

Investing in companies of the future: A unique, well-defined process of investing in biotechnology and life sciences companies.

FUND COMMENTARY

After the strong advance in small and mid cap (“SMID”) biotech companies and small-caps in general from mid-November to the end of December, prices retreated in January, temporarily acquiescing leadership back to defensive large cap companies as interest rates rebound modestly.

The Next Edge Biotech Life Sciences Opportunities Fund’s (the “Fund”) portfolio was pushed by sharp retracements in its heavy weighted Tech-Bio holdings, but pulled by significant advances in a few positions that mitigated the impact. First among them was **Viking Therapeutics (VKTX)** which is due to report important Phase 2 data for its peptide-based GLP1/GIP that in Phase-1 showed superior weight loss to Eli Lilly’s Mounjaro. The Fund’s original cost is \$11, and to bank the significant gains in advance of this binary readout, we recently swapped into Call-spreads to reduce risk but

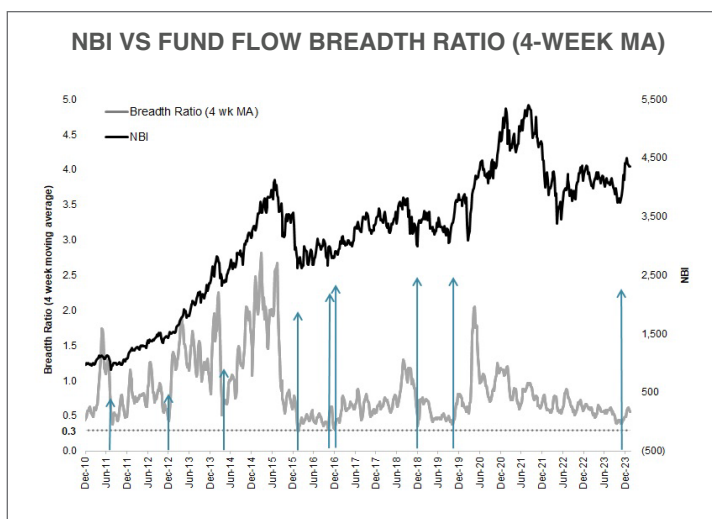
preserve upside, due to the uncertainty surrounding of how the market will react to imminent data. After all, great but not great enough might be construed negatively. In addition, **Arcutis Biotherapeutics (ARQT)** advanced 80% as the market began to appreciate the potential rapid growth of its novel Psoriasis / Dermatitis cream in lieu of IV or subcutaneous delivery of other Derm treatments.

As investors increasingly recognize that the worst is in the rearview mirror for this sector after a 3-year bear market and recognizing that the market is now rewarding success in biotech. Then the more investors will look to it to seek outsized returns that we have only just begun to recall what is possible.

For January, the Next Edge Biotech and Life Sciences Opportunities Fund’s Class A Units and Class F Units declined -6.49% and -6.40%, respectively.

CONTRARIAN ALERT A MONTH LATER: SKEPTICISM STILL PREVAILS!

Contrarians will be pleased to see that investors are now well trained not to believe in any rally, as is the work of most bear markets, with investors remaining skeptical of the November-December rebound. The rally has been driven by fundamental specialist buyers like such as the Fund, as sector inflows have been M.I.A. despite this extraordinary inflection point.

