

# Next Edge Strategic Metals and Commodities Fund

Unaudited Semi-Annual Financial Statements – 2023  
As at and for the six months ended June 30, 2023



**NEXTEGE**  
CAPITAL

# Next Edge Strategic Metals and Commodities Fund

## Unaudited semi-annual financial statements

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*The accompanying notes are an integral part of these financial statements*

# Next Edge Strategic Metals and Commodities Fund

## Management’s responsibility for financial reporting

Next Edge Capital Corp. (the “Manager”) is responsible for the accompanying unaudited semi-annual financial statements and all the information in this report. These unaudited semi-annual financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The unaudited semi-annual financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board and, where appropriate, reflect management’s judgment and best estimates.

Management has established systems of internal controls that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet management’s responsibilities for the integrity of the unaudited semi-annual financial statements.

The Manager recognizes its responsibility to conduct the Fund’s affairs in the best interest of its unitholders.

Respectfully,



Robert Anton  
President



David Scobie  
Chief Operating Officer

Next Edge Capital Corp.  
August 29, 2023

*The accompanying notes are an integral part of these financial statements*

# Next Edge Strategic Metals and Commodities Fund

## Statements of financial position (unaudited)

As at	Notes	June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Investments at fair value through profit or loss	5,6	7,603,716	8,106,849
Subscriptions receivable		-	5,852
Interest and other receivables		2,205	2,338
Dividends receivable		3,603	12,450
<b>Total assets</b>		<b>7,609,524</b>	<b>8,127,489</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Investments sold short	5,6	1,003,933	1,476,126
Bank overdraft		939,133	505,941
Payable for investments purchased		44,473	-
Dividends payable on financial liabilities sold short		-	2,275
Management fees payable	9,10	14,172	13,379
HST payable		1,506	1,412
<b>Total liabilities</b>		<b>2,003,217</b>	<b>1,999,133</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>5,606,307</b>	<b>6,128,356</b>
<b>Net assets attributable to holders of redeemable units per class</b>			
Class A		906,089	969,720
Class F		3,335,115	3,669,623
Class I		1,365,103	1,489,013
		<b>5,606,307</b>	<b>6,128,356</b>
<b>Number of redeemable units outstanding per class</b>			
Class A	7	117,260	117,609
Class F	7	422,463	437,983
Class I		171,895	177,650
<b>Net assets attributable to holders of redeemable units per unit</b>			
Class A		7.73	8.25
Class F		7.89	8.38
Class I		7.94	8.38

Approved by Next Edge Capital Corp.



Robert Anton  
President



David Scobie  
Chief Operating Officer

*The accompanying notes are an integral part of these financial statements*

# Next Edge Strategic Metals and Commodities Fund

## Statements of comprehensive income (unaudited)

For the six months ended June 30,	Notes	2023	2022
<b>Income (loss)</b>			
Interest income for distribution purposes		15,744	1,672
Dividends		62,221	33,867
Foreign currency gain (loss) on cash and other net assets		13,961	10,079
Charges on financial liabilities sold short		(16,353)	(7,635)
Dividends expense on financial liabilities sold short		(19,515)	(7,795)
Net realized gain (loss) on sale of investments		249,102	956,089
Net change in unrealized appreciation (depreciation) on investments	6	(554,046)	(1,540,775)
Net income (loss) on investments		(340,812)	(600,116)
<b>Total income (loss)</b>		<b>(248,886)</b>	<b>(554,498)</b>
<b>Expenses</b>			
Management fees	9,10	28,987	24,276
Performance fees	9,10	-	112,102
Administrative fees		48,383	37,257
Unitholder reporting costs		5,017	656
Audit fees		26,142	23,213
Custody fees		2,349	1,925
Legal fees		20,199	2,413
Independent Review Committee fees	10	9,290	13,277
Harmonized Sales Tax		3,084	17,115
Withholding tax		-	127
Transaction fees		45,663	79,193
		189,114	311,554
Less: expenses absorbed by the Manager		(98,400)	(77,134)
<b>Total expenses</b>		<b>90,714</b>	<b>234,420</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			
		<b>(339,600)</b>	<b>(788,918)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per class</b>			
Class A		(61,842)	(125,434)
Class F		(202,177)	(509,326)
Class I		(75,581)	(154,158)
		<b>(339,600)</b>	<b>(788,918)</b>
<b>Average number of units outstanding</b>			
Class A		117,963	64,251
Class F		442,268	345,560
Class I		179,199	140,409
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit</b>			
Class A		(0.52)	(1.95)
Class F		(0.46)	(1.47)
Class I		(0.42)	(1.10)

