

Next Edge Bio-Tech Plus Fund

Annual Financial Statements – 2015

As at and for the year ended December 31st, 2015



Next Edge Bio-Tech Plus Fund
Annual financial statements
December 31, 2015

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Next Edge Bio-Tech Plus Fund

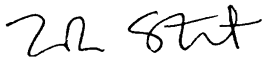
Management's responsibility for financial reporting

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 Financial Reporting Standards 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.
March 30, 2016

INDEPENDENT AUDITORS' REPORT

To the unitholders of Next Edge Bio-Tech Plus Fund (the "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the period ended December 31, 2015 and period from December 1, 2014 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2015 and 2014, and its financial performance and its cash flows for the period ended December 31, 2015 and period from December 1, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

Toronto, Canada

30 March 2016

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

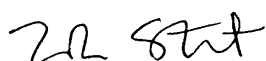
Chartered Professional Accountants
Licensed Public Accountants

Next Edge Bio-Tech Plus Fund
Statements of financial position

As at	Notes	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Investments			
Equities and bond	5,6	5,262,467	-
Purchased options	5,6	84,066	-
Cash		150,398	10
Subscriptions receivable		7,000	-
Receivable for investments sold		159,057	-
Dividends receivable		920	-
		5,663,908	10
LIABILITIES			
Current liabilities			
Written options	5,6	2,076	-
Redemptions payable		10,287	-
Payable for investments purchased		145,941	-
Management fees payable	9,10	1,194	-
Accrued expenses		38,240	-
		197,738	-
Net assets attributable to holders of redeemable units		5,466,170	10
Net assets attributable to holders of redeemable units per class			
Class A ¹		704,891	10
Class A1 ²		3,166,150	-
Class F ²		340,915	-
Class F1 ²		1,254,214	-
		5,466,170	10
Number of redeemable units outstanding per class			
Class A ¹	7	71,474	1
Class A1 ²	7	303,529	-
Class F ²	7	32,773	-
Class F1 ²	7	119,014	-
Net assets attributable to holders of redeemable units per unit			
Class A ¹		9.86	10.00
Class A1 ²		10.43	-
Class F ²		10.40	-
Class F1 ²		10.54	-

- The Class A opening unit held by the Manager was cancelled on January 21, 2015. The first issuance of Class A units to external investors was on April 10, 2015.
- The first issuance of Class A1, Class F, and Class F1 units was on January 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

Statements of comprehensive income

For the period ended	Notes	December 31, 2015
Income		
Interest income for distribution purposes		318
Dividends		8,448
Foreign currency gain on cash and other net assets		9,340
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments		36,945
Net change in unrealized appreciation on investments	6	359,412
Net gains on investments		396,357
Total income		414,463
Expenses		
Management fees	9,10	30,057
Performance fees	10	76
Administrative fees		68,848
Unitholder reporting costs		2,661
Audit fees		22,920
Custodian fees		13,828
Independent review committee fees	10	1,246
Harmonized sales tax		19,431
Withholding tax	8	388
Transaction costs		80,851
Less: Expenses absorbed by the Manager	9	-
Total expenses		240,306
Increase in net assets attributable to holders of redeemable units		174,157
Increase in net assets attributable to holders of redeemable units per class		
Class A ¹		14,183
Class A1 ²		121,685
Class F ²		5,915
Class F1 ²		32,374
		174,157
Average number of units outstanding		
Class A ¹		14,841
Class A1 ²		290,765
Class F ²		9,619
Class F1 ²		96,632
Increase in net assets attributable to holders of redeemable units per unit		
Class A ¹		0.96
Class A1 ²		0.42
Class F ²		0.62
Class F1 ²		0.34

1. The Class A opening unit held by the Manager was cancelled on January 21, 2015. The first issuance of Class A units to external investors was on April 10, 2015.
2. The first issuance of Class A1, Class F, and Class F1 units was on January 21, 2015.
3. For the period from December 1, 2014 (inception date of the Fund) to December 31, 2014, the Fund did not earn any income or incur any expenses, resulting in nil net income for the period.

