

Next Edge Bio-Tech Plus Fund

Unaudited Semi-Annual Financial Statements - 2015
For the period ended June 30th, 2015



NEXTEDGE
CAPITAL

Next Edge Bio-Tech Plus Fund
Unaudited semi-annual financial statements
June 30, 2015

Table of contents

Management’s responsibility for financial reporting	2
Statements of financial position	3
Statement of comprehensive income.....	4
Statement of changes in net assets attributable to holders of redeemable units	5
Statement of cash flows	6
Schedule of investments.....	7
Notes to the financial statements.....	11
General information.....	23

Next Edge Bio-Tech Plus Fund

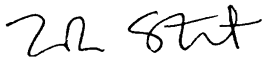
Management's responsibility for financial reporting

Next Edge Capital Corp. (the "Manager") is responsible for the accompanying financial statements and all the information in this report. These financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by International Accounting Standards Board (IASB) and, where appropriate, reflect Management's judgment and best estimates.

Management has established systems of internal control 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 financial statements.

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

Respectfully,



Toreigh N. Stuart
Chief Executive Officer



David Scobie
Chief Operating Officer

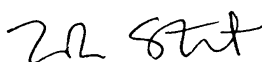
Next Edge Capital Corp.
August 31, 2015

Next Edge Bio-Tech Plus Fund
Statements of financial position (unaudited)

As at	Note	June 30 2015 CAD	December 31 2014 CAD
ASSETS			
Current assets			
Investments			
Equities		3,853,570	-
Purchased options		119,340	-
Cash		819,677	10
Subscriptions receivable		10,000	-
Dividends receivable		560	-
		4,803,147	10
LIABILITIES			
Current liabilities			
Written options		82,003	-
Redemptions payable		18,920	-
Payable for investments purchased		81,832	-
Management and performance fees payable		157	-
Accrued expenses		12,179	-
		195,091	-
Net assets attributable to holders of redeemable units		4,608,056	10
Net assets attributable to holders of redeemable units per class			
Class A		20,320	10
Class A1 ¹		3,248,952	-
Class F ¹		65,484	-
Class F1 ¹		1,273,300	-
		4,608,056	10
Number of redeemable units outstanding per class			
Class A		2,002	1
Class A1 ¹		306,120	-
Class F ¹		6,176	-
Class F1 ¹		119,477	-
Net assets attributable to holders of redeemable units per unit			
Class A		10.15	10.00
Class A1 ¹		10.61	-
Class F ¹		10.60	-
Class F1 ¹		10.66	-

1. The first issuance of Class A1, Class F, and Class F1 units was on Jan 21, 2015.

Approved by Next Edge Capital Corp.



Toreigh N. Stuart
Chief Executive Officer



David Scobie
Chief Operating Officer

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
Statement of comprehensive income (unaudited)

For the period ended,	Note	June 30, 2015 CAD
Income		
Interest income for distribution purposes		157
Dividends		2,779
Foreign currency loss on cash and other net assets		(7,264)
Other changes in fair value of investments and derivatives		
Net realized loss on sale of investments		(8,545)
Net change in unrealized appreciation on investments		294,962
Net gains on investments		286,417
Total income (net)		282,089
Expenses		
Management fees	9	
Performance fees	10	164
Administrative fees		76
Unitholder reporting costs		8,705
Audit fees		4,779
Custodian fees		8,325
Independent review committee fees	10	6,250
Harmonized sales tax		131
Withholding tax		4,052
Transaction costs		125
Total expenses		23,932
Increase in net assets attributable to holders of redeemable units		225,550
Increase in net assets attributable to holders of redeemable units per class		
Class A ¹		(1,712)
Class A1 ²		177,837
Class F ²		2,484
Class F1 ²		46,941
		225,550
Increase in net assets attributable to holders of redeemable units per unit		
Class A ¹		(1.04)
Class A1 ²		0.65
Class F ²		0.99
Class F1 ²		0.66
Average number of units outstanding		
Class A ¹		1,640
Class A1 ²		274,877
Class F ²		2,501
Class F1 ²		70,720

1. The Class A opening unit held by the Manager was cancelled on February 13th, 2015. The first issuance of Class A units to external investors was on April 10th, 2015.