*The accompanying notes are an integral part of these financial statements*

# Next Edge Strategic Metals and Commodities Fund

## Statements of changes in net assets attributable to holders of redeemable units (unaudited)

For the six months ended June 30,	2023	2022
<u>Class A</u>		
Beginning of period	969,720	139,798
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(61,842)	(125,434)
Proceeds and considerations received from issuance of units	13,795	863,171
Consideration paid for redemption of units	(15,584)	(15,116)
<b>End of period</b>	<b>906,089</b>	<b>862,419</b>
<u>Class F</u>		
Beginning of period	3,669,623	1,192,558
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(202,177)	(509,326)
Proceeds and considerations received from issuance of units	227,947	3,341,011
Consideration paid for redemption of units	(360,278)	(68,530)
<b>End of period</b>	<b>3,335,115</b>	<b>3,955,713</b>
<u>Class I</u>		
Beginning of period	1,489,013	619,827
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(75,581)	(154,158)
Proceeds and considerations received from issuance of units	62,608	1,014,600
Consideration paid for redemption of units	(110,937)	-
<b>End of period</b>	<b>1,365,103</b>	<b>1,480,269</b>

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# Next Edge Strategic Metals and Commodities Fund

## Statements of cash flows (unaudited)

For the six months ended June 30,	2023	2022
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	(339,600)	(788,918)
<b>Adjustments in net assets attributable to holders to net cash from operating activities</b>		
Proceeds from sale of investments	11,809,190	9,648,024
Purchase of investments	(12,038,721)	(13,911,314)
Foreign currency (gain) loss on cash and other net assets	(13,961)	(10,079)
Change in unrealized (appreciation) depreciation of investments and derivatives	554,046	1,540,775
Net realized (gain) loss on sale of investments and derivatives	(249,102)	(956,096)
(Increase) decrease in interest receivable and other receivables	133	(3,094)
(Increase) decrease in dividends receivable	8,847	(7,271)
Increase (decrease) in dividends payable on financial liabilities sold short	(2,275)	(582)
Increase (decrease) in other payables and accrued liabilities	887	9,965
<b>Net cash used in operating activities</b>	<b>(270,556)</b>	<b>(4,478,590)</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable units issued	310,202	5,358,782
Amount paid on redemption of redeemable units	(486,799)	(83,646)
<b>Net cash (used in) provided by financing activities</b>	<b>(176,597)</b>	<b>5,275,136</b>
Foreign currency gain (loss) on cash and other net assets	13,961	10,079
Net increase (decrease) in cash	(433,192)	806,625
Cash (bank overdraft), beginning of period	(505,941)	524,852
<b>Cash, end of period</b>	<b>(939,133)</b>	<b>1,331,477</b>
Cash comprises:		
Cash deposit (overdraft) at financial institution	(939,133)	1,331,477
Supplemental disclosure of cash flow information:		
Interest received (paid)	15,877	(1,422)
Dividends received, net of withholding taxes	71,068	26,596

*The accompanying notes are an integral part of these financial statements*

# Next Edge Strategic Metals and Commodities Fund

Schedule of investments (unaudited) – June 30, 2023

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	<b>Long positions (135.7%)</b>		
	<b>Canadian equities (109.3%)</b>		
	<b>Energy (34.0%)</b>		
3,900	Cameco Corp., TSE	118,399	161,811
50,000	Cardinal Energy Ltd.	392,865	329,000
50,000	Crew Energy Inc.	262,000	272,000
228,600	GoviEx Uranium Inc.	40,005	29,718
114,300	GoviEx Uranium Inc., Private Placement	20,003	14,859
342,900	GoviEx Uranium Inc., Warrants, May 11, 2025 - Strike Price \$0.25	-	-
49,300	Obsidian Energy Ltd.	575,629	382,075
5,000	Parex Resources Inc.	124,168	132,800
800	Precision Drilling Corp.	73,568	51,736
277,800	Source Rock Royalties Ltd.	250,020	216,684
138,900	Source Rock Royalties Ltd. Warrants, March 1, 2024 - Strike Price \$1.25	-	4,167
5,000	Tourmaline Oil Corp.	292,925	312,100
	<b>Energy total</b>	<b>2,149,582</b>	<b>1,906,950</b>
	<b>Materials (74.0%)</b>		
3,300	Agnico Eagle Mines Ltd.	205,063	218,248
310,500	Americas Gold & Silver Corp.	289,546	144,383
144,500	Anacortes Mining Corp.	92,374	52,020
47,700	Arizona Metals Corp.	268,453	145,008
127,600	Arizona Sonoran Copper Co Inc.	238,453	213,092
381,200	Asante Gold Corp.	582,621	651,852
301,700	Atex Resources Inc.	313,841	256,445
113,500	Atlas Salt Inc.	188,619	149,820
25,000	Atlas Salt Inc., Warrants, January 19, 2025 - Strike Price \$2.40	-	-
410,900	Benchmark Metals Inc.	357,815	110,943
23,000	Brunswick Exploration Inc., Warrants, August 31, 2023 - Strike Price \$0.75	-	690
99,600	Cassiar Gold Corp.	49,800	43,824
49,800	Cassiar Gold Corp., Warrants, May 4, 2025 - Strike Price \$0.70	-	-
1,886	Consolidated Uranium Inc.	2,902	2,678
26,200	Critical Elements Lithium Corp.	51,360	45,326
25,000	Critical Elements Lithium Corporations, Warrants, November 25, 2023 - Strike Price \$2.50	-	-
102,900	Dolly Varden Silver Corp., Private Placement	72,030	77,175
651,100	Emerita Resources Corp.	621,463	214,863
250,000	Emerita Resources Corp., Warrants, June 13, 2026 - Strike Price \$0.60	-	-
47,900	GoGold Resources Inc.	108,597	72,808
20,000	Integra Resources Corp.	28,170	29,200
34,100	Kinross Gold Corp.	209,096	215,234
90,000	Kobo Resources Inc., Private Placement	22,500	27,450
45,000	Kobo Resources Inc., Warrants, December 22, 2025 - Strike Price \$0.40	-	-