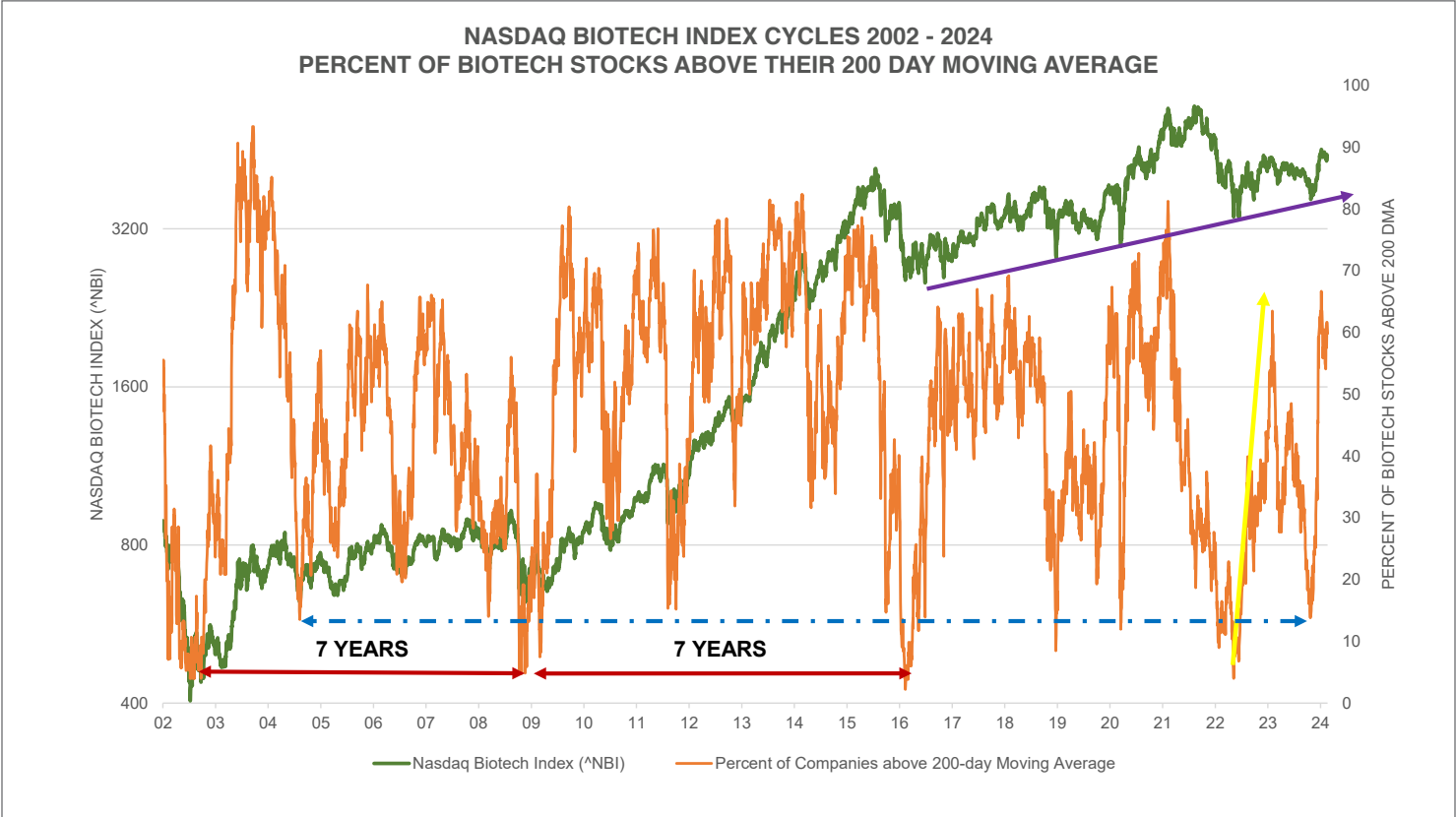


Source: Lipper (a Thomson Reuters company), FactSet, Piper Sandler



THE TECHNICAL HALLMARK OF A NEW BIOTECH BULL MARKET IS IN PLACE

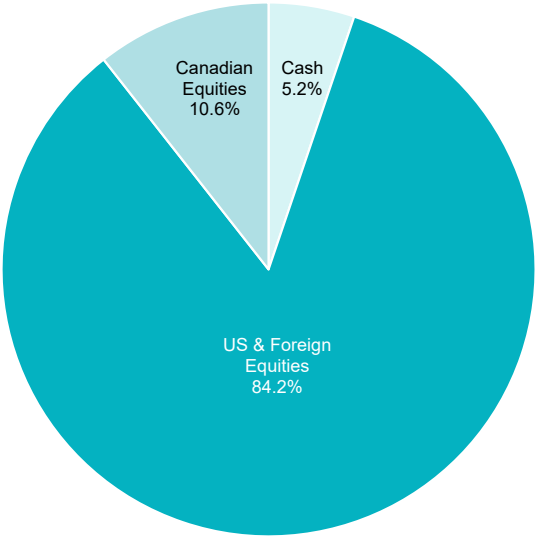
Every 7 years or so Biotech goes into deep oversold such that the percent of hundreds of biotech companies above their 200-day moving average declines to the single digits. That last occurred in June 2022. The sector then exhales, rallies but gives it all back and returns to the prior lows, except this indicator doesn't get as oversold as more stocks enter new bull markets despite depression-like sentiment. That retracement, identified by the green bar in the chart below, sets up the best phase of the new bull market. We hit that stage a couple of months ago in mid-November. In the past, that has signalled the beginning of a sustained advance in biotech.