2. The first issuance of Class A1, Class F, and Class F1 units was on Jan 21, 2015.

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

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

For the period ended,	Note	June 30, 2015 CAD
<u>Class A¹</u>		
Beginning of period		10
Decrease in net assets attributable to holders of redeemable units from operations		(1,712)
Proceeds from issuance of units		136,098
Consideration paid for redemption of units		(114,076)
End of period		20,320
<u>Class A1²</u>		
Beginning of period		-
Increase in net assets attributable to holders of redeemable units from operations		177,837
Proceeds from issuance of units ²		3,255,468
Consideration paid for redemption of units		(184,353)
End of period		3,248,952
<u>Class F²</u>		
Beginning of period		-
Increase in net assets attributable to holders of redeemable units from operations		2,484
Proceeds from issuance of units ²		63,000
End of period		65,484
<u>Class F1²</u>		
Beginning of period		-
Increase in net assets attributable to holders of redeemable units from operations		46,941
Proceeds from issuance of units ²		1,226,359
End of period		1,273,300

1. The Class A opening unit held by the Manager was cancelled on February 13th, 2015. The first issuance of Class A units to external investors was on April 10th, 2015.
2. The first issuance of Class A1, Class F, and Class F1 units was on Jan 21, 2015.

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
Statement of cash flows (unaudited)

For the period ended June 30,	2015 CAD
Cash flows from operating activities	
Increase in net assets attributable to holders of redeemable units	225,550
Adjustments to reconcile increase in net assets attributable to holders to net cash from operating activities	
Proceeds from sale of investments	1,779,849
Purchase of investments	(5,302,507)
Foreign currency loss on cash and other net assets	7,264
Change in unrealized appreciation of investments and derivatives	(294,962)
Net realized loss on sale of investments	8,545
Increase in dividends receivable	(560)
Increase in other payable and accrued liabilities	12,336
Net cash used by operating activities	(3,564,485)
Cash flows from financing activities	
Proceeds from redeemable units issued	4,670,925
Amount paid on redemption of redeemable units	(279,509)
Net cash generated by financing activities	4,391,436
Foreign currency loss on cash and other net assets	(7,264)
Net increase in cash	826,931
Cash, beginning of period	10
Cash, end of period	819,677
Cash comprises:	
Cash at bank	819,677
Interest received	157
Dividends received	2,094

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Schedule of investments (unaudited)

As at June 30, 2015

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Long Positions (86.2%)		
	Canadian Equities (28.4%)		
	Biotechnology (5.7%)		
1,333,333	Amorfix Life Sciences Limited Subscription Receipt	40,000	36,444
50,000	Immunovaccine Inc.	36,230	46,500
200,000	Replicel Life Sciences Inc Unit	62,000	112,291
15,000	Transition Therapeutics Inc.	64,653	38,250
30,000	Sophiris Bio Inc.	38,534	29,591
		241,417	263,076
	Healthcare Equipment & Services (7.4%)		
14,000	Extencare Inc.	100,330	105,980
4,500	Novadaq Technologies Inc.	71,673	68,490
130,000	Theralase Thecnologies Inc.	56,923	40,300
337,000	Theralase Technologies Inc Warrants	15,000	27,537
36,000	TSO3 Inc.	47,413	51,120
110,000	Zecotek Photonics, Inc.	46,550	47,300
		337,889	340,727
	Pharmaceuticals (1.3%)		
8,000	BioSyent Inc.	60,574	58,799
	Pharmaceuticals & Biotechnology (14.0%)		
9,000	Aptose Biosciences Inc.	58,981	57,600
17,000	Aurinia Pharmaceuticals Inc.	79,156	63,580
60,000	Bellus Health Inc.	70,169	67,500
6,000	Cardiome Pharma Corporation	69,117	69,720
8,500	Cipher Pharmaceuticals Inc.	108,020	90,695
375,000	Diamedica Inc. Restricted	37,500	41,250
30,000	Medicure Inc.	68,436	76,200
280,000	Microbix Biosystems Inc.	164,550	130,200
10,000	QLT Inc.	46,333	51,500
		702,262	648,245
	Total Canadian Equities	1,342,142	1,310,847
	United States Equities (49.5%)		
	Biotechnology (23.2%)		
23,000	Brainstorm Cell Therapeutics Inc.	118,893	103,539
7,000	Fate Therapeutics Inc.	52,644	56,477
3,800	Halozyme Therapeutics Inc.	68,561	106,998
325	Intercept Pharmaceuticals Inc.	100,012	97,854
3,000	KemPharm Inc.	45,026	68,723
700	Medivation Inc.	110,238	99,686
428,571	Portage Biotech Inc Restricted	75,297	149,641