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# Next Edge Strategic Metals and Commodities Fund

Schedule of investments (continued) (unaudited) – June 30, 2023

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
100,000	Largo Physical Vanadium Corp.	200,000	167,000
54,500	Lion One Metals Ltd.	43,600	38,695
38,250	Lion One Metals Ltd., Warrants, November 11, 2025 - Strike Price \$1.25	-	5,546
107,900	Lithium Ionic Corp.	225,635	266,513
30,400	Neo Performance Materials Inc.	292,191	249,280
60,000	Reyna Silver Corp.	18,000	11,100
60,000	Reyna Silver Corp., Warrants, February 13, 2026 - Strike Price \$0.40	-	-
38,900	Rock Tech Lithium Inc.	99,390	78,967
648,300	Roscan Gold Corp.	236,136	103,728
70,800	Silver Mountain Resources Inc.	21,240	9,204
45,600	Silver Mountain Resources Inc., Warrants, February 27, 2025 - Strike Price \$0.45	-	1,140
54,600	Skeena Resources Ltd.	380,794	348,894
32,600	Solaris Resources Inc.	197,591	192,992
12,600	Thesis Gold Inc.	21,644	7,938
88,100	Three Valley Copper Corp. Warrants, May 25, 2024 - Strike Price \$0.45	-	-
47,551	Triple Point Resources Ltd.	-	-
	<b>Materials total</b>	<b>5,438,924</b>	<b>4,152,056</b>
	<b>Utilities (1.3%)</b>		
7,500	Superior Plus Corp.	80,194	71,175
	<b>Utilities total</b>	<b>80,194</b>	<b>71,175</b>
	<b>Total Canadian equities</b>	<b>7,668,700</b>	<b>6,130,181</b>
	<b>Canadian bond (2.9%)</b>		
47,469	Aris Gold Corp. Private Bond, August 26, 2027	59,981	63,127
100,000	Chemtrade Logistics Income Fund, Convertible Bond, August 31, 2027	100,000	100,000
	<b>Canadian bond total</b>	<b>159,981</b>	<b>163,127</b>
	<b>Total Canadian equities &amp; bond</b>	<b>7,828,681</b>	<b>6,293,308</b>
	<b>United States equities (4.3%)</b>		
	<b>Capital goods (1.5%)</b>		
7,000	ChargePoint Holdings Inc.	138,942	81,419
	<b>Capital goods total</b>	<b>138,942</b>	<b>81,419</b>
	<b>Energy (2.8%)</b>		
20,000	Southwestern Energy Co.	133,681	159,054
	<b>Energy total</b>	<b>133,681</b>	<b>159,054</b>
	<b>Total United States equities</b>	<b>272,623</b>	<b>240,473</b>

*The accompanying notes are an integral part of these financial statements*

# Next Edge Strategic Metals and Commodities Fund

Schedule of investments (continued) (unaudited) – June 30, 2023

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	<b>Foreign equities (19.1%)</b>		
	<b>Materials (19.1%)</b>		
188,800	Alphamin Resources Corp.	208,778	188,800
500,000	Bradda Head Lithium Ltd., Warrants, April 19, 2024 - Strike Price £0.21	-	-
104,100	Green Technology Metals Ltd.	55,530	66,936
40,000	Horizonte Minerals PLC	96,000	98,400
864,600	Meteoric Resources NL	97,092	156,119
604,500	SolGold PLC	170,142	163,215
650,000	Talon Metals Corp.	376,000	230,750
44,000	Vulcan Energy Resources Ltd.	207,460	162,387
	<b>Materials total</b>	<b>1,211,002</b>	<b>1,066,607</b>
	<b>Total foreign equities</b>	<b>1,211,002</b>	<b>1,066,607</b>
	<b>Total equities &amp; bond</b>	<b>9,312,306</b>	<b>7,600,388</b>
	<b>Options (0.1%)</b>		
	Purchased options (see options detail)	26,356	3,328
	<b>Total long position</b>	<b>9,338,662</b>	<b>7,603,716</b>
	<b>Short position (-17.9%)</b>		
	<b>Canadian equities (-4.9%)</b>		
	<b>Materials (-2.0%)</b>		
(18,849)	Equinox Gold Corp.	(93,364)	(114,413)
	<b>Materials total</b>	<b>(93,364)</b>	<b>(114,413)</b>
	<b>Energy (-2.9%)</b>		
(3,900)	Cameco Corp., NYSE	(145,661)	(161,683)
	<b>Energy total</b>	<b>(145,661)</b>	<b>(161,683)</b>
	<b>Total Canadian equities</b>	<b>(239,025)</b>	<b>(276,096)</b>
	<b>Exchange-traded funds (-13.0%)</b>		
(14,200)	iShares S&P/TSX 60 Index ETF	(426,071)	(436,366)
(20,000)	iShares S&P/TSX Capped Energy Index ETF	(248,600)	(290,000)
	<b>Exchange-traded funds total</b>	<b>(674,671)</b>	<b>(726,366)</b>
	<b>Options (-0.0%)</b>		
	Written options (see options detail)	(14,524)	(1,471)
	<b>Total short position</b>	<b>(928,220)</b>	<b>(1,003,933)</b>
	Transaction costs	(26,244)	-
	<b>Total investment portfolio and options (117.8%)</b>	<b>8,384,198</b>	<b>6,599,783</b>