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

Next Edge Bio-Tech Plus Fund

Statements of changes in net assets attributable to holders of redeemable units

For the periods	January 1 to December 31, 2015	December 1 to 31, 2014
<u>Class A¹</u>		
Beginning of year	10	-
Increase in net assets attributable to holders of redeemable units from operations	14,183	-
Proceeds from issuance of units	999,735	10
Consideration paid for redemption of units	(309,037)	-
End of year	704,891	10
<u>Class A1²</u>		
Beginning of year	-	-
Increase in net assets attributable to holders of redeemable units from operations	121,685	-
Proceeds from issuance of units	3,255,468	-
Consideration paid for redemption of units	(211,003)	-
End of year	3,166,150	-
<u>Class F²</u>		
Beginning of year	-	-
Increase in net assets attributable to holders of redeemable units from operations	5,915	-
Proceeds from issuance of units	335,000	-
End of year	340,915	-
<u>Class F1²</u>		
Beginning of year	-	-
Increase in net assets attributable to holders of redeemable units from operations	32,374	-
Proceeds from issuance of units	1,226,358	-
Consideration paid for redemption of units	(4,518)	-
End of year	1,254,214	-

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

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

Next Edge Bio-Tech Plus Fund
Statements of cash flows

For the periods	January 1 to December 31, 2015	December 1 to 31, 2014
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	174,157	-
Adjustments to reconcile increase in net assets attributable to holders to net cash from operating activities		
Proceeds from sale of investments	6,137,577	-
Purchase of investments	(11,098,793)	-
Foreign currency gain on cash and other net assets	(9,340)	-
Change in unrealized appreciation of investments and derivatives	(359,412)	-
Net realized gain on sale of investments	(36,945)	-
Increase in dividends receivable	(920)	-
Increase in other payable and accrued liabilities	39,434	-
Net cash used in operating activities	(5,154,242)	-
Cash flows from financing activities		
Proceeds from redeemable units issued	5,809,561	10
Amount paid on redemption of redeemable units	(514,271)	-
Net cash flows provided by financing activities	5,295,290	10
Foreign currency gain on cash and other net assets	9,340	-
Net increase in cash	141,048	10
Cash, beginning of period	10	-
Cash, end of period	150,398	10
Cash comprises:		
Cash at bank	150,398	10
Interest received	318	-
Dividends received	7,140	-

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

Next Edge Bio-Tech Plus Fund

Schedule of investments

As at December 31, 2015

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Long Positions (97.8%)		
	Canadian Equities (36.9%)		
	Biotechnology (1.9%)		
200,000	RepliCel Life Sciences Inc. Unit	62,000	51,000
200,000	RepliCel Life Sciences Inc. Warrants June 25, 2015 – Strike Price \$0.51	-	15,599
14,000	Transition Therapeutics Inc.	46,989	37,380
		108,989	103,979
	Healthcare Equipment & Services (10.8%)		
23,000	Extencicare Inc.	178,161	221,950
12,500	Neovasc Inc.	76,326	78,125
59,000	Spectral Medical Inc.	42,506	47,790
100,000	Theralase Technologies Inc.	43,787	43,000
337,000	Theralase Technologies Inc. Warrants March 3, 2020 – Strike Price \$0.54	15,000	88,254
35,000	TSO3 Inc.	47,566	78,050
100,000	Zecotek Photonics, Inc.	42,318	34,000
		445,664	591,169
	Pharmaceuticals & Biotechnology (24.1%)		
24,000	Aurinia Pharmaceuticals Inc.	100,613	83,520
77,500	Bellus Health Inc.	88,515	80,600
7,000	Cardiome Pharma Corporation	80,017	78,610
18,500	Cipher Pharmaceuticals Inc.	160,678	120,065
2,700	Concordia Healthcare Corporation	102,341	152,658
4,200	Cynapsus Therapeutics Inc.	89,728	90,300
325,000	Diamedica Inc.	32,500	48,750
9,000	Essa Pharma Inc.	67,712	57,150
342,000	Fennec Pharmaceuticals Inc. Warrants March 30, 2016	3,454	1,710
27,000	Medicure Inc.	65,440	114,750
300,000	Microbix Biosystems Inc.	169,088	91,500
200,000	Microbix Biosystems Inc. Restricted	80,000	61,000
200,000	Microbix Biosystems Inc. Warrants October 9, 2020 – Strike Price \$0.55	-	23,481
417,000	NeutriSci International Inc.	75,355	64,635
10,000	Nuvo Research Inc.	54,253	52,100
1,702,000	Promis Neurosciences Inc.	64,179	102,120
30,000	Telesta Therapeutics Inc.	9,825	12,750
44,000	Theratechnologies Inc.	76,113	83,600
		1,319,811	1,319,299
	Total Canadian Equities	1,874,464	2,014,447
	Canadian Bond (1.9%)		
	Corporate Bond (1.9%)		
100,000	Diagnos Inc. Convertible Bonds 10.00%, July 20, 2019	100,000	104,457
	Total Canadian Equities & Bond	1,974,464	2,118,904