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
 Schedule of investments (unaudited) (continued)
 As at June 30, 2015

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
2,500	Sarepta Therapeutics Inc.	40,709	94,741
3,500	Theravance Biopharma Incorporated	67,414	56,826
2,500	Theravance Inc.	51,600	56,334
600	Ultragenyx Pharmaceutical Inc.	46,830	76,609
2,400	Zafgen Inc.	102,856	103,522
		880,080	1,070,950
	Energy - Alternate Sources (1.7%)		
20,000	Solazyme Inc.	70,411	78,312
	Health Care Equipment & Services (0.7%)		
13,000	TearLab Corporation	37,338	31,330
	Pharmaceuticals (19.9%)		
1,200	Acadia Pharmaceuticals Inc.	52,385	62,669
3,500	Amicus Therapeutics Inc.	37,583	61,758
7,000	Aquinox Pharmaceuticals Inc.	80,494	60,579
9,500	Conatus Pharmaceuticals, Inc.	71,507	61,010
5,000	Concert Pharmaceuticals Inc.	92,409	92,840
3,400	FibroGen Inc.	97,063	99,636
9,000	Inotek Pharmaceuticals Corporation	64,229	54,993
1,600	Intra-Cellular Therapies Inc.	47,204	63,747
1,500	Portola Pharmaceuticals Inc.	66,584	85,202
5,000	Raptor Pharmaceuticals Corporation	65,224	98,451
3,500	Supernus Pharmaceuticals Inc.	41,288	74,110
10,000	Synergy Pharmaceuticals Inc.	42,105	103,127
		758,075	918,122
	Pharmaceuticals & Biotechnology (2.8%)		
30,000	CTI BioPharma Corporation	82,762	72,949
4,000	Xenon Pharmaceuticals Inc.	82,976	57,512
		165,738	130,461
	Exchange Traded Fund/Shares (1.2%)		
1,500	ProShares Ultrashort Nasdaq Biotechnology ETF	59,716	53,721
	Total United States Equities	1,971,358	2,282,896
	International Equities (5.7%)		
	Biotechnology (3.0%)		
3,000	NeuroDerm Limited	48,022	57,425
2,400	uniQure N.V.	80,620	80,806
		128,642	138,231
	Health Care Equipment & Services (1.1%)		
3,500	ReWalk Robotics Limited	65,552	48,621

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
Schedule of investments (unaudited) (continued)
As at June 30, 2015

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Pharmaceuticals (1.6%)		
22,000	BioLineRx Limited - ADR	59,383	72,975
	Total International Equities	253,577	259,827
	Total Equities	3,567,077	3,853,570
	Options (2.6%)		
	Purchased Options (See Options Detail)	97,192	119,340
	Total Long Position	3,664,269	3,972,910
	Short Position (-1.8%)		
	Written Options (See Options Detail)	(59,186)	(82,003)
	Total Short Position	(59,186)	(82,003)
	Transaction Costs	(9,138)	
	Total Investment Portfolio and Options (84.4%)	3,595,945	3,890,907
	Other net assets (15.6%)		717,149
	Total net assets (100%)		4,608,056

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
Schedule of investments (unaudited) (continued)
As at June 30, 2015