*The accompanying notes are an integral part of these financial statements*

# Next Edge Strategic Metals and Commodities Fund

Schedule of investments (continued) (unaudited) – June 30, 2023

						Fair Value (\$)
Cash (-16.8%)						(939,133)
Other assets net of liabilities (-1.0%)						(54,343)
<b>Total net assets attributable to holders of redeemable units</b>						<b>5,606,307</b>
Underlying Interest	Option Type	Number of Options	Strike Price (\$)	Expiry Date	Average Cost (\$)	Fair Value (\$)
<b>Purchased options</b>						
KINROSS GOLD CORP@7 CALL OPT 18 AUG 23	Call	186	7	August 18, 2023	3,199	615
VANECK JUNIOR GOLD MINERS ET@45 CALL OPT 20 OCT 23	Call	50	45	October 20, 2023	23,157	2,713
<b>Total purchased call options</b>					<b>26,356</b>	<b>3,328</b>
<b>Total purchased options</b>					<b>26,356</b>	<b>3,328</b>
<b>Written Options</b>						
KINROSS GOLD CORP@8 CALL OPT 18 AUG 23	Call	(372)	8	August 18, 2023	(3,938)	(738)
VANECK JUNIOR GOLD MINERS ET@52 CALL OPT 20 OCT 23	Call	(50)	52	October 20, 2023	(10,586)	(733)
<b>Total written call options</b>					<b>(14,524)</b>	<b>(1,471)</b>
<b>Total written options</b>					<b>(14,524)</b>	<b>(1,471)</b>
<b>Total options</b>					<b>11,832</b>	<b>1,857</b>

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# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (unaudited) – June 30, 2023

## 1. FUND INFORMATION

Next Edge Strategic Metals and Commodities Fund (the “Fund”) is a mutual fund established as a trust under the laws of the Province of Ontario and governed by a declaration of trust dated July 16, 2021. The Fund is divided into units of participation (“Units”) representing an interest in the Fund held by unitholders. The Fund has three classes of Units: Class A Units, Class F Units and Class I Units. The Fund may have an unlimited number of classes of units and may issue an unlimited number of Units of each class. All classes of Units of the Fund are redeemable at the unitholders' option. Each class of units is intended for different types of investors. 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, commissions or distributions. The net asset value per unit (the "Net Asset Value per unit" or "NAV per unit") of each class is not the same as a result of the different fees, expenses and distributions allocable to each class of Units.

The Fund seeks to provide long-term growth of capital by investing opportunistically and primarily in equity securities of companies involved in the commodity and natural resource industry and those who benefit from technological innovation affecting the materials sector. Investments by the Fund may be made globally.

The Fund 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 the 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 the Fund's net asset value.

The Fund started investing according to its investment objective on November 2, 2021 by Delbrook Capital Advisors Inc. acting as sub advisor of the Fund.

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.

The financial statements were approved for issuance by the Manager on August 29, 2023.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, the Fund is an investment entity, and primarily all financial assets and financial liabilities are measured at fair value in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, the Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the NAV for transactions with unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The financial statements have been presented in Canadian dollars, the Fund's functional currency.

# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are designated as fair value through profit or loss ("FVTPL") upon initial recognition and are measured at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives, cash and other trade receivables and payables. All financial assets and liabilities are recognized in the Statements of financial position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership.

### Classification and measurement

The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments - Classification and Measurement* ("IFRS 9"). The standard requires financial assets to be classified as amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgment. The Fund classifies investments based on both the Fund's business models for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess performance and to make decisions. Consequently, all investments are measured at FVTPL.

More specifically, the Fund's investments, derivative assets and liabilities and short sales, if any, are measured at FVTPL. The Fund's obligation for NAV attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

### Impairment

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI. Financial assets held by the Fund that are measured at FVTPL will not be subject to the impairment requirements.

With respect to receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, all receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. No loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

## Fair value and subsequent measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted securities are determined by the Manager on the basis of the latest reported information available. Fixed income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation from recognized investment dealers.

The Fund may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the Fund: whereas the risk for long positions will be limited to the premium paid to purchase the option contracts, the risk exposure for the short positions is potentially unlimited until closed or expired.

The premium paid for purchasing an option is recorded as an asset in the Statements of financial position. The premium is valued on each Valuation Date at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Net change in unrealized appreciation (depreciation) on investments" in the Statements of comprehensive income (loss). When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

The premium received from writing a call or put option is recorded as a liability in the Statements of financial position. When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the Fund had purchased. The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as "Net realized gain (loss) on sale of investments" in the Statements of comprehensive income (loss).

