

Next Edge Bio-Tech Plus Fund

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



NEXTEGE
CAPITAL

Next Edge Bio-Tech Plus Fund
Unaudited semi-annual financial statements
June 30, 2017

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Next Edge Bio-Tech Plus Fund

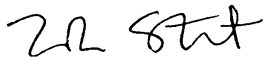
Management's responsibility for financial reporting

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 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



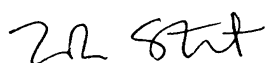
David Scobie
Chief Operating Officer

Next Edge Capital Corp.
August 29, 2017

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

As at	Notes	June 30, 2017	December 31, 2016
ASSETS			
Current assets			
Investments			
Equities	5,6	11,282,998	7,862,484
Purchased options	5,6	1,282,429	185,119
Cash		1,358,916	842,418
Subscriptions receivable		164,613	2,740
Receivable for investments sold		83,716	107,298
Interest and other receivables		1,259	1,259
Dividends receivable		1,360	1,120
		14,175,291	9,002,438
LIABILITIES			
Current liabilities			
Written options	5,6	782,012	-
Redemptions payable		11,087	-
Payable for investments purchased		613,736	355,524
Management fees payable	9,10	7,640	4,760
Accrued expenses		26,733	66,316
		1,441,208	426,600
Net assets attributable to holders of redeemable units		12,734,083	8,575,838
Net assets attributable to holders of redeemable units per class			
Class A		3,511,586	1,996,614
Class A1		2,441,127	2,246,458
Class F		4,720,630	2,591,255
Class F1		2,060,740	1,741,511
		12,734,083	8,575,838
Number of redeemable units outstanding per class			
Class A	7	323,323	222,317
Class A1	7	212,353	233,650
Class F	7	413,410	271,119
Class F1	7	175,876	177,567
Net assets attributable to holders of redeemable units per unit			
Class A		10.86	8.98
Class A1		11.50	9.61
Class F		11.42	9.56
Class F1		11.72	9.81

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 (unaudited)

For the six months ended June 30,	Notes	2017	2016
Income			
Interest income for distribution purposes		2,596	11,883
Dividends		7,680	7,657
Foreign currency loss on cash and other net assets		(5,281)	(1,899)
Other changes in fair value of investments and derivatives			
Net realized gain (loss) on sale of investments	6	129,360	(387,313)
Net change in unrealized appreciation (depreciation) on investments	6	2,170,768	(890,420)
Net gains (losses) on investments		2,300,128	(1,277,733)
Total income (loss)		2,350,123	(1,260,092)
Expenses			
Management fees	9,10	29,828	26,895
Performance fees	10	269,097	-
Administrative fees		49,018	15,732
Unitholder reporting costs		10,750	2,984
Audit fees		11,250	9,750
Custodian fees		1,758	3,750
Legal fees		31,365	23,095
Independent Review Committee fees	10	4,074	1,508
Harmonized Sales Tax		40,680	4,351
Transaction costs		121,227	48,594
Total expenses		569,047	136,659
Increase (Decrease) in net assets attributable to holders of redeemable units		1,736,076	(1,396,751)
Increase (Decrease) in net assets attributable to holders of redeemable units per class			
Class A		478,085	(214,375)
Class A1		422,634	(769,308)
Class F		490,291	(110,073)
Class F1		345,066	(302,995)
		1,736,076	(1,396,751)
Average number of units outstanding			
Class A		287,417	131,774
Class A1		224,358	301,625
Class F		294,366	149,185
Class F1		179,196	119,384

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Statements of comprehensive income (unaudited) (continued)

For the six months ended June 30,	Notes	2017	2016
Increase (Decrease) in net assets attributable to holders of redeemable units per unit			
Class A		1.66	(1.63)
Class A1		1.88	(2.55)
Class F		1.67	(0.74)
Class F1		1.93	(2.54)

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 (unaudited)

For the six months ended June 30,	2017	2016
<u>Class A</u>		
Beginning of period	1,996,614	704,891
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	478,085	(214,375)
Proceeds from issuance of units	1,443,623	1,049,284
Consideration paid for redemption of units	(406,736)	(286,951)
End of period	3,511,586	1,252,849
<u>Class A1</u>		
Beginning of period	2,246,458	3,166,150
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	422,634	(769,308)
Proceeds from issuance of units	-	1,505
Consideration paid for redemption of units	(227,965)	(70,722)
End of period	2,441,127	2,327,625
<u>Class F</u>		
Beginning of period	2,591,255	340,915
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	490,291	(110,073)
Proceeds from issuance of units	2,321,681	1,379,134
Consideration paid for redemption of units	(682,597)	(81,873)
End of period	4,720,630	1,528,103
<u>Class F1</u>		
Beginning of period	1,741,511	1,254,214
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	345,066	(302,995)
Proceeds from issuance of units	181,113	37,377
Consideration paid for redemption of units	(206,950)	(3,217)
End of period	2,060,740	985,379

