PLC@75 CALL OPT 19 JAN 24	(0.1)
APELLIS PHARMACEUTICALS INC@65 CALL OPT 19 JAN 24	(0.1)
10X GENOMICS INC@60 CALL OPT 19 JAN 24	-

**Net Asset Value of Next Edge Biotech and Life Sciences Opportunities Fund as at December 31, 2023**

\$10,048,910 CAD

1. These are all of the Fund's short positions as at December 31, 2023 .

# Next Edge Biotech and Life Sciences Opportunities Fund

## General information

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