All unlisted warrants have been valued using the Black-Scholes model.

## Net assets attributable to holders of redeemable units

Net assets attributable to holders of redeemable units are classified as financial liabilities and are redeemable at the unitholder's option at prices based on the Fund's NAV per unit at the time of redemption. The amounts are continuously measured at their redemption value.

The NAV measured as at the close of business on every business day, or, if not a business day, on the following business day and on any other day as the Manager determines (a "Valuation Date"), will be obtained by the valuation agent by taking the then fair value of the assets of the Fund less the aggregate amount of its liabilities excluding those attributable to holders of redeemable units. The NAV per unit of any class of units of the Fund for a Valuation Date will be obtained by dividing the then fair value of the assets of the Fund less the aggregate amount of its liabilities (excluding those attributable to holders of redeemable units) in each case attributable to that class of units, by the total number of units of the class outstanding at the time the calculation is made on the Valuation Date and adjusting the result to a maximum of four decimal places.

# Next Edge Strategic Metals and Commodities Fund

## Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit on the date of the transaction. Units are redeemable at the option of the unitholders at their NAV per unit on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced, and the net assets attributable to holders of redeemable units are reduced by the related NAV on the date of redemption.

The calculation of the value of net assets attributable to holders of redeemable units (“net assets”) for financial statement purposes in accordance with IFRS is consistent with the calculation of the NAV for transactional purposes.

### **Investment transactions and income recognition**

Investment transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Interest income for distribution purposes is recorded as it is earned.

Dividend revenue is recognized when the Fund’s right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statements of comprehensive income (loss).

“Interest income for distribution purposes” shown on the Statements of comprehensive income (loss) represents the coupon interest received by the Fund accounted for on an accrual basis.

Realized gains and losses from security transactions are calculated using the average cost basis.

The period-over-period change in the difference between fair value and the average cost is shown as the net change in unrealized appreciation (depreciation) on investments.

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities by the Fund are charged to net income (loss) in the period.

### **Functional and presentation currency**

The Fund’s functional and presentation currency is the Canadian dollar (“CAD”), which is the currency of the primary economic environment in which it operates. The Fund’s performance is evaluated and its liquidity is managed in CAD. Therefore, the CAD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund’s subscriptions and redemptions are denominated in CAD.

The fair value of foreign-currency-denominated portfolio investments, foreign currency holdings and other assets and liabilities denominated in a foreign currency are translated into the Fund’s reporting currency using the closing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into the Fund’s reporting currency at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) relating to cash, receivables and payables are presented as “Foreign currency gain (loss) on cash and other net assets” and those relating to financial instruments classified as held for trading and FVTPL are presented within “Net realized gain (loss) on sale of investments” and “Net change in unrealized appreciation (depreciation) on investments” in the Statement of comprehensive income (loss).

### **Cash**

Cash comprises deposits with financial institutions.

# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

## Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of the class by the weighted average number of units outstanding of the class during the period.

## Income and expense allocation

The realized and unrealized gains or losses, income, and expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each Valuation Date to the redeemable participating unitholders in proportion to the respective prior day's NAV, which includes redeemable participating unitholder trades dated for that day, of each class at the date on which the allocation is made. Class-specific operating expenses and management fees are applied to the corresponding classes accordingly. All operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

## Taxation

The Fund is a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act"). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of financial position as a deferred income tax asset. See note 8.

## 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards issued but not yet effective up to the date of issuance of the financial statements that are expected to have an impact on the Fund. The Fund will adopt any applicable standards when they become effective.

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

### Fair value measurement of investments and derivatives not quoted in active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. The fair value of private securities is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation-related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed.

The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.



# Next Edge Strategic Metals and Commodities Fund

## Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

### 6. FINANCIAL INSTRUMENTS RISK

The Fund's activities expose it to a variety of risks as follows: portfolio concentration risk, credit risk, interest rate risk, liquidity risk, and market risk (which includes currency risk, and other price risk). It is also exposed to commodity sector risk, borrowing risk, credit risk, cybersecurity risk, derivatives risk, equity securities risk, exchange of tax information risk, foreign currency risk, interest rate risk, legislation and litigation risk, leverage risk, multiple class risk, options risk, price volatility risk, repurchase and reverse repurchase transactions and securities lending risk, sector risk, short selling risk, stock market risk, substantial securityholder risk, and tax risk.

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. The Fund may utilize currency hedging to minimize the foreign currency risk associated with holding foreign securities. 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.

#### **Portfolio concentration risk**

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical allocation, asset type, industry sector or counterparty. As the Fund's mandate is to invest predominantly in equity securities of companies that will benefit from rising commodity prices and infrastructure buildout, the Fund is exposed to risks specific to the commodity sector, which is discussed below. Please refer to the Schedule of investments for a listing of the Fund's portfolio.

The following tables summarize the investment concentration risks that are relevant for the Fund based on its investment objective. The investment portfolio of the Fund may change due to ongoing portfolio transactions.

# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

Portfolio by Asset Mix	% of Net Asset Value	
	Jun 30, 2023	Dec 31, 2022
Canadian equity	91.4%	93.3%
Foreign equity	19.1%	10.7%
Canadian bond	2.9%	2.8%
Equity options	0.1%	-
United States equity	4.3%	1.4%
Total investments	117.8%	108.2%
Cash	(16.8%)	(8.3%)
Other assets net of liabilities	(1.0%)	0.1%
<b>Total net asset value</b>	<b>100.0%</b>	<b>100.0%</b>

Portfolio by Industry	% of Net Asset Value	
	June 30, 2023	Dec 31, 2022
Materials	91.1%	76.0%
Energy	33.9%	40.3%
Utilities	1.3%	4.0%
Canadian bond	2.9%	2.8%
Capital goods	1.5%	1.5%
Equity options	0.1%	-
Exchange-traded Funds	(13.0%)	(16.4%)
Total investments	117.8%	108.2%
Cash	(16.8%)	(8.3%)
Other net assets	(1.0%)	0.1%
<b>Total net asset value</b>	<b>100.0%</b>	<b>100.0%</b>

Portfolio by Country	% of Net Asset Value	
	June 30, 2023	Dec 31, 2022
Canada	94.4%	96.1%
International	19.1%	10.7%
United States	4.3%	1.4%
Total investments	117.8%	108.2%
Cash	(16.8%)	(8.3%)
Other assets net of liabilities	(1.0%)	0.1%
<b>Total net asset value</b>	<b>100.0%</b>	<b>100.0%</b>

## Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the credit worthiness of the debt issuer. The carrying amount of debt instruments as shown on the Schedule of investments represents the credit risk exposure of the Fund. Credit risk exposure for derivative instruments is based on the Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the Statements of financial position.

As at June 30, 2023, the Fund has \$163,127 exposure to two debt instruments (December 31, 2022 - \$171,202), which are all unrated bonds.

# Next Edge Strategic Metals and Commodities Fund

## Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

The counterparty to all of the Fund's options transactions is the Canadian Imperial Bank of Commerce, which has an S&P credit rating of A-1 on their short-term debt.

### Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of assets and future cash flow. As at June 30, 2023, the Fund has \$163,127 exposure to two debt instruments (December 31, 2022 - \$171,202).

If the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have decreased or increased. The Fund's interest rate sensitivity was determined based on the weighted average duration of the portfolio. For the six months ended June 30, 2023 the weighted average duration of the three convertible debt instruments was one year (December 31, 2022 – one year). As of June 30, 2023, the Fund's exposure to interest rate risks given a 1% impact on net assets is \$5,825 (December 31, 2022 - \$6,965).

### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions. The Fund's policy is to have a majority of its portfolio investments in securities traded on exchanges that are liquid (i.e., investments that can be readily disposed of through market facilities).

The Fund may invest in derivatives, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at amounts that approximate their fair values or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

#### June 30, 2023

<b>Financial liabilities</b>	<b>On demand</b>	<b>&lt; 3 months</b>	<b>Total</b>
Financial liabilities at FVTPL	1,003,933	-	1,003,933
Bank indebtedness	939,133	-	939,133
Payable for investments purchased	44,473	-	44,473
Management fees payable	-	14,172	14,172
HST payable	-	1,506	1,506
	<b>1,987,539</b>	<b>15,678</b>	<b>2,003,217</b>

#### December 31, 2022

<b>Financial liabilities</b>	<b>On demand</b>	<b>&lt; 3 months</b>	<b>Total</b>
Financial liabilities at FVTPL	1,476,126	-	1,476,126
Bank indebtedness	505,941	-	505,941
Management fees payable	-	13,379	13,379
Dividends payable on financial liabilities sold short	-	2,275	2,275
HST payable	-	1,412	1,412
	<b>1,982,067</b>	<b>17,066</b>	<b>1,999,133</b>

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

## Market risk

The Fund's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ, and the differences could be material.

### (a) Currency risk

The Fund invests in financial instruments denominated in currencies other than CAD. These investments result in currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund uses options on currency exchange-traded funds to reduce its foreign currency exposure.

The tables below indicate the foreign currencies to which the Fund had significant exposure as at June 30, 2023 and December 31, 2022 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

June 30, 2023 Currency	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
United States dollar	15,248	577,256	592,504	762	28,863	29,625
% of net assets attributable to holders of redeemable units	0.3	10.3	10.6	-	0.5	0.5
Australian dollar	(96)	385,442	385,346	(5)	19,272	19,267
% of net assets attributable to holders of redeemable units	-	6.9	6.9	-	0.3	0.3
British pound	1,099	-	1,099	55	-	55
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-
British pound	(42)	-	(42)	(2)	-	(2)
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-

## Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

December 31, 2022 Currency	Exposure		Total	Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-monetary		Monetary	Non-monetary	Total
United States dollar	(881,618)	1,474,516	592,898	(44,081)	73,726	29,645
% of net assets attributable to holders of redeemable units	(14.4%)	24.1%	9.7%	(0.7%)	1.2%	0.5%
Australian dollar	797	-	797	40	-	40
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-
British pound	(111,795)	72,082	(39,713)	(5,590)	3,604	(1,986)
% of net assets attributable to holders of redeemable units	(1.8%)	1.2%	(0.6%)	(0.1%)	0.1%	-

### (b) Other price risk

Other price risk is the risk that the value of portfolio investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether caused by factors specific to an individual portfolio investment or all factors affecting all investments traded in a market or market segment. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. Please refer to the Schedule of investments for a breakdown of the NAV of the Fund by security and geographic allocation. Sensitivity against the benchmark was not included as there is an insufficient period of trading to statistically create a meaningful correlation between the performance of the Fund's portfolio investments to the relevant benchmark.

