

# Next Edge AHL Fund

Unaudited Semi-Annual Financial Statements – 2017  
As at and for the six months ended June 30th, 2017



**NEXTEGE**  
CAPITAL

Next Edge AHL Fund  
Unaudited semi-annual financial statements  
June 30, 2017

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## Next Edge AHL Fund

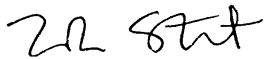
### Management's responsibility for financial reporting

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 the International Accounting Standards Board (IASB) and, where appropriate, reflect Management's judgment and best estimates.

Management has established systems of internal controls that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet Management's responsibilities for the integrity of the 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 29, 2017

Next Edge AHL Fund  
Statements of financial position (unaudited)

As at	Note	June 30, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		34,859,370	50,207,402
Financial assets at fair value through profit or loss			
Investment in Underlying Fund	4,7	22,468,758	24,030,649
Subscriptions receivable		49,400	63,000
		<b>57,377,528</b>	<b>74,301,051</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Redemptions payable	10	887,576	1,261,238
Management fees payable	14	45,355	59,142
Accrued liabilities		94,953	117,549
		<b>1,027,884</b>	<b>1,437,929</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>56,349,644</b>	<b>72,863,122</b>
<b>Net assets attributable to holders of redeemable units per class</b>			
Class A		18,836,390	27,045,401
Class B		4,381,725	5,859,889
Class C		2,386,525	3,263,920
Class F		13,259,369	15,928,754
Class G		534,451	708,398
Class H		3,388,433	3,562,642
Class J		3,155,827	4,698,441
Class K		516,624	778,218
Class L		1,045,541	1,057,676
Class M		8,844,759	9,959,783
		<b>56,349,644</b>	<b>72,863,122</b>

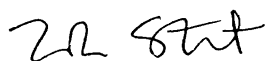
*The accompanying notes are an integral part of these financial statements*

# Next Edge AHL Fund

## Statements of financial position (unaudited) (continued)

As at	June 30, 2017	December 31, 2016
<b>Number of redeemable units outstanding per class</b>		
Class A	1,989,042	2,752,906
Class B	463,296	596,901
Class C	252,338	332,434
Class F	1,263,725	1,473,118
Class G	62,306	79,602
Class H	316,572	324,776
Class J	347,534	505,200
Class K	55,058	81,433
Class L	93,552	91,675
Class M	751,778	825,803
<b>Net assets attributable to holders of redeemable units per unit</b>		
Class A	9.47	9.82
Class B	9.46	9.82
Class C	9.46	9.82
Class F	10.49	10.81
Class G	8.58	8.90
Class H	10.70	10.97
Class J	9.08	9.30
Class K	9.38	9.56
Class L	11.18	11.54
Class M	11.77	12.06

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 AHL Fund  
Statements of comprehensive income (unaudited)

For the six months ended June 30,	Note	2017	2016
<b>Income</b>	8		
Interest income for distribution purposes		272,927	218,518
Other changes in fair value of investments and derivatives			
Net realized (loss) gain		(1,333,490)	3,568,120
Net change in unrealized appreciation (depreciation)		58,074	(3,700,102)
Net losses on investments		(1,275,416)	(131,982)
<b>Total (loss) income</b>		<b>(1,002,489)</b>	<b>86,536</b>
<b>Expenses</b>	14		
Management fees	14	466,782	804,564
General operating expenses		161,883	156,811
Unitholder reporting costs		17,684	14,866
Audit fees		16,575	17,500
Legal fees		34,072	14,652
Independent Review Committee fees	14	23,578	23,832
Harmonized Sales Tax		72,652	62,428
Custody fees		12,421	4,436
Transaction costs		658	1,471
<b>Total expenses</b>		<b>806,305</b>	<b>1,100,560</b>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>(1,808,793)</b>	<b>(1,014,024)</b>

