



Next Edge Biotech and Life Sciences Opportunities Fund

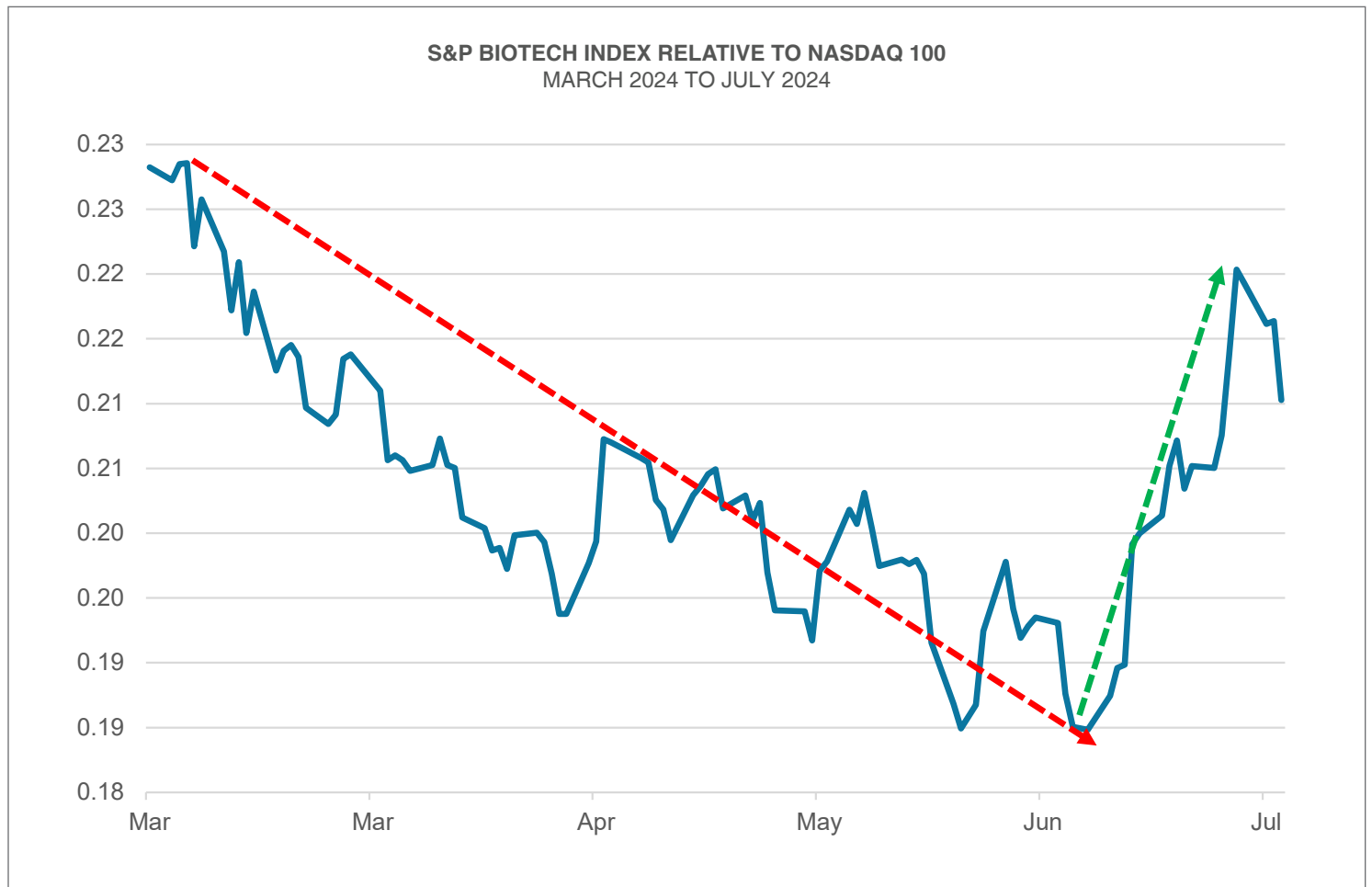
Monthly Commentary as of July 31, 2024

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

FUND COMMENTARY

Last month we outlined that the tinder was in place for a reversal of the relentless rotation and forced selling out of small caps and small and mid cap (“SMID”) biotech into mega-cap tech stocks, all that was now needed was a catalyst to ignite that forest fire. That Aha! moment came suddenly when weak economic signals indicated the Fed was far behind

the bond market signals of where rates should be, and that they ought to begin cutting rates, given the spread between the Federal Funds Rate (“FFR”) and 2-year treasury yields was over 125 basis points. That spurred heavy selling in the crowded mega-cap stocks and panic buying in the under-owned, unloved small-cap stocks. The reaction was epic.