### Fair value measurement

The table below presents financial instruments measured at fair value in the Statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

## Next Edge Strategic Metals and Commodities Fund

### Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

As at June 30, 2023 and December 31, 2022, the financial instruments measured at fair value in the Statements of financial position are grouped into the fair value hierarchy as follows:

<b>June 30, 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities - long	7,097,415	339,846	-	7,437,261
Equities - short	(1,002,462)	-	-	(1,002,462)
Bonds - long	-	163,127	-	163,127
Purchased options	3,328	-	-	3,328
Written options	(1,471)	-	-	(1,471)
	<b>6,096,810</b>	<b>502,973</b>	<b>-</b>	<b>6,599,783</b>

<b>December 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities - long	7,716,374	19,273	200,000	7,935,647
Equities - short	(1,476,126)	-	-	(1,476,126)
Bonds - long	-	103,500	67,702	171,202
	<b>6,240,248</b>	<b>122,773</b>	<b>267,702</b>	<b>6,630,723</b>

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, interest receivable, payable for investments purchased, redemptions payable, distributions payable, accrued liabilities and the Fund's obligation for net assets attributable to holders of redeemable units are measured at amortized cost. Fair values are classified as Level 1 when the related security or derivative is actively traded, and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. \$155,748 was transferred between Levels 1 and 2 of the fair value hierarchy during the six months ended June 30, 2023 and \$nil for the year ended December 31, 2022.

Investments classified as Level 3 are valued at fair value based on unobservable inputs and assumptions, which may include credit spreads, industry multipliers, and discount rates. Management has assessed that the effect of changing these inputs to reasonably possible alternatives would not have a significant impact on the net assets attributable to holders of redeemable units of the Fund as at June 30, 2023 and December 31, 2022.

The following table presents the movement in Level 3 for the six months ended June 30, 2023:

	<b>Equities - long</b>	<b>Bonds - long</b>
Beginning balance, January 1, 2023	200,000	67,702
Sales	(200,000)	(63,540)
Net change in realized appreciation (depreciation) in fair value of bonds - long	-	(4,162)
<b>Ending balance, June 30, 2023</b>	<b>-</b>	<b>-</b>

The following table presents the movement in Level 3 for the year ended December 31, 2022:

	<b>Equities - long</b>	<b>Bonds - long</b>
Beginning balance, January 1, 2022	-	129,463
Purchases	200,000	39,085
Sales	-	(5,425)
Net change in realized appreciation (depreciation) in fair value of bonds - long	-	240
Net change in unrealized appreciation (depreciation) in fair value of bonds - long	-	4,889
Transfer out	-	(100,550)
<b>Ending balance, December 31, 2022</b>	<b>200,000</b>	<b>67,702</b>

# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

## 7. REDEEMABLE UNITS

For the six months ended June 30, 2023, the Fund offered three classes of redeemable units: Class A Units, Class F Units, and Class I Units. The class of Units selected affects the commissions that were payable by an investor, the management fees payable by the Fund, and the compensation that a dealer received in respect of the sale of Units.

All of the classes have the same investment objective, strategy and restrictions but differ in respect of one or more features, such as the management fee, sales commission, and service commission. The NAV per unit of each class would not necessarily be the same as a result of the different fees, expenses and distributions allocable to each class of Units. The Fund and the Manager do not charge a fee or commission when investors purchase Units of the Fund. An authorized broker, dealer or advisor may charge investors an upfront selling commission of up to 3.00% at the time of purchase of Class A Units, which would reduce the amount of money invested in the Class A Units of the Fund.

The number of units issued, redeemed or cancelled during the six-month periods ended June 30, 2023 and 2022 for each respective class is summarized in the following tables.

For the six months ended June 30,	2023	2022
<b>Class A<sup>1</sup></b>		
Balance, beginning	117,609	13,758
Units issued for consideration	1,534	81,750
Units reinvested	-	-
Units redeemed	(1,883)	(1,483)
<b>Balance, ending</b>	<b>117,260</b>	<b>94,025</b>
<b>Class F<sup>1</sup></b>		
Balance, beginning	437,983	117,248
Units issued for consideration	26,222	317,304
Units reinvested	-	-
Units redeemed	(41,742)	(6,364)
<b>Balance, ending</b>	<b>422,463</b>	<b>428,188</b>
<b>Class I<sup>1</sup></b>		
Balance, beginning	177,650	60,849
Units issued for consideration	7,171	98,458
Units reinvested	-	-
Units redeemed	(12,926)	-
<b>Balance, ending</b>	<b>171,895</b>	<b>159,307</b>

1. One Class A opening Unit was issued July 16, 2021, but the Fund did not start investing according to its investment mandate until November 2, 2021. The first issuance of Class I units was on September 21, 2021. The first issuance of Class F units was on September 23, 2021.