Options Details

Underlying Interest	Option Type	Number of Options	Strike Price (\$)	Expiry Date	Average Cost (\$)	Fair Value (\$)
Acorda Therapeutics	Call	25	31	Jul 2015	6,799	11,847
Medivation Inc.	Call	5	125	Jul 2015	1,235	499
iShares Nasdaq Biotechnology Index Fund	Put	100	350	Aug 2015	77,985	102,255
CurrencyShares Canada	Cal	100	82	Sep 2015	11,173	4,739
Total Purchased Options					97,192	119,340
Acadia Pharmaceuticals Inc.	Written Call	(6)	45	July 2015	(550)	(299)
Amicus Therapeutics Inc.	Written Call	(35)	13	Jul 2015	(2,436)	(5,674)
Halozyne Therapeutics Inc.	Written Call	(30)	22	Jul 2015	(2,173)	(4,414)
Portola Pharmaceuticals Inc.	Written Call	(8)	45	Jul 2015	(888)	(1,995)
Raptor Pharmaceuticals Corporation	Written Call	(20)	15	Jul 2015	(2,174)	(2,694)
Sarepta Therapeutics Inc.	Written Call	(23)	30	Jul 2015	(6,128)	(5,593)
Supernus Pharmaceuticals Inc.	Written Call	(25)	17	Jul 2015	(2,272)	(1,715)
Synergy Pharmaceuticals Inc.	Written Call	(50)	9	Jul 2015	(4,824)	(4,053)
Ultragenyx Pharmaceuticals Inc.	Written Call	(2)	105	Jul 2015	(1,036)	(1,047)
Ultragenyx Pharmaceuticals Inc.	Written Call	(4)	100	Jul 2015	(2,841)	(3,392)
iShares Nasdaq Biotechnology Index Fund	Written Put	(100)	325	Aug 2015	(33,864)	(51,127)
Total Written Options					(59,186)	(82,003)
Total Options					38,006	37,337

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited)

June 30, 2015

1. FUND INFORMATION

Next Edge Bio-Tech Plus 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 December 1, 2014 made by Next Edge Capital Corp., as trustee. The Fund is divided into units of participation (“Units”) representing an interest in the Fund held by unitholders. The Fund has four classes of Units: Class A Units, Class A1 Units, Class F Units and Class F1 Units. A Class A opening unit was issued to the Manager on December 1, 2014. This Class A opening unit was subsequently cancelled on February 13th, 2015 and the first issuance of Class A units to external investors was on April 10, 2015. The first issuance of Class A1, F, and F1 units was on January 21, 2015.

This Fund seeks short and long-term capital appreciation through the ownership of small and mid-capitalization biotechnology and healthcare companies based in Canada and the United States. The Fund started investing according to its investment objective on February 17, 2015.

The Fund is managed by Next Edge Capital Corp. (the “Manager”). The registrar, transfer agent and valuation agent of the Fund is Citigroup Fund Services Canada Inc. The custodian of the Fund is CIBC Mellon Trust Company. The registered office of the Fund is located at 1 Toronto Street, Suite 200, Toronto, Ontario, Canada.

The semi-annual financial statements were approved by the board of directors of the Manager on August 31, 2015.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in compliance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”).

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 IFRS. Accordingly, the Fund’s accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value 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, which is the Fund’s functional currency.

Classification and recognition of 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. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund’s equity investments are designated as fair value through profit or loss upon initial recognition and are measured at fair value through profit or loss (“FVTPL”). Derivative assets and liabilities are classified as held for trading and measured at fair value through profit or loss. 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.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

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 value 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 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. 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 are potentially unlimited until closed or expired.

The premium paid for purchasing an option is recorded as an asset in the Statement 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 "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. 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 Statement 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)" in the Statement of Comprehensive Income.

Impairment of financial assets

At each reporting date, the Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

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 net asset value ("Net Asset Value" or "NAV") per unit at the time of redemption. The amounts are continuously measured at their redemption value.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

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 ("NAV per Unit").

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 is 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 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 is recorded as it is earned. Securities lending income is recorded as it is earned and accrued for on a weekly 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) of investments.

Transactions costs such as brokerage commissions incurred in the purchase and sale of securities by the Fund are charged to net income 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 exchange 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 investments" and "Net change in unrealized appreciation (depreciation) on investments" in the Statements of Comprehensive Income.

Cash

Cash is comprised of deposits with financial institutions.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding 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 net asset value, which includes redeemable participating unitholder trade(s) dated for that day, of each class at the date on which the allocation is made. Class-specific operating expenses and management fees do not require allocation. All class-specific operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

Taxation

The Fund intends to qualify as a mutual fund trust under the Income Tax Act (Canada). 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 Income Taxes.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund will adopt any applicable standards when they become effective.