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

# Next Edge AHL Fund

## Statements of comprehensive income (unaudited) (continued)

For the six months ended June 30,	2017	2016
<b>(Decrease) Increase in net assets attributable to holders of redeemable units per class</b>		
Class A	(680,991)	(542,637)
Class B	(174,844)	(127,076)
Class C	(97,372)	(75,549)
Class F	(405,270)	(243,025)
Class G	(22,074)	(26,276)
Class H	(84,612)	(6,054)
Class J	(78,995)	(39,560)
Class K	(11,465)	14,343
Class L	(33,643)	(16,557)
Class M	(219,527)	48,367
	<b>(1,808,793)</b>	<b>(1,014,024)</b>
<b>Average number of units outstanding</b>		
Class A	2,264,573	3,319,573
Class B	536,681	924,796
Class C	298,526	456,831
Class F	1,354,479	1,440,419
Class G	70,946	142,133
Class H	320,538	281,278
Class J	428,241	780,692
Class K	68,295	99,456
Class L	92,650	91,321
Class M	778,150	774,868
<b>(Decrease) Increase in net assets attributable to holders of redeemable units per unit</b>		
Class A	(0.30)	(0.16)
Class B	(0.33)	(0.14)
Class C	(0.33)	(0.17)
Class F	(0.30)	(0.17)
Class G	(0.31)	(0.18)
Class H	(0.26)	(0.02)
Class J	(0.18)	(0.05)
Class K	(0.17)	0.14
Class L	(0.36)	(0.18)
Class M	(0.28)	0.06

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

# Next Edge AHL Fund

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

For the six months ended June 30,	2017	2016
<u>Class A</u>		
Beginning of period	27,045,401	37,936,914
Decrease in net assets attributable to holders of redeemable units from operations	(680,991)	(542,637)
Proceeds from issuance of units	1,406,566	1,188,459
Consideration paid for redemption of units	(8,934,586)	(5,153,195)
End of period	18,836,390	33,429,541
<u>Class B</u>		
Beginning of period	5,859,889	10,940,036
Decrease in net assets attributable to holders of redeemable units from operations	(174,844)	(127,076)
Consideration paid for redemption of units	(1,303,320)	(1,960,614)
End of period	4,381,725	8,852,346
<u>Class C</u>		
Beginning of period	3,263,920	5,177,932
Decrease in net assets attributable to holders of redeemable units from operations	(97,372)	(75,549)
Consideration paid for redemption of units	(780,023)	(467,733)
End of period	2,386,525	4,634,650
<u>Class F</u>		
Beginning of period	15,928,754	16,447,220
Decrease in net assets attributable to holders of redeemable units from operations	(405,270)	(243,025)
Proceeds from issuance of units	1,435,247	3,797,886
Consideration paid for redemption of units	(3,699,362)	(2,858,755)
End of period	13,259,369	17,143,326
<u>Class G</u>		
Beginning of period	708,398	1,555,413
Decrease in net assets attributable to holders of redeemable units from operations	(22,074)	(26,276)
Consideration paid for redemption of units	(151,873)	(308,476)
End of period	534,451	1,220,661

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



## Next Edge AHL Fund

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

For the six months ended June 30,	2017	2016
<u>Class H</u>		
Beginning of period	3,562,642	3,422,830
Decrease in net assets attributable to holders of redeemable units from operations	(84,612)	(6,054)
Proceeds from issuance of units	6,229	325,000
Consideration paid for redemption of units	(95,826)	(453,187)
End of period	3,388,433	3,288,589
<u>Class J</u>		
Beginning of period	4,698,441	8,853,348
Decrease in net assets attributable to holders of redeemable units from operations	(78,995)	(39,560)
Consideration paid for redemption of units	(1,463,619)	(2,194,016)
End of period	3,155,827	6,619,772
<u>Class K</u>		
Beginning of period	778,218	1,260,092
(Decrease) Increase in net assets attributable to holders of redeemable units from operations	(11,465)	14,343
Consideration paid for redemption of units	(250,129)	(414,419)
End of period	516,624	860,016
<u>Class L</u>		
Beginning of period	1,057,676	1,130,685
Decrease in net assets attributable to holders of redeemable units from operations	(33,643)	(16,557)
Proceeds from issuance of units	28,070	41,840
Consideration paid for redemption of units	(6,562)	(23,814)
End of period	1,045,541	1,132,154
<u>Class M</u>		
Beginning of period	9,959,783	10,815,670
(Decrease) Increase in net assets attributable to holders of redeemable units from operations	(219,527)	48,367
Proceeds from issuance of units	667,568	288,500
Consideration paid for redemption of units	(1,563,065)	(1,401,721)
End of period	8,844,759	9,750,816