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

Next Edge Bio-Tech Plus Fund

Schedule of investments (continued)

As at December 31, 2015

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	United States Equities (54.6%)		
	Biotechnology (23.7%)		
2,000	Acorda Therapeutics Inc.	86,407	118,398
28,000	Brainstorm Cell Therapeutics Inc.	130,319	110,814
2,500	Esperion Therapeutics Inc.	100,609	77,008
4,800	Halozyme Therapeutics Inc.	93,992	114,711
500	Intercept Pharmaceuticals Inc.	141,490	103,335
6,500	KemPharm Inc.	135,558	178,634
2,500	Medivation Inc.	176,014	167,232
150,000	Neurotrope Inc.	116,275	124,542
428,571	Portage Biotech Inc.	75,297	77,690
1,000	Sarepta Therapeutics Inc.	49,876	53,387
21,000	Sophiris Bio Inc.	57,853	52,598
800	Spark Therapeutics Inc.	57,419	50,160
3,000	Theravance Biopharma Incorporated	53,885	68,041
		1,274,994	1,296,550
	Energy - Alternate Sources (1.1%)		
17,000	Solazyme Inc.	56,702	58,576
	Healthcare (2.9%)		
6,000	Cerus Corporation	41,448	52,473
1,500	HeartWare International Inc.	100,002	104,615
		141,450	157,088
	Pharmaceuticals (26.1%)		
2,400	Acadia Pharmaceuticals Inc.	107,396	118,398
3,400	Akebia Therapeutics Inc.	51,714	60,787
5,000	Amicus Therapeutics Inc.	50,230	67,114
7,700	Axovant Sciences Limited	136,797	192,114
15,000	Conatus Pharmaceuticals, Inc.	63,505	59,780
3,500	Concert Pharmaceuticals Inc.	67,080	91,877
2,000	FibroGen Inc.	57,477	84,328
2,000	Forward Pharma AS ADR	68,773	51,643
1,400	H. Lundbeck AS ADR	57,635	65,956
5,300	Inotek Pharmaceuticals Corporation	81,675	83,095
1,500	Intra-Cellular Therapies Inc.	77,892	111,527
1,700	Portola Pharmaceuticals Inc.	82,043	121,034
3,000	Redhill Biopharma Limited ADR	51,770	53,470
4,700	Supernus Pharmaceuticals Inc.	64,955	87,412
23,000	Synergy Pharmaceuticals Inc.	178,310	180,461
		1,197,252	1,428,996
	Pharmaceuticals & Biotechnology (0.8%)		
4,000	Xenon Pharmaceuticals Inc.	51,609	44,503
	Total United States Equities	2,722,007	2,985,713