IFRS 9, Financial Instruments - Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. In addition, the entity's own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Manager is in the process of assessing the impact of IFRS 9.

4. 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:

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

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.

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.

5. FINANCIAL INSTRUMENTS RISK

The Fund's activities expose it to a variety of risks as follows: portfolio concentration risk, biotechnology industry risk, credit risk, liquidity risk and market risk (including price risk, foreign exchange risk, and interest rate risk).

Risk management

The portfolio managers intend to generate long-term appreciation for the Fund by way of Alpha by active stock selection within the sector, rather than relying on passive Beta and movement of the sector. The portfolio managers focus on companies in the later stages of clinical development or early commercialization that meet specific proprietary criteria and whose data has been subjected to peer reviewed analysis. In general the Fund invests in equities of companies that are of smaller capitalization than those that make up the S&P/TSX Capped Health Care Index and the NASDAQ Biotechnology Index. The equities that the Fund invests in tend to offer more potential upside, and are generally more volatile than those that comprise the indices cited above. The portfolio managers of the Fund utilize the Barbell Investment Strategy, whereby investments are weighted heavily to both high-risk-high-reward investments (that have been scrutinized and qualified heavily via a proprietary process) and extremely safe investments (cash). The Fund's policy is to hold 15 to 20% of its assets as cash. As at June 30, 2015, the cash holds 17.8% of its net asset value as cash. The Fund also employs derivatives to hedge against downside risk of the overall sector and its larger positions (see the Schedule of Investments).

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 the biotechnology and healthcare sectors in Canada and the United States, the Fund is exposed to risks specific to the biotechnology and healthcare sectors, which are discussed below. Please refer to the Schedule of investments for a listing of the Fund's portfolio.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

The following tables summarize the investment concentration risks that are relevant for the Fund based on its investment objective.

Portfolio by Asset Mix	% of Net Asset Value	
	Long	Short
United States Equity	50.0%	-
Canadian Equity	29.7%	-
Cash & Cash Equivalents	17.8%	-
International Equity	3.9%	-
Equity Index Options	2.2%	(1.1%)
Currency Options	0.1%	-
Equity Options	0.3%	(0.7%)

Portfolio by Industry	% of Net Asset Value	
	Long	Short
Biotechnology	33.1%	-
Pharmaceuticals	22.8%	-
Cash & Cash Equivalents	17.8%	-
Pharmaceuticals & Biotechnology	16.9%	-
Healthcare equipment and services	9.1%	-
Energy – alternate sources	1.7%	-
Equity Index Options (Biotechnology)	2.2%	(1.1%)
Currency Options	0.1%	-
Equity Options (Pharmaceuticals & Biotechnology)	0.3%	(0.7%)

As at December 31, 2014 the Fund held 100% of its portfolio as cash.

Biotechnology Industry Risk

Companies within the biotechnology industry invest heavily in research and development which may not necessarily lead to commercially successful products. This industry is also subject to increased governmental regulation which may delay or inhibit the release of new products. Many biotechnology companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences. Biotechnology companies can be characterized by competition and rapid technological developments which may make a company's products or services obsolete in a short period of time. The industry is also characterized by product liability lawsuits and consequential high insurance costs. The market values of investments in the biotechnology industry are often based upon speculation and expectations about future products, research progress, and new product filings with regulatory authorities. Biotechnology stocks, especially those of smaller, less-seasoned companies, also tend to be more volatile than the overall market.

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 Investment Portfolio represents the credit risk exposure of each Fund. Credit risk exposure for derivative instruments is based on each Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. The credit rating of counterparty to a derivative instrument is disclosed in the Schedule of Investment Portfolio or in Fund Specific Notes to Financial Statements – Financial

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

Instruments Risks section of the financial statements of each Fund, if applicable. The credit risk exposure of the Fund's other assets are represented by their carrying amount as disclosed in the Statements of Financial Position.

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 maintain at least 15 to 20% of its assets in cash, and have as a majority of its remaining portfolio investments in securities traded on exchanges that are liquid (i.e. investments that can be readily disposed of through market facilities). For the period December 1 to 31, 2014, the Fund held all its assets in cash.