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

# Next Edge AHL Fund

## Statements of cash flows (unaudited)

For the six months ended June 30,	2017	2016
<b>Cash flows from operating activities</b>		
Decrease in net assets attributable to holders of redeemable units	(1,808,793)	(1,014,024)
<b>Adjustments to reconcile change in net assets attributable to holders to net cash from operating activities</b>		
Proceeds from sale of investments	10,349,455	16,092,775
Purchase of investments	(10,062,980)	(16,647,674)
Change in unrealized (appreciation) depreciation of investments and derivatives	(58,074)	3,700,102
Net realized (loss) gain on investments	1,333,490	(3,568,120)
(Decrease) Increase in other payable and accrued liabilities	(36,383)	172,821
<b>Net cash used by operating activities</b>	<b>(283,285)</b>	<b>(1,264,120)</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable units issued	3,557,280	5,407,585
Amount paid on redemption of redeemable units	(18,622,027)	(16,991,094)
<b>Net cash flows used by financing activities</b>	<b>(15,064,747)</b>	<b>(11,583,509)</b>
Net decrease in cash	(15,348,032)	(12,847,629)
Cash, beginning of period	50,207,402	68,161,903
<b>Cash, end of period</b>	<b>34,859,370</b>	<b>55,314,274</b>
Cash comprises:		
Cash at bank	34,859,370	55,314,274
Interest received	272,927	218,518

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

# Next Edge AHL Fund

## Schedule of investments (unaudited)

As at June 30, 2017

The total fair value of the Fund's investments is based on the Fund's investment in Man AHL DP Limited (the "Underlying Fund"), an exempted company with limited liability incorporated in the Cayman Islands (see Note 4 in the notes to the financial statements).

Number of Shares	Name	Average Cost (CAD)	Fair Value (CAD)
143,021	Man AHL DP Limited – Class A CAD Shares	25,389,538	21,473,206
6,264	Man AHL DP Limited – Class C CAD Shares	1,209,031	995,552
		26,598,569	22,468,758
	Transaction Costs	-	-
	Total Investment In Underlying Fund	26,598,569	22,468,758
	Cash		34,859,370
	Other net liabilities		(978,484)
	Total net assets attributable to holders of redeemable units		56,349,644

The balance sheet of Man AHL DP Limited as at June 30, 2017 is listed below:

	USD	%
Cash at bank	7,252,667	42%
Cash with brokers	7,843,920	45%
Financial assets at fair value through profit or loss <sup>1</sup>	8,180,878	47%
Prepayments and other assets	12,006	0%
Bank overdraft	(881,018)	(5%)
Financial liabilities at fair value through profit or loss <sup>1</sup>	(4,894,013)	(28%)
Accounts payable and accrued expenses	(178,216)	(1%)
Net Assets attributable to holders of Redeemable Participating Shares (IFRS)	17,336,224	
Net Assets attributable to holders of Redeemable Participating Shares (Valuation)	17,336,224	
Net Assets attributable to holders of Redeemable Participating Shares (Valuation) (CAD)	22,468,758	
Redeemable Participating Shares in issue - Class A	143,021	
Net Asset Value per Redeemable Participating Share - Class A (CAD)	150.14	
Number of Shares attributable to the Fund - Class A	143,021	
Aggregate value of Shares attributable to the Fund - Class A (CAD)	21,473,206	
Redeemable Participating Shares in issue - Class C	6,264	
Net Asset Value per Redeemable Participating Share - Class C (CAD)	158.92	
Number of Shares attributable to the Fund - Class C	6,264	
Aggregate value of Shares attributable to the Fund- Class C (CAD)	995,552	

1. The investments consist predominately of futures contracts written across a range of global markets including currencies, bonds, stocks, energy, metals and interest rates (the "Underlying Assets") and have a substantially larger notional value than is reflected by the investment amount with the result that the portfolio is exposed to a form of leverage. Such futures contracts may be purchased or sold resulting in a long or short investment position.

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

## Next Edge AHL Fund

### Schedule of investments (unaudited)

The following shows the underlying assets allocation by asset class and the top 25 holdings as presented in the Man AHL DP Limited Management Report on Fund Performance posted on SEDAR. The underlying assets may change due to ongoing portfolio transactions. For further details, see the Man AHL DP Limited financial statements for the six-month period ended June 30, 2017 as posted on SEDAR.