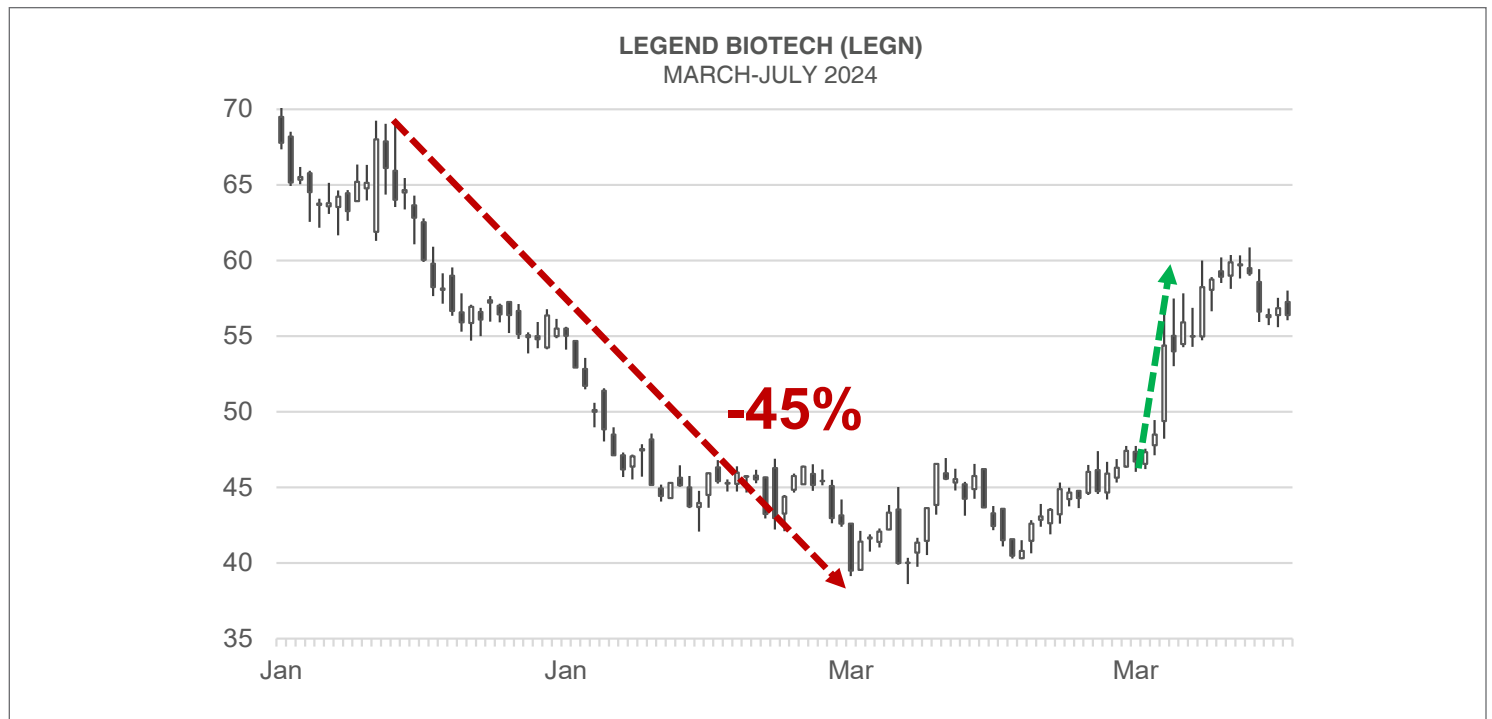
Data Source: Bloomberg, Concept: Next Edge Capital Corp.

This was especially frustrating for biotech investors as it did not seem to matter what positive commercial, clinical, or regulatory a company delivered. The stock declined regardless. A case in point was **Legend Biotech (LEGN)**, a core holding of the Next Edge Biotech and Life Sciences Opportunities Fund (the “**Fund**”) that was tracking to a quarter billion dollars in revenue due to the success of its CAR-T breakthrough therapy Carvkti in 4th line (4L) Multiple myeloma (MM), a cure in some cases for this incurable cancer.