Source: Bloomberg Data; Concept: Next Edge Capital Corp. as of February 20, 2024

COMPOSITION OF NEXT EDGE BIOTECH AND LIFE SCIENCES OPPORTUNITIES FUND

Composition of Fund Holdings as of January 31, 2024



Unlike December, when significant performance in US holdings vs Canadian holdings resulted in US weight increasing dramatically, weights were little changed in January. Canadian holdings fell 0.6% to 10.6%. US holdings fell 0.1% to 84.2%. Cash increased from 4.5% to 5.2% as profits were booked on a few strong performing positions such as VKTX and ARQT, while additional investments were made to holdings that had pulled back sharply.

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

FUND PERFORMANCE

HISTORICAL PERFORMANCE¹ Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024	-6.54%	-	-	-	-	-	-	-	-	-	-	-	-6.54% ²
2023	8.71%	-6.40%	-6.52%	5.42%	-1.53%	-3.54%	-1.34%	-4.84%	-11.34%	-9.87%	2.19%	22.83%	-10.30%

HISTORICAL PERFORMANCE¹ Class F

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024	-6.44%	-	-	-	-	-	-	-	-	-	-	-	-6.44% ²
2023	8.81%	-6.76%	-7.18%	5.52%	-1.43%	-3.44%	-1.24%	-4.75%	-11.25%	-9.78%	2.29%	22.94%	-10.41%

HISTORICAL PERFORMANCE¹ Class A1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024	-6.49%	-	-	-	-	-	-	-	-	-	-	-	-6.49% ²
2023	12.40%	-8.18%	-7.37%	5.47%	-1.47%	-3.48%	-1.28%	-4.78%	-11.29%	-9.82%	2.25%	22.89%	-9.41%
2022	-10.43%	-1.52%	-2.72%	-15.24%	-5.97%	-0.04%	5.56%	2.44%	1.60%	-2.68%	-2.65%	-10.14%	-36.06%
2021	21.23%	0.97%	-4.14%	-4.14%	-6.83%	4.63%	-8.50%	5.77%	-2.86%	-4.37%	-8.13%	-5.93%	-14.80%
2020	-	-	-	-	-	-	-	-	-	-	-	4.39%*	4.39% ²

HISTORICAL PERFORMANCE¹ Class F1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024	-6.40%	-	-	-	-	-	-	-	-	-	-	-	-6.40% ²
2023	12.50%	-8.11%	-7.28%	5.55%	-1.38%	-3.40%	-1.19%	-4.70%	-11.21%	-9.73%	2.34%	22.99%	-8.42%
2022	-10.35%	-1.44%	-2.63%	-15.17%	-5.84%	0.04%	5.65%	2.54%	1.69%	-2.59%	-2.65%	-9.88%	-35.27%
2021	20.63%	1.62%	-4.05%	-4.05%	-6.74%	4.73%	-8.42%	5.87%	-2.78%	-4.28%	-8.04%	-5.85%	-13.89%
2020	-	-	-	-	-	-	-	-	-	-	-	4.44%*	4.44% ²

IMPORTANT NOTES

1. Next Edge Biotech and Life Sciences Opportunities Fund returns are net of all fees and expenses associated with Class A1 Units and Class F1 Units charged from December 21, 2020 (trading start date). Next Edge Biotech and Life Sciences Opportunities Fund returns are net of all fees and expenses associated with Class A Units and Class F Units charged from January 3, 2023 (trading start date). Returns for 2023 are unaudited. Therefore, performance statistics containing 2023 figures shown in this material are subject to final confirmation. The historical annualized rates of return for the Next Edge Biotech and Life Sciences Opportunities Fund Class A Units as of January 31, 2024 are 1 yr -22.88%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR -12.82%; for Class F Units are 1 yr -22.97%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR -12.84%; for Class A1 Units are 1 yr -24.63%, 3 yr -27.48%, 5 yr N/A, 10 yr N/A, and CARR -20.92%; for Class F1 Units are 1 yr -23.81%, 3 yr -26.52%, 5 yr N/A, 10 yr N/A, and CARR -20.02%.

2. Part Year

* Part Month start date December 21, 2020 to December 31, 2020.

The “Next Edge Biotech and Life Sciences Opportunities Fund” or “Fund” means the “Next Edge Biotech and Life Sciences Opportunities Fund”. Capitalized terms not defined in this report are defined as set forth in the prospectus of the Fund (the “Prospectus”). This communication is not, and under no circumstances is to be construed as, an invitation to make an investment in the Fund nor does it constitute a public offering to sell the Fund or any other products described herein. Applications for the Fund will only be considered on the terms of the Prospectus. Each purchaser of the units (the “Units”) may have statutory or contractual rights of action under certain circumstances as disclosed in the Prospectus. Please review the provisions of the applicable securities legislation for particulars of these rights.

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