#### Portfolio Allocation

Asset Class	% of Net Asset Value <sup>2,4</sup>	Asset Class	% of Net Asset Value <sup>2,4</sup>
<b>Long positions</b>		<b>Short positions</b>	
Cash & equivalents <sup>3</sup>	94.56%	Currency	(7.78%)
Fund	9.07%	Interest rate	(1.24%)
Currency	7.81%	Stock Index	(0.76%)
Agricultural	0.78%	Energy	(0.69%)
Stock index	0.45%	Agricultural	(0.46%)
Metal	0.39%	Metal	(0.33%)
Interest rate	0.22%		
Energy	0.11%		
<b>Total long</b>	<b>113.39%</b>	<b>Total short</b>	<b>(11.26%)</b>
Total investments	102.13%		
Other net liabilities	(2.13%)		
<b>Total Net Asset Value</b>	<b>100.00%</b>		

#### Top 25 Long Positions

Issuer	% of Net Asset Value <sup>2,4</sup>
Investment in AHL Evolution Ltd	9.07%
CAD/USD Forward exchange contract	1.01%
MXN/USD Forward exchange contract	0.58%
NZD/USD Forward exchange contract	0.52%
CAD/USD Forward exchange contract	0.32%
CAD/USD Forward exchange contract	0.26%
SEK/USD Forward exchange contract	0.24%
RED WHEAT FUT MGE Sep 17	0.23%
CAD/USD Forward exchange contract	0.20%
AUD/USD Forward exchange contract	0.19%
EUR/USD Forward exchange contract	0.18%
PALLADIUM FUTURE Sep 17	0.16%
AUD/USD Forward exchange contract	0.14%
KOSPI2 INX FUT Sep 17	0.14%
NZD/USD Forward exchange contract	0.14%
CHF/USD Forward exchange contract	0.13%
EUR/GBP Forward exchange contract	0.11%
RED WHEAT FUT MGE Dec 17	0.11%
ZAR/USD Forward exchange contract	0.10%
AUD/USD Forward exchange contract	0.09%
ILS/USD Forward exchange contract	0.09%
SUGAR #11 (WORLD) Oct 17	0.09%
WHEAT FUTURE (CBT) Sep 17	0.09%
PLN/USD Forward exchange contract	0.08%
EUR/GBP Forward exchange contract	0.08%

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

## Next Edge AHL Fund

### Schedule of investments (unaudited) (continued)

#### Top 25 Short Positions

Issuer	% of Net Asset Value <sup>2,4</sup>
USD/CAD Forward exchange contract	(0.58%)
USD/CAD Forward exchange contract	(0.54%)
JPY/EUR Forward exchange contract	(0.51%)
JPY/AUD Forward exchange contract	(0.39%)
JPY/USD Forward exchange contract	(0.28%)
USD/NZD Forward exchange contract	(0.24%)
BRL/USD Forward exchange contract	(0.23%)
USD/GBP Forward exchange contract	(0.22%)
USD/AUD Forward exchange contract	(0.20%)
LONG GILT FUTURE Sep 17	(0.20%)
USD/AUD Forward exchange contract	(0.19%)
USD/NZD Forward exchange contract	(0.18%)
USD/NZD Forward exchange contract	(0.18%)
KRW/USD Forward exchange contract	(0.16%)
RUB/USD Forward exchange contract	(0.16%)
USD/GBP Forward exchange contract	(0.16%)
PLN/EUR Forward exchange contract	(0.15%)
FTSE 100 IDXFUT Sep 17	(0.15%)
BRENT CRUDE FUTR Dec 17	(0.14%)
BRL/USD Forward exchange contract	(0.14%)
SOYBEAN FUTURE Nov 17	(0.14%)
USD/AUD Forward exchange contract	(0.14%)
CORN FUTURE Dec 17	(0.14%)
BRL/USD Forward exchange contract	(0.12%)
GASOLINE RBOB FUT Aug 17	(0.11%)