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

Next Edge Bio-Tech Plus Fund

Schedule of investments (continued)

As at December 31, 2015

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	International Equities (2.9%)		
	Biotechnology (0.9%)		
2,000	NeuroDerm Limited	47,305	47,187
	Healthcare (1.4%)		
7,000	Syneron Medical Limited	82,858	74,684
	Pharmaceuticals (0.7%)		
20,000	BioLineRx Limited ADR	46,612	35,979
	Total International Equities	176,775	157,850
	Total Equities & Bond	4,873,246	5,262,467
	Options (1.5%)		
	Purchased Options (See Options Detail)	152,305	84,066
	Total Long Position	5,025,551	5,346,533
	Short Position (-0.0%)		
	Written Options (See Options Detail)	(24,755)	(2,076)
	Total Short Position	(24,755)	(2,076)
	Transaction Costs	(15,751)	
	Total Investment Portfolio and Options (97.8%)	4,985,045	5,344,457
	Other net assets (2.2%)		121,713
	Total net assets (100%)		5,466,170

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

Next Edge Bio-Tech Plus Fund

Schedule of investments (continued)

As at December 31, 2015

Options Details

Underlying Interest	Option Type	Number of Options	Strike Price (\$)	Expiry Date	Average Cost (\$)	Fair Value (\$)
Acadia Pharmaceuticals Inc.	Call	20	40	Feb 2016	5,286	4,705
CurrencyShares Canada	Call	150	71	Feb 2016	24,242	23,871
CurrencyShares Canada	Call	100	75	Jan 2016	10,781	692
Esperion Therapeutics Inc.	Call	15	30	Jan 2016	4,212	311
Infinity Pharmaceuticals Inc.	Call	25	7	Feb 2016	4,705	4,670
Intercept Pharmaceuticals Inc.	Call	10	220	Jan 2016	7,877	3,321
iShares Nasdaq Biotechnology	Put	75	300	Jan 2016	51,634	6,227
Lexicon Pharmaceuticals Inc.	Call	25	12.50	Feb 2016	6,954	6,919
Raptor Pharmaceuticals Corporation	Call	40	6	Jan 2016	7,024	554
Sarepta Therapeutics Inc.	Call	15	42.50	Jan 2016	9,650	12,869
Valeant Pharmaceuticals International Inc.	Call	10	95	Feb 2016	19,940	19,927
Total Purchased Options					152,305	84,066
Axovant Sciences Limited	Written Call	(30)	22.50	Jan 2016	(4,037)	(830)
iShares Nasdaq Biotechnology Index Fund	Written Put	(75)	275	Jan 2016	(20,718)	(1,246)
Total Written Options					(24,755)	(2,076)
Total Options					127,550	81,990

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

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 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.

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., whose address is 100-5900 Hurontario St., Mississauga, ON L5R 0E8. The custodian of the Fund is CIBC Mellon Trust Company, whose address is 320 Bay Street, Toronto, ON M5H 4A6. The registered office of the Fund is located at 1 Toronto Street, Suite 200, Toronto, Ontario, Canada, M5C 2V6.

The financial statements were approved by the Board of Directors of the Manager on March 30, 2016.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) 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 (“Net Asset Value” or “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, 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.

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.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

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 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 “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 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 Statement of Comprehensive Income.

All unlisted warrants have been calculated using a Black-Scholes model, including written options valued subsequent to initial purchase.

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 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

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

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 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 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.

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.

Transaction 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.

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 of the class by the weighted average number of units outstanding of the class during the period.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

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 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) (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 Income Taxes.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The 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:

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

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

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).

The portfolio manager intends 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 manager focuses 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 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.

