Next Edge Biotech and Life Sciences Opportunities Fund

NEXT EDGE CAPITAL

Monthly Commentary as of April 30, 2025

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

FUND COMMENTARY

After a steep dive in the opening week of April, markets reversed up amidst the reprieve that ameliorated the escalating tariff risks. In last month's commentary, we devoted significant space to outlining a broad list of contrarian indicators that had reached multiyear extremes in oversold and negative sentiment that in the past had presaged positive returns going forward. The 'unknowns' had become known, and future expectations were as low as they could be. As inconceivable as it seemed at the time, given the irrational liquidation, such reversal was precisely what occurred.

Key medical regulatory appointments by the new U.S. administration have been perceived as rogue to scientific innovation, or in accelerating drug development in difficult indications. This has amplified the negative sentiment that evidently does not distinguish de-risked quality, growing mid-cap biotech companies from risky small-cap companies, a long way away from clinical, regulatory, and commercial success. Such conditions provide the kindle from which the highest probability returns emerge. A few extremes we cited last month under the heading 'Green shoots in the Abyss' included:

1) The Morgan Stanley Non-Commercial Biotech Index (^MSXXNCBP) had crashed -57% since November, where only 6% of constituents remained above their 200-DMA versus 78% a year ago.

2) The decline in Biotech since its peak four years ago in February 2021 has now declined the same as the epic bear markets in Canadian Gold stocks between 2011->2015 and in Energy stocks between 2016->2020, around -80%.

3) That Small-cap and Mid-cap (SMID) biotech companies, which for decades traded between 3X to 4X EV/Cash, were now trading close to 1X EV/Cash.

4) The Percent of biotech companies above their 50-DMA, at 1% crashed to lowest reading in decades, and those above the 200-DMA had similarly sunk to single digit readings coincident with significant lows in: a) October 2002, b) November 2008, c) February 2016, d) December 2018 and e) June 2022. The risk/reward substantially skewed positively from those dates.

5) The percentage of biotech companies within 5% of a 1-year low soared to 60%, matching the reading in May 2022, culminating a 16-month -66% decline in the XBI.

6) Intraday volatility for the S&P Biotech index (XBI), at 8%, matched extremes seen: a) at the bottom of the 2021-2022 -66% biotech bear, b) February to March 2020 COVID Crash (10%), and c) the February 2016 low with XBI -55% in 7 months.

7) Leerink's average SMID biotech short interest as a percentage of shares outstanding has doubled from just under 5% in 2021 to almost 10% currently. And among the Fund's holdings, 18 sport Short-Interest-as-a-Percent-of-Float over 15%. Considerable pre-sold buying power in the wings.

For April, the Next Edge Biotech and Life Sciences Opportunities Fund (the "Fund") Class A Units rose +10.08% and the Fund's Class F Units +10.19%. That compares with a +0.38% return for the Nasdaq Biotech Index (^NBI) and a +2.39% for the S&P Biotech Index (^SPSIBI).

Returns were led by a takeover offer for Theratechnologies Inc. (TH) by Soleus Capital, at a +150% premium. That premium is indicative of how extraordinarily undervalued this sector is. The Fund had accumulated a 3.2% weight prior to the buyout offer.

WILL THERATECHNOLOGIES MAKE IT #18 SINCE 2016?

In September 2022, the Fund liquidated its position in TH in the teens, when, after meeting management, the Fund's Portfolio Manager disagreed with their new strategy to pivot back to substantial R&D spend on an early-stage, unproven Oncology drug candidate, precisely when profitability was in sight from their two commercial HIV drugs, Egrifta and Trogarzo.

Source: Bloomberg Data, Concept: Next Edge Capital, May 1, 2025

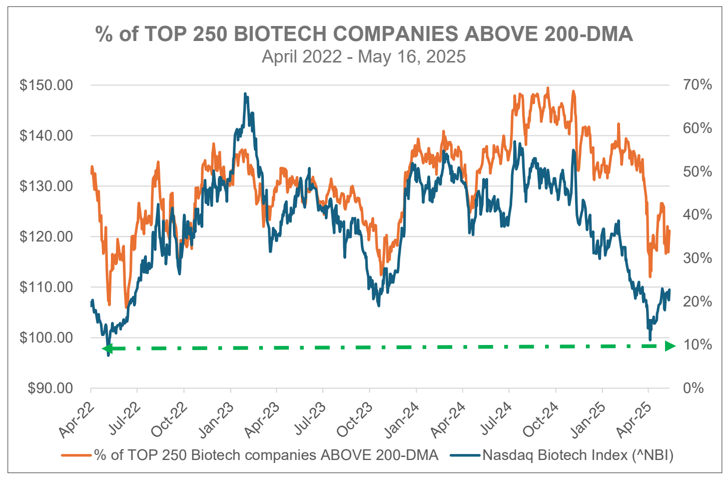
The *raison d'etre* for being invested was precisely that they would cross that rare biotech threshold to self-sustaining profitability. In contrast, their strategy would signal a return to tens of millions in annual losses, and associated dilutions, to fund the development of a risky early-stage drug, a decision that seemed to be more a vanity project for management than looking after shareholder interests. We said sayonara and voted with our feet.