**Total Net Asset Value of the Underlying Fund:** **22,468,758 CAD<sup>1</sup>**

1. The total fair value of the Fund's investments is referable to Class A and Class C redeemable participating shares issued by Man AHL DP Limited. As at June 30, 2017, 143,021 Class A shares with a Net Asset Value of approximately \$21.47 million representing 100% of the outstanding Class A shares, and 6,264 Class C shares with a Net Asset Value of approximately \$1.00 million representing 100% of the outstanding Class C Shares were issued to the Fund.
2. The percentage of the net assets refer to the amount of margin required in cash terms to be pledged against the relevant investments. The cash requirement has then been converted into a percentage of the Net Asset Value of the Next Edge AHL Fund. The investments of Man AHL DP Limited consist predominately of futures contracts written across a range of global markets including currencies, bonds, stocks, energies, agriculturals, metals and interest rates and may have a substantially larger notional value than is reflected by the investment amount with the result that the portfolio is exposed to a form of leverage. Such futures contracts may be purchased or sold resulting in a long or short investment position.
3. Cash is comprised of cash in bank deposits and cash held with brokers in order to meet margin requirements.
4. % of Net Asset Value of the Next Edge AHL Fund.

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

# Next Edge AHL Fund

## Notes to the June 30, 2017 financial statements (unaudited)

### 1. FUND INFORMATION

Next Edge AHL Fund (the “Fund”) is a commodity pool structured as an open-ended investment trust established under the laws of the Province of Ontario and governed by a Declaration of Trust dated November 12, 2009.

Next Edge Capital Corp. (the “Manager”) is the trustee, manager, and portfolio manager of the Fund and is responsible for administration of the Fund. The Fund’s custodian, transfer agent, valuation agent and administrator is RBC Investor & Treasury Services beginning May 9, 2016 and was Citigroup Fund Services Canada Inc. prior to May 9, 2016. The registered office of the Fund and the Manager is located at 1 Toronto Street, Suite 200, Toronto, Ontario, Canada, M5C 2V6.

The Fund’s investment objective is to provide holders of units (the “unitholders”) with the opportunity to realize capital appreciation through investment returns that have a low correlation to traditional forms of stock and bond securities. The Fund is intended to provide added diversification and enhance the risk/reward profile of conventional investment portfolios.

To pursue its investment objectives, the Fund obtains exposure to the returns of a diversified portfolio of financial instruments (the “Underlying Assets”) across a range of global markets including, without limitation, stocks, bonds, currencies, short-term interest rates, energy, metals and agricultural commodities (the “Underlying Assets”) managed by AHL Partners LLP (the “Investment Manager” or “AHL”), a division of Man Group plc, using a predominantly trend-following trading program (the “AHL Diversified Programme”). The AHL Diversified Programme is implemented and managed by the Investment Manager.

The Fund may have an unlimited number of classes of units and may issue an unlimited number of units of each class. All classes of units of the Fund are redeemable at the unitholders’ option. Each class of units is intended for different types of investors. All of the classes of units have the same investment strategy and restrictions but differ with respect to one or more of their features, such as management fees, expenses, redemption fees, commissions or distributions. The net asset value per unit (the “Net Asset Value per unit” or “NAV per unit”) of each class is not the same as a result of the different fees, expenses and distributions allocable to each class of units.

The Schedule of investments of the Fund is as at June 30, 2017. The Statements of financial position of the Fund are as at June 30, 2017 and December 31, 2016, and the Statements of comprehensive income, Statements of changes in net assets attributable to holders of redeemable units and Statements of cash flows are for the six months ended June 30, 2017 and 2016.

These interim financial statements were approved for issuance by the Manager on August 29, 2017.

### 2. BASIS OF PREPARATION AND ADOPTION OF IFRS

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 International Financial Reporting Standards (“IFRS”). Accordingly, the Fund’s accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the net asset value (“Net Asset Value” or “NAV”) for transactions with unitholders.

# Next Edge AHL Fund

## Notes to the financial statements – June 30, 2017 (unaudited) (continued)

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 ("CAD"), which is the Fund's functional currency.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's Investment in Man AHL DP Limited ("AHL DP Limited" or the "Underlying Fund") is 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 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. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of the Investment in the Underlying Fund is valued at the Net Asset Value reported by the Underlying Fund's manager, which is equivalent to the proceeds that the Fund would receive on redemption of any Underlying Fund shares.