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 which 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 table are the contractual undiscounted cash flows.

June 30, 2015

Financial liabilities	On demand	< 3 months	Total
Redemptions payable	18,920	-	18,920
Accrued liabilities	81,832	12,336	94,168
Derivative liabilities	82,003	-	82,003

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.

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 table below indicates the foreign currencies to which the Fund had significant exposure at June 30, 2015 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.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

June 30, 2015 Currency	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non- monetary	Total	Monetary	Non- monetary	Total
United States Dollar	248,855	2,578,320	2,827,175	12,443	128,916	143,359
% of net assets attributable to holders of redeemable units	5.4%	56.0%	61.4%	0.3%	2.8%	3.1%

As at December 31, 2014 the Fund did not have any foreign currencies and no currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2015 and December 31, 2014, the Fund holds no securities with fixed interest rates that expose the Fund to fair value interest rate risk.

(c) 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 Net Asset Value of the Fund by security and geographic allocation.

The Fund's benchmark is (i) 40% of the percentage gain or loss of the S&P/TSX Capped Health Care Index; plus (ii) 60% of the percentage gain or loss of the NASDAQ Biotechnology Index (re-weighted daily). If the benchmark had increased or decreased by 10% on June 30, 2015, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by approximately \$294,916, or 6.4%. This change is estimated using the Fund's beta which is calculated based on the historical correlation between the return of the Fund compared to the return of the benchmark. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Fair value measurement

The table below presents financial instruments measured at fair value in the statement 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.

As at June 30, 2015, the financial instruments measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

	Level 1 CAD	Level 2 CAD	Level 3 CAD	Total CAD
Equities	3,455,078	398,492	-	3,853,570
Purchased options	119,340	-	-	119,340
Written options	(82,003)	-	-	(82,003)

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.

6. FINANCIAL INSTRUMENTS BY CATEGORY

The Fund's equity investments are designated as fair value through profit or loss upon initial recognition and are measured at fair value through profit or loss ("FVTPL"). The Fund's derivative assets and derivative liabilities are classified as held for trading ("HFT") and are measured at fair value through profit or loss. All other financial assets and liabilities are measured at amortized cost.

The following table presents the carrying amounts of the Fund's financial instruments by category as at June 30, 2015:

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Financial assets at fair value through profit or loss	-	3,853,570	-	3,853,570
Purchased Options	119,340	-	-	119,340
Cash	-	-	819,677	819,677
Subscriptions receivable	-	-	10,000	10,000
Dividends receivable	-	-	560	560
Total	119,340	3,853,570	830,237	4,803,147

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Written Options	82,003	-	-	82,003
Accrued expenses	-	-	12,179	12,179
Management fees payable	-	-	71	71
Performance fees payable	-	-	86	86
Redemptions payable	-	-	18,920	18,920
Payable for investments purchased	-	-	81,832	81,832
Total	82,003	-	113,088	195,091

Next Edge Bio-Tech Plus Fund
Notes to the financial statements (unaudited) (continued)
June 30, 2015

The following table presents the net gains on investments and derivatives by category for the respective periods.

	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Net realized gain (loss) on investments and options	(144,056)	135,511	(8,545)
Change in unrealized appreciation on investments	304	294,658	294,962
Total	(143,752)	430,169	286,417

7. REDEEMABLE UNITS

As at and for the six-months ended June 30, 2015, the Fund offered four classes of redeemable units: Class A units, Class A1 units, Class F units, and Class F1 units. Units were available for purchase on both an upfront selling commission basis and a fee based basis. The Class of units selected affected both the fees that were payable by an investor, the management fee payable by the Fund, and the compensation that a dealer received in respect of the sale of units.

All of the Classes had the same investment objective, strategy and restrictions but differed 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, and expenses allocable to each class of units.

The number of units issued, redeemed or cancelled during the period ended June 30, 2015 for each respective Class is summarized in the following tables.