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

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Notes to the financial statements – December 31, 2015 (continued)

Portfolio by Asset Mix	% of Net Asset Value	
	Long	Short
United States Equity	54.6%	-
Canadian Equity	36.9%	-
International Equity	2.9%	-
Cash & Cash Equivalents	2.8%	-
Canadian Bond	1.9%	-
Equity Options	1.0%	(0.0%)
Currency Options	0.4%	-
Equity Index Options	0.1%	(0.0%)
Total investments	100.60%	-
Other assets, net liabilities	(0.60%)	-
Total net asset value	100.00%	

Portfolio by Industry	% of Net Asset Value	
	Long	Short
Pharmaceuticals	26.8%	-
Biotechnology	26.5%	-
Pharmaceuticals & Biotechnology	24.9%	-
Healthcare equipment and services	10.8%	-
Healthcare	4.3%	-
Cash & Cash Equivalents	2.8%	-
Corporate Bond	1.9%	-
Energy – alternated sources	1.1%	-
Equity Options (Pharmaceuticals & Biotechnology)	1.0%	(0.0%)
Currency Options	0.4%	-
Equity Index Options (Biotechnology)	0.1%	(0.0%)
Total investments	100.60%	-
Other assets, net liabilities	(0.60%)	-
Total net asset value	100.00%	

Portfolio by Country	% of Net Asset Value	
	Long	Short
United States	56.1%	(0.0%)
Canada	38.8%	-
Israel	2.9%	-
Cash & Cash Equivalents	2.8%	-
Total investments	100.6%	-
Other assets, net liabilities	(0.6%)	-
Total net asset value	100.00%	

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

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

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 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 rating of counterparty to a derivative instrument is disclosed in the Schedule of Investments or in the Notes to Financial Statements – Financial Instruments Risks section of the financial statements. The credit risk exposure of the Fund's other assets are represented by their carrying amount as disclosed in the Statements of Financial Position.

The table below analyses the Fund's exposure of debt assets held by rating agency category at December 31, 2015.

<u>Counterparty</u>	<u>Credit Rating</u>	<u>December 2015 CAD</u>	<u>Underlying Fund's net assets %</u>
Diagnos Inc	Unrated	104,457	1.9
		104,457	1.9

As at December 31, 2014, the Fund did not hold securities that were subject to significant credit risk.

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 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.

December 31, 2015			
Financial liabilities	On demand	< 3 months	Total
Derivative liabilities	2,076	-	2,076
Redemptions payable	10,287	-	10,287
Payable for investments purchased	145,941	-	145,941
Management and performance fees payable	-	1,194	1,194
Accrued expenses	-	38,240	38,240

For the period December 1 to 31, 2014, the Fund held all its assets in cash.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

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 December 31, 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.

December 31, 2015 Currency	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non- monetary	Total	Monetary	Non- monetary	Total
United States Dollar	(31,040)	3,225,553	3,194,513	(1,552)	161,278	159,726
% of net assets attributable to holders of redeemable units	(0.6%)	59.0%	58.4%	(0.0%)	3.0%	3.0%

As at December 31, 2014, the Fund did not have any foreign currencies and therefore, was not exposed to currency risk.

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 December 31, 2015, the Fund held debt instruments by maturity date as follows:

Debt Instruments by Maturity Date	December 31, 2015
3 to 5 years	104,457

As at December 31, 2014, the Fund held no securities with fixed interest rates that exposed the Fund to fair value interest rate risk.

(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

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

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 December 31, 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 \$390,690, or 7.2%. 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 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.

As at December 31, 2015, the financial instruments measured at fair value in the statements of financial position are grouped into the fair value hierarchy as follows:

	Level 1 CAD	Level 2 CAD	Level 3 CAD	Total CAD
Equities – long	4,967,966	190,044	-	5,158,010
Bonds – long	-	-	104,457	104,457
Purchased options	84,066	-	-	84,066
Written options	(2,076)	-	-	(2,076)

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. There were no transfers between Level 1 and 2 of the fair value hierarchy during the year ended December 31, 2015.