#### 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 Monday of each week, 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"). The NAV and the NAV per unit, as at the relevant Valuation Date, is calculated by the valuation agent on or about the fourth Business Day following the relevant Valuation Date.

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

## Next Edge AHL Fund

### Notes to the financial statements – June 30, 2017 (unaudited) (continued)

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 for distribution purposes 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.

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 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 Underlying Fund shares are denominated in Canadian dollars. For the six month periods ended June 30, 2017 and 2016, the Fund had no foreign currency transactions. As at June 30, 2017 and December 31, 2016, the Fund did not hold any foreign currency investments.

#### **Cash**

Cash consists 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 of each class is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding of the class during the period.

#### **Income and expense allocation**

The realized and unrealized gains or losses, income, and expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each Valuation Date to the redeemable participating unitholders in proportion to the respective prior day's NAV, which includes redeemable participating unitholder 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.



# Next Edge AHL Fund

## Notes to the financial statements – June 30, 2017 (unaudited) (continued)

### Taxation

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (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 12, Income Taxes.

### 4. DISCLOSURE OF INVESTMENT PORTFOLIO OF THE UNDERLYING FUND

The Fund obtains exposure to the Underlying Assets through its investment in AHL DP Limited an exempted company with limited liability incorporated in the Cayman Islands. AHL DP Limited acquired and maintains the Underlying Assets.

The return to the Fund, and consequently to unitholders, will depend on the performance of the Underlying Fund, which, in turn, will be based on the performance of the Underlying Assets. The investment strategies employed by the Investment Manager include entering into futures and forward contracts and investments in other financial instruments.

The return to the holders of Class A units, Class B units, Class C units, Class F units, Class G units, Class H units, Class L units, and Class M units is referable to the Class A CAD Redeemable Participating Shares (“Class A Shares”) issued by the Underlying Fund. The return to the holders of Class J and K units is referable to the Class C CAD Redeemable Participating Shares (“Class C Shares”) issued by the Underlying Fund. The Class A Shares and Class C Shares issued by the Underlying Fund differ in their management fees, at up to approximately 2.00% and 1.00% per annum respectively.

As at June 30, 2017, the Fund held 143,021 (2016: 153,907) of the Class A Shares and 6,264 (2016: 10,547) of the Class C Shares of the Underlying Fund, representing 100% (2016: 100%) and 100% (2016: 100%) of the issued shares for each class respectively.

### 5. 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*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instrument project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Manager has reviewed the requirements for transition to IFRS 9 and there are no material impacts anticipated for the Fund.

### 6. 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 AHL Fund

## Notes to the financial statements – June 30, 2017 (unaudited) (continued)

### Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements*, are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund's prospectus details the objective of providing investment management services to investors, which includes investing in AHL DP Limited for the purpose of returns in the form of investment income and capital appreciation.

The Fund reports to its investors via monthly investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Fund's financial statements. The Fund has a clearly documented exit strategy for all of its investments.

The Manager has also concluded that the Fund meets the additional characteristics of an investment entity, in that it has more than one underlying investment; the underlying investments are predominantly in the form of stocks, bonds, currencies, short-term interest rates, energy, metals and agricultural commodities; it has more than one investor and its investors are not related parties.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changes.

### 7. FINANCIAL INSTRUMENTS RISK

As at June 30, 2017 and December 31, 2016, the portfolio of the Fund is composed of an investment in the Underlying Fund. 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 June 30, 2017, 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
Investment in Underlying Fund	-	22,468,758	-	22,468,758

## Next Edge AHL Fund

### Notes to the financial statements – June 30, 2017 (unaudited) (continued)

As at December 31, 2016, 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
Investment in Underlying Fund	-	24,030,649	-	24,030,649

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, 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.

#### a) Investment in Underlying Fund

The Fund's investment in the Underlying Fund is valued at the NAV per unit reported by the Underlying Fund's manager. This measure approximately represents the fair value of the investment. The inputs that are significant to valuation are generally observable and therefore the Fund's investment in the Underlying Fund has been classified as Level 2. There were no transfers between the levels of the fair value hierarchy for the periods ended June 30, 2017 and December 31, 2016.