### Capital management

As a result of the ability to issue and redeem redeemable Units, the capital of the Fund can vary depending on the demand for redemptions from and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of redeemable Units other than those set out in its Simplified Prospectus.

# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Simplified Prospectus;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operation of the Fund cost-efficient.

## 8. INCOME TAXES

The Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, and the Fund elected under the Tax Act to be a mutual fund trust from the date it was established.

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of amounts paid or payable to unitholders (whether in cash or in units) in the year. An amount will be considered to be payable to a unitholder in a taxation year if it is paid in the year by the Fund or the unitholder is entitled in that year to enforce payment of the amount. The Fund intends to make sufficient distributions in each year of its net income and net capital gains for tax purposes, thereby permitting the Fund to deduct sufficient amounts so that the Fund will generally not be liable in such year for non-refundable income tax under Part I of the Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of units during the year (the “Capital Gains Refund”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year, which may arise upon the disposition of securities in connection with the redemption of units.

If the Fund does have income for tax purposes that is in excess of any distributions paid or made payable to unitholders during the year and the net realized capital gains of the Fund, the tax on which would be recovered by the Fund in the year by reason of the Capital Gains Refund provisions of the Tax Act, in order to ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act.

The Fund has assessed and concluded that there is no impact on the recognition and measurements of uncertainty over income tax treatments across jurisdictions in which it operates.

As at December 31, 2022, the Fund had \$nil capital and \$nil non-capital losses for tax purposes (2021: \$nil).



# Next Edge Strategic Metals and Commodities Fund

Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

## 9. FEES AND OPERATING EXPENSES

Annual Management Fees (% of net asset value of the class of the Fund)	
Class	Management Fee <sup>1,2</sup>
Class A Units	2.00%
Class F Units	1.00%
Class I Units	A negotiated management fee directly to Next Edge (up to a maximum of 1.00%)

1. Plus applicable HST.
2. The Manager may from time to time, at 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) 2.00% of the portion of its NAV represented by the Class A Units, (ii) 1.00% of the portion of NAV represented by the Class F Units, and (iii) a negotiated portion of the NAV (up to a maximum of 1.00%), 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 started accruing for management fees on November 2, 2021.

The Fund pays all its own operating expenses. These include, but are not limited to, brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses.

The chair of the Independent Review Committee currently receives an annual retainer of \$12,000 and the other Independent Review Committee members an annual retainer of \$9,000, plus reimbursement of expenses, and all such fees and expenses of the Independent Review Committee will be paid by the Manager’s funds pro rata based on the amount of time spent on each Manager fund’s business.

Next Edge may, from time to time, in its sole discretion, pay all or a portion of any additional expenses, which would otherwise be payable by the Fund.

Each class of Units is responsible for the expenses specifically related to that class and a proportionate share of the expenses that are common to all classes of units.

### Brokerage commissions and soft dollars

For the six months ended June 30, 2023, \$nil (2022: \$nil) of “soft dollars”, in which a brokerage firm is paid for its services through commission revenue by executing trades at the brokerage, were used to pay for operating expenses of the Fund.

### Performance fees

The Fund will pay to the Manager in respect of each fiscal quarter of the Fund a performance fee equal to 20% of the 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

# Next Edge Strategic Metals and Commodities Fund

## Notes to the semi-annual financial statements (continued) (unaudited) – June 30, 2023

was paid and provided that the annualized year to date percentage gain in the NAV per Unit of the Fund exceeds an annual hurdle rate of 6%.

### 10. RELATED PARTY TRANSACTIONS

The Fund's investment activities are managed by Next Edge Capital Corp.

#### (a) Management and performance fees

Under the terms of the investment management agreement, the Fund appointed the Manager to provide management services (note 9). Total management fees for the six months ended June 30, 2023 amounted to \$28,987 (2022: \$24,276) and are reported in the Statement of comprehensive income, with \$14,172 (2022: \$13,379) in outstanding accrued fees due to the Manager as at June 30, 2023 reported in the Statements of financial position.

Total performance fees for the six months ended June 30, 2023 amounted to \$nil (2022: \$112,102) and are reported in the Statement of comprehensive income, with \$nil (2022: \$nil) in outstanding accrued fees due to the Manager as at June 30, 2023 reported in the Statements of financial position.

#### (b) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the six months ended June 30, 2023 was \$9,290 (2022: \$13,277).

### 11. GLOBAL TENSIONS

The ongoing military conflict in Ukraine and associated sanctions imposed on Russia and its allies has continued to negatively impact regional and global financial markets and economies. The adverse effects include, but are not limited to, significant market volatility, inflationary pressures, increase in interest rates, increase in credit risk, strain on commodity markets, foreign currency exchange rate volatility and disruption of business operations. In light of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Funds' risk exposures.

# Next Edge Strategic Metals and Commodities Fund

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