a) Bonds - long

The inputs that are significant to valuation of bonds are unobservable as these bonds are not traded in an active market and therefore the Fund's investment in bonds has been classified as Level 3.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

The following table presents the movement in Level 3 positions for the period:

	Bonds
Beginning balance, January 1, 2015	-
Purchases	100,000
Accrued interest	4,457
Ending balance, December 31, 2015	104,457

Quantitative information regarding the unobservable inputs for Level 3 positions is given below:

Description	Fair Value at December 31, 2015	Valuation technique	Unobservable input
Diagnos Inc.	104,457	Amortized cost	Credit risk

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 December 31, 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	-	5,262,467	-	5,262,467
Purchased Options	84,066	-	-	84,066
Cash	-	-	150,398	150,398
Subscriptions receivable	-	-	7,000	7,000
Receivable for investments sold	-	-	159,057	159,057
Dividends receivable	-	-	920	920
Total	84,066	5,262,467	317,375	5,663,908

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Written Options	2,076	-	-	2,076
Redemptions payable	-	-	10,287	10,287
Payable for investments purchased	-	-	145,941	145,941
Management fees payable	-	-	1,194	1,194
Accrued expenses	-	-	38,240	38,240
Total	2,076	-	195,662	197,738

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

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Notes to the financial statements – December 31, 2015 (continued)

	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Net realized gain (loss) on investments and options	(91,866)	128,811	36,945
Change in unrealized (depreciation) appreciation on investments	(44,673)	404,085	359,412
Total	(136,539)	532,896	396,357

7. REDEEMABLE UNITS

For the periods ended December 31, 2015 and 2014, the Fund offered four classes of redeemable units: Class A units, Class A1 units, Class F units, and Class F1 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 or Class A1 units, which would reduce the amount of money invested in the Class A units or Class A1 units of the Fund.

The number of units issued, redeemed or cancelled during the periods ended December 31, 2015 and 2014 for each respective Class is summarized in the following tables.

For the periods	January 1 to December 31, 2015	December 1 to 31, 2014
Class A		
Balance, Beginning	1	-
Units issued for cash	103,560	1
Units redeemed	(32,087)	-
Balance, Ending	71,474	1
Class A1		
Balance, Beginning	-	-
Units issued for cash	324,127	-
Units redeemed	(20,598)	-
Balance, Ending	303,529	-
Class F		
Balance, Beginning	-	-
Units issued for cash	32,773	-
Balance, Ending	32,773	-

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

For the periods	January 1 to December 31, 2015	December 1 to 31, 2014
Class F1		
Balance, Beginning	-	-
Units issued for cash	119,477	-
Units redeemed	(463)	-
Balance, Ending	119,014	-

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, 2015, the Fund had nil (2014: nil) capital and \$80,510 (2014: nil) non-capital losses for tax purposes which expire in 2035 and may be carried forward and used to reduce taxable income in future years.

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Notes to the financial statements – December 31, 2015 (continued)

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 to 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 year ended December 31, 2015, \$9,565 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. For the period ended December 31, 2014, soft dollars 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). Management fees for the year ended December 31, 2015 amounted to \$30,057 (December 31, 2014: nil) and are reported in the Statements of comprehensive income, with \$1,194 in outstanding accrued fees (December 31, 2014: nil) due to the Manager at December 31, 2015 reported in the Statements of financial position. Performance fees for the year ended December 31, 2015 amounted to \$76 (2014: nil) with nil in outstanding accrued fees due to the Manager at December 31, 2015 (2014: nil).

In order to establish the Fund, the Manager contributed \$10.00 in exchange for 1 Class A Unit of the Fund, which was subsequently cancelled upon the first issuance of units to external unitholders on January 21, 2015.

Next Edge Bio-Tech Plus Fund

Notes to the financial statements – December 31, 2015 (continued)

(b) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the year ended December 31, 2015 was \$1,246 (December 31, 2014: nil) 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 December 31, 2015 and 2014.

Next Edge Bio-Tech Plus Fund

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