For the period ended June 30, 2015

Class A

Balance, Beginning	-
Units issued for cash	13,854
Units redeemed	(11,852)
Balance, Ending	2,002

Class A1¹

Balance, Beginning	-
Units issued for cash	324,127
Units redeemed	(18,007)
Balance, Ending	306,120

Class F¹

Balance, Beginning	-
Units issued for cash	6,176
Balance, Ending	6,176

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

For the period ended June 30, 2015

Class F1¹

Balance, Beginning	-
Units issued for cash	119,477
<u>Balance, Ending</u>	<u>119,477</u>

1. The first issuance of Class A1, Class F, and Class F1 units was on Jan 21, 2015.

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 the Prospectus.

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 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

It is generally assumed that the Fund will qualify at all times as a "mutual fund trust" within the meaning of the Income Tax Act (Canada) (the "Tax Act") and that the Fund will validly elect 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 which 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.

As at December 31, 2014, the Fund had nil capital and non-capital losses for tax purposes.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements (unaudited) (continued)

June 30, 2015

9. FEES AND OPERATING EXPENSES

For its services to the Fund, the Manager was entitled to receive from the Fund, a management fee (the "Management Fee") at (up to) an annual rate of: (i) 2.25% of the portion of its Net Asset Value represented by the Class A units, (ii) 1.00% of the portion of its Net Asset Value represented by the Class A1 units, (iii) 1.25% of the portion of its Net Asset Value represented by the Class F units, and (iv) 0% of the portion of Net Asset Value is represented by the Class F1 units, calculated daily and paid monthly in arrears, plus applicable taxes.

The Fund pays for all expenses incurred in connection with its operation and administration, which is be allocated pro rata to each class of units.

These expenses include unitholder reporting costs for preparing, mailing and printing expenses of periodic reports to unitholders; fees payable to any custodian of the assets of the Fund; fees payable to auditors and legal advisors; taxes payable by the Fund or to which the Fund is subject and other general operating expenses.

Administrative expenses include other unitholder communications, fees payable to the Valuation Agent and the independent pricing service for performing certain valuation services; fees payable to the registrar and transfer agent for performing certain financial, record keeping, reporting and general administrative services; fees payable to accountants; ongoing regulatory fees, licensing fees and other fees; and expenses relating to portfolio transactions. The Manager may establish an upper limit on the total annual operating expenses of the Fund. The Manager or its affiliates may pay for certain operating expenses of the Fund in order to maintain the Fund's annual operating expenses within any such established limit. The amounts absorbed by the Manager, if any, are shown in the statement of comprehensive income. The Manager may cease to absorb expenses at any time.

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 period ended June 30, 2015, "soft dollars", in which a brokerage firm is paid for its services through commission revenue by executing trades at the brokerage, did not apply to the commissions and transaction costs of the Fund.

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 (see Note 9, Fees and Operating Expenses). Total management and performance fees for the six-months ended June 30, 2015 amounted to \$240 are reported in the Statements of comprehensive income, with \$157 in outstanding accrued fees (December 31, 2014: nil) due to the Manager at June 30, 2015 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, 2015 was \$131 and is reported in the Statements of comprehensive income and consisted only of fixed fees. There were no outstanding payables relating to Independent Review Committee fees as at June 30, 2015 and December 31, 2014.

Next Edge Bio-Tech Plus Fund

General information

MANAGER AND PRINCIPAL DISTRIBUTOR

Next Edge Capital Corp.
1 Toronto Street, Suite 200
Toronto, ON M5C 2V6

Telephone: (416) 775-3600
Fax: (416) 775-3601
Toll Free: 1 (877) 860-1080

www.nextedgecapital.com

REGISTRAR, TRANSFER AGENT AND VALUATION AGENT

Citigroup Fund Services Canada Inc.
5900 Hurontario Street, Suite 100
Mississauga, ON L5R 0E8

CUSTODIAN

CIBC Mellon Trust Company
320 Bay Street
Toronto, ON M5H 4A6

BROKER

BMO Capital Markets Prime Brokerage
100 King Street West, 6th Floor
Toronto, ON M5X 1H3

AUDITORS

Ernst & Young LLP
222 Bay Street, P.O. Box 251
Toronto, ON M5K 1J7

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, ON M5H 2T6

Next Edge Capital Corp.

1 Toronto St., Suite 200
Toronto, ON
M5C 2V6

Tel: 416 775-3600

Fax: 416 775-3601

www.nextedgecapital.com