In early March, LEGN received FDA approval in 2nd-Line (2L) MM. That effectively increases the treatable population by a minimum of 5X and catapults Carvkti into the coveted multibillion dollar revenue camp in the years ahead with partner Johnson & Johnson (JNJ).

Add to this, a scarcity premium should be ascribed to the few biotech companies with this derisked outlook when Big Pharma is on the hunt for such companies to replenish over \$100 billion in revenues under assault due to loss-of-exclusivity (LoE). How does LEGN stock respond given this royal flush in hand? It commences a relentless -45% decline over four months.

Having achieved a liquidation extreme at the end of June, takeover rumours surfaced in July and LEGN soared almost 50% as the irrational selling found itself on the wrong side of prospect and valuation. This valuation reset contributed to the Fund’s Class A Units returning +20.80% and the Fund’s Class F Units +20.92% return in July.



Data Source: Bloomberg, Concept: Next Edge Capital Corp.

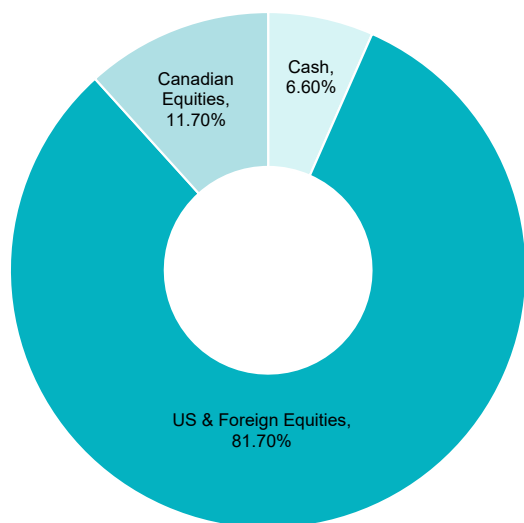
LEGN is emblematic of the fifteen or so other core positions in the Fund that possess similar attributes that separate them from the +1,000 companies in the SMID healthcare investing universe. The Fund’s core holdings typically:

1. Late clinical stage or early commercialization stage, as many of the Fund’s holdings have succeeded in receiving FDA approvals.
2. Address an unmet medical need, either a rare disease or disrupting a large indication.
3. Have internally developed their own therapeutics and thus have either a technology platform or a pipeline in a drug.
4. Commercial success is highly likely, as is a path to profitability and self-sustainability and internally funded R&D.
5. Not a ‘me-too’ drug that will flounder under the weight of elevated marketing costs that will inevitably burn the company to the ground.
6. Therapy or technology represents a leap to potentially best-in-class.
7. Avoid companies targeting onerous clinical pathways that are highly competitive, the bar is very high due to effective treatments available. Instead, target areas where no effective treatments exist, and the FDA is incentivized to speed development & lower the bar to approvals.

As such, over half of the biotech and tech-bio companies owned by the Fund are already revenue generating, while 20% are in Phase 3 and 20% in Phase 2 clinical development.

COMPOSITION OF NEXT EDGE BIOTECH AND LIFE SCIENCES OPPORTUNITIES FUND

Composition of Fund Holdings as of July 31, 2024



During July, several holdings staged significant rallies and so were trimmed to recycle proceeds into other prospects that had not yet moved. That accounts for the cash holding rising from 2.60% to 6.60%, and US and Foreign weight declining from 86.00% to 81.70%. That will rebound during the August correction as cash is redeployed. The Canadian weight held steady at 11.70%.

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%	17.97%	-7.34%	-13.01%	-6.97%	-6.48%	20.80%	-	-	-	-	-	-6.60% 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%	18.08%	-7.26%	-12.92%	-6.88%	-6.40%	20.92%	-	-	-	-	-	-5.97% 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%	18.03%	-7.29%	-12.96%	-6.93%	-6.44%	20.87%	-	-	-	-	-	-6.26% 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%	18.13%	-7.22%	-12.88%	-6.84%	-6.36%	20.99%	-	-	-	-	-	-5.65% 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 2024 are unaudited. Therefore, performance statistics containing 2024 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 July 31, 2024 are 1 yr -10.84%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR -9.44%; for Class F Units are 1 yr -9.81%, 3 yr N/A, 5 yr N/A, 10 yr N/A, and CARR -9.17%; for Class A1 Units are 1 yr -10.28%, 3 yr -22.73%, 5 yr N/A, 10 yr N/A, and CARR -18.26%; for Class F1 Units are 1 yr -9.29%, 3 yr -21.84%, 5 yr N/A, 10 yr N/A, and CARR -17.33%.

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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