Two years later, after tens of millions in losses, missteps, and distressed dilutions resulted in a greater than 90% decline in stock price from our sale, management finally found religion, mothballed the early-stage spend, and pivoted back to the pursuit of profitability. A very costly excursion for those who stay along for that ride.

As such, knowing the story very well for 15 years, we began accumulating a position. Entering April, the position had grown to a 3.2% weight, which we had planned to continue to add to due to the compelling risk/reward outlook. If this takeover is completed, it will mark the Fund's (including the Fund's predecessor fund – the Next Edge Biotech Plus Fund) 18th holding that has been acquired since 2016, and second so far in 2025, joining Inari in January. Perhaps this reinforces that this is more than dumb luck, and there might be a method to the madness.

QUANTITATIVE ASSESSMENT OF THE STATE OF BIOTECH

Despite the V-bottom reversal in markets in April, biotech remains close to oversold readings, unlike the broader market. The percentage of biotech companies above their 200-DMA has only bounced from 10% to 20%, with considerable room for improvement in the months ahead.



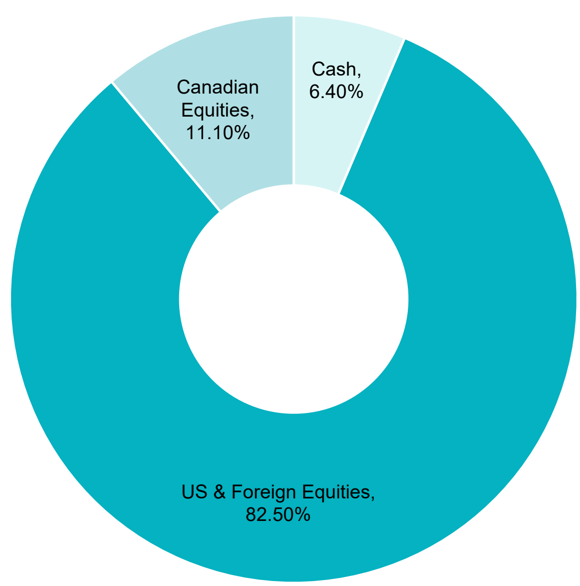
Source: Bloomberg Data, Concept: Next Edge Capital, May 16, 2025

COMPOSITION OF NEXT EDGE BIOTECH AND LIFE SCIENCES OPPORTUNITIES FUND

During April, Cash rose from 1.10% to 6.40% as we monetized 2/3rds of our Theratechnologies holding, and trimmed others that staged big rebounds. This provides fuel to buy positions during the early May headline-driven retracement.

We continue to focus on rapid growth, early commercial biotech companies that the market is serving up on a platter of compelling valuation with favourable de-risked outlooks. It has become clear that this market cannot be relied upon to value such companies correctly. US weight decreased from 87.10% to 82.50% while Canadian declined slightly from 11.80% to 11.10%.

Composition of Fund Holdings as of April 30, 2025



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

FUND PERFORMANCE[1]

Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2025	2.91%	-11.99%	-12.82%	10.08%	-	-	-	-	-	-	-	-	**-13.08%[2]**
2024	-6.54%	17.97%	-7.34%	-13.01%	-6.97%	-6.48%	20.80%	-7.73%	-7.08%	0.28%	-0.37%	-11.64%	**-29.30%**
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%**

Class F

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2025	3.01%	-11.91%	-12.74%	10.19%	-	-	-	-	-	-	-	-	**-12.74%[2]**
2024	-6.44%	18.08%	-7.26%	-12.92%	-6.88%	-6.40%	20.92%	-7.65%	-6.99%	0.38%	-0.28%	-11.53%	**-28.47%**
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%**

Class A1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2025	2.98%	-11.94%	-12.77%	10.15%	-	-	-	-	-	-	-	-	**-12.86%[2]**
2024	-6.49%	18.03%	-7.29%	-12.96%	-6.93%	-6.44%	20.87%	-7.68%	-7.02%	0.34%	-0.32%	-11.56%	**-28.82%**
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]**

Class F1

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2025	3.08%	-11.86%	-12.67%	10.27%	-	-	-	-	-	-	-	-	**-12.50%[2]**
2024	-6.40%	18.13%	-7.22%	-12.88%	-6.84%	-6.36%	20.99%	-7.59%	-6.92%	0.44%	-0.22%	-11.47%	**-28.00%**
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 2025 are unaudited. Therefore, performance statistics containing 2025 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 April 30, 2025 are 1 yr -30.85%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR -20.96%; for Class F Units are 1 yr -30.04%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR -20.52%; for Class A1 Units are 1 yr -30.35%, 3 yr -20.94%, 5 yr N/A, 10 yr N/A, and CARR -23.03%; for Class F1 Units are 1 yr -29.51%, 3 yr -20.00%, 5 yr N/A, 10 yr N/A, and CARR -22.14%.
2. Part Year
* Part Month start date December 21, 2020 to December 31, 2020.

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