## 8. NET GAINS (LOSSES) ON INVESTMENTS AND DERIVATIVES

The Fund's investment in the Underlying Fund is designated as FVTPL upon initial recognition and is measured at FVTPL. All other financial assets and liabilities are measured at amortized cost.

The following table presents the net gains (losses) on investments and derivatives by category for the respective years.

For the six months ended June 30, 2017	Financial assets classified as held for trading	Financial assets designated at FVTPL	Total
Interest for distribution purposes	-	272,927	272,927
Change in unrealized appreciation on investments	-	58,074	58,074
Net realized loss on investments	-	(1,333,490)	(1,333,490)
<b>Total</b>	<b>-</b>	<b>(1,002,489)</b>	<b>(1,002,489)</b>

For the six months ended June 30, 2016	Financial assets classified as held for trading	Financial assets designated at FVTPL	Total
Interest for distribution purposes	-	218,518	218,518
Net realized gain on investments	-	3,568,120	3,568,120
Change in unrealized depreciation on investments	-	(3,700,102)	(3,700,102)
<b>Total</b>	<b>-</b>	<b>86,536</b>	<b>86,536</b>

## 9. UNDERLYING FUND RISK

The Fund's investment in the Underlying Fund exposes it to the risks of Man AHL DP Limited, the Underlying Fund. The most important risks of the Underlying Fund to which it is exposed to are market risk, credit risk and liquidity risk. Market risk includes among other things; security price risk, interest rate risk and foreign currency risk. The Investment

# Next Edge AHL Fund

## Notes to the financial statements – June 30, 2017 (unaudited) (continued)

Manager of the Underlying Fund manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies.

### 10. OTHER RISK FACTORS

In addition to the risks that the Fund is exposed to as a result of its investment in the Underlying Fund, there are other financial risks:

#### Liquidity Risk of the Fund

Liquidity risk for the Fund is the possibility that the Fund will not be able to liquidate its investment in the Underlying Fund in order to settle unit redemption requests from unitholders. While unitholders may redeem their units, under conditions where the Underlying Fund restricts or suspends redemptions to the Fund, the unitholder redemptions may be temporarily restricted or suspended.

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, 2017

Financial liabilities	On demand	< 3 months	Total
Redemptions payable	887,576	-	887,576
Management fees payable	-	45,355	45,355
Accrued liabilities	-	94,953	94,953

#### December 31, 2016

Financial liabilities	On demand	< 3 months	Total
Redemptions payable	1,261,238	-	1,261,238
Management fees payable	-	59,142	59,142
Accrued liabilities	-	117,549	117,549

#### Interest Rate Risk on Cash

The Fund holds cash subject to variable interest rates, which exposes the Fund to cash flow interest rate risk.

### 11. REDEEMABLE UNITS

As at and for the period ended June 30, 2017, the Fund offered ten classes of redeemable units: Class A units, Class B units, Class C units, Class F units, Class G units, Class H units, Class J units, Class K units, Class L units, and Class M units. Units were available for purchase on both an upfront selling commission basis, and may have provided regular distributions, depending upon the class of units purchased. The class of units selected affected both the fees that were payable by an investor, the management fee payable by the Fund, the distributions paid in respect of the units 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, service commission and distributions. 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 did not charge a fee or commission when investors purchase units of the Fund. An authorized broker, dealer or advisor may have charged investors an upfront selling commission of up to 3.00% at the time of purchase of Class A units, which would have reduced the amount of money invested in the Class A units of the Fund.

## Next Edge AHL Fund

### Notes to the financial statements – June 30, 2017 (unaudited) (continued)

The number of units issued, redeemed or cancelled during the six months ended June 30, 2017 and 2016 for each respective class is summarized in the following tables.

For the six months ended June 30,	2017	2016
<b>Class A</b>		
Balance, Beginning	2,752,906	3,493,554
Units issued for cash	144,691	108,560
Units redeemed	(908,555)	(466,447)
Balance, Ending	1,989,042	3,135,667
<b>Class B</b>		
Balance, Beginning	596,901	1,006,698
Units issued for cash	-	966
Units redeemed	(133,605)	(176,996)
Balance, Ending	463,296	830,668
<b>Class C</b>		
Balance, Beginning	332,434	476,865
Units redeemed	(80,096)	(42,045)
Balance, Ending	252,338	434,820
<b>Class F</b>		
Balance, Beginning	1,473,118	1,392,418
Units issued for cash	132,744	310,914
Units redeemed	(342,137)	(232,347)
Balance, Ending	1,263,725	1,470,985
<b>Class G</b>		
Balance, Beginning	79,602	157,086
Units issued for cash	-	982
Units redeemed	(17,296)	(31,626)
Balance, Ending	62,306	126,442
<b>Class H</b>		
Balance, Beginning	324,776	289,466
Units issued for cash	581	28,047
Units redeemed	(8,785)	(37,712)
Balance, Ending	316,572	279,801
<b>Class J</b>		
Balance, Beginning	505,200	886,213
Units issued for cash	-	3,216
Units redeemed	(157,666)	(217,749)
Balance, Ending	347,534	671,680

# Next Edge AHL Fund

Notes to the financial statements – June 30, 2017 (unaudited) (continued)

For the six months ended June 30,	2017	2016
<b>Class K</b>		
Balance, Beginning	81,433	124,709
Units issued for cash	-	-
Units redeemed	(26,375)	(39,292)
Balance, Ending	55,058	85,417
<b>Class L</b>		
Balance, Beginning	91,675	89,639
Units issued for cash	2,432	3,117
Units redeemed	(555)	(1,830)
Balance, Ending	93,552	90,926
<b>Class M</b>		
Balance, Beginning	825,803	831,914
Units issued for cash	56,143	21,936
Units redeemed	(130,168)	(99,293)
Balance, Ending	751,778	754,557

## 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 achieve consistent returns while safeguarding capital by obtaining exposure to the Underlying Assets by investing in the Underlying Fund as indicated in the Prospectus and Note 1 above
- 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.

## 12. INCOME TAXES

It is generally assumed that the Fund will qualify at all times as a "mutual fund trust" within the meaning of 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.

## Next Edge AHL Fund

### Notes to the financial statements – June 30, 2017 (unaudited) (continued)

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 that may arise upon the disposition of securities included in the investment in the Underlying Fund in connection with the redemption of units.

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

As at December 31, 2016, the Fund has non-capital losses of \$3,842,873 (2015: \$3,842,873) of which \$515,162 (2015: \$515,162) will expire in 2030, \$1,025,001 (2015: \$1,025,001) will expire in 2031, and \$2,302,710 (2015: \$2,302,710) will expire in 2033, and may be carried forward and used to reduce taxable income in future years. The Fund also has available capital losses of \$26,861,092 (2015: \$28,748,832) that may be carried forward indefinitely to offset future capital gains. The benefit, if any, of these losses has not been recognized in the financial statements.

### 13. 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 NAV represented by the Class A units, Class B units, and Class C units; (ii) 2.30% of the portion of its NAV represented by the Class G units; (iii) 2.00% of the portion of its NAV represented by the Class J units; (iv) 1.25% of the portion of NAV is represented by the Class I units; (v) 1.00% of the portion of its NAV represented by the Class F units and Class K units; (vi) 1.25% of the portion of its NAV represented by the Class L units; and (vii) 0% of the portion of its NAV represented by the Class H and Class M units, calculated weekly and paid monthly in arrears, plus applicable taxes.

The Fund pays for all expenses incurred in connection with its operation and administration, which are 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. General operating 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 Statements 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.

For the periods ended June 30, 2017 and 2016, “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.

## Next Edge AHL Fund

### Notes to the financial statements – June 30, 2017 (unaudited) (continued)

#### 14. RELATED PARTY TRANSACTIONS

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

##### (a) Management fees

Under the terms of the investment management agreement, the Fund appointed the Manager to provide management services (see Note 13, Fees and Operating Expenses). Total management fees for the six months ended June 30, 2017 amounted to \$466,782 (June 30, 2016: \$804,564) are reported in the Statements of comprehensive income, with \$45,355 in outstanding accrued fees due to the Manager at June 30, 2017 (December 31, 2016: \$59,142) reported in the Statements of financial position.

##### (b) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee during the six months ended June 30, 2017 was \$23,578 (June 30, 2016: \$23,832) 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, 2017 and December 31, 2016.



# Next Edge AHL Fund

## General information

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