The accompanying notes are an integral part of these financial statements

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

For the six months ended June 30,	2017	2016
Cash flows from operating activities		
Increase (Decrease) in net assets attributable to holders of redeemable units	1,736,076	(1,396,751)
Adjustments to reconcile increase in net assets attributable to holders to net cash from operating activities		
Proceeds from sale of investments	13,029,627	5,106,479
Purchase of investments	(14,183,517)	(6,944,632)
Foreign currency loss on cash and other net assets	5,281	1,899
Change in unrealized depreciation (appreciation) of investments and derivatives	(2,170,768)	890,420
Net realized (gain) loss on sale of investments	(129,360)	387,313
Increase in interest and other receivable	-	(10,467)
Increase in dividends receivable	(240)	(400)
Decrease in other payable and accrued liabilities	(36,703)	(22,997)
Net cash used in operating activities	(1,749,604)	(1,989,136)
Cash flows from financing activities		
Proceeds from redeemable units issued	3,784,544	2,474,300
Amount paid on redemption of redeemable units	(1,513,161)	(446,597)
Net cash flows provided by financing activities	2,271,383	2,027,703
Foreign currency loss on cash and other net assets	(5,281)	(1,899)
Net increase in cash	521,779	38,567
Cash, beginning of period	842,418	150,398
Cash, end of period	1,358,916	187,066
Cash comprises:		
Cash at bank	1,358,916	187,066
Interest received	2,596	1,416
Dividends received, net of withholding taxes	7,440	7,257

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

Schedule of investments (unaudited)

As at June 30, 2017

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Long Positions (98.7%)		
	Canadian Equities (31.0%)		
	Biotechnology (2.3%)		
390,000	RepliCel Life Sciences Inc.	229,536	226,200
20,000	RepliCel Life Sciences Inc. Warrants June 25, 2018 - Strike Price \$0.51	-	4,896
288,000	RepliCel Life Sciences Inc. Warrants October 28, 2018 - Strike Price \$0.85	-	57,897
	Biotechnology Total	229,536	288,993
	Healthcare Equipment & Services (17.9%)		
335,000	Antibe Therapeutics Inc. Warrants December 15, 2018 - Strike Price \$0.22	-	8,347
30,500	Arbutus Biopharma Corp.	142,409	142,597
18,000	Aurinia Pharmaceuticals Inc.	146,373	143,100
260,000	CVR Medical Corp.	124,800	89,700
130,000	CVR Medical Corp., Warrants, October 19, 2018 – Strike Price \$0.70	-	2,761
36,000	Extencicare Inc.	312,685	372,600
3,333,333	LED Medical Diagnostics Inc.	200,000	150,000
1,666,667	LED Medical Diagnostics Inc., Warrants, February 11, 2019 – Strike Price \$0.10	-	23,383
350,000	Patient Home Monitoring Corp.	95,879	148,750
310,000	ProMIS Neurosciences Inc., Warrants, February 10, 2020 – Strike Price \$0.20	-	43,933
1,005,000	SQI Diagnostics Inc.	172,168	231,150
845,000	SQI Diagnostics Inc., Warrants, March 10, 2022 – Strike Price \$0.21	-	144,569
337,000	Theralase Technologies Inc. Warrants March 3, 2020 - Strike Price \$0.54	15,000	68,011
966,666	Titan Medical Inc.	205,000	135,333
666,666	Titan Medical Inc., Warrants, June 29, 2022 – Strike Price \$0.20	-	73,790
200,000	Titan Medical Inc., Warrants, March 16, 2019 – Strike Price \$0.40	-	9,196
200,000	Titan Medical Inc., Warrants, March 16, 2021 – Strike Price \$0.50	-	15,804
15,000	Trillium Therapeutics Inc.	111,618	84,300
83,000	TSO3 Inc.	183,127	256,470
180,000	Vigil Health Solutions Inc.	104,667	144,000
	Healthcare Equipment & Services Total	1,813,726	2,287,794
	Pharmaceuticals & Biotechnology (10.8%)		
467,000	Antibe Therapeutics Inc.	70,050	42,030
10,000	Canopy Growth Corp.	79,823	79,700
115,000	Ceapro Inc.	114,565	108,100

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
Schedule of investments (unaudited) (continued)

As at June 30, 2017

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
47,500	Ceapro Inc. Warrants July 08, 2018 - Strike Price \$1.50	-	2,506
70,000	Cipher Pharmaceuticals Inc.	386,835	399,000
1,050,000	Microbix Biosystems Inc.	404,322	320,250
200,000	Microbix Biosystems Inc. Warrants October 9, 2020 - Strike Price \$0.55	-	13,411
1,274,500	Promis Neurosciences Inc	145,718	324,998
20,000	Xenon Pharmaceuticals Inc.	145,698	81,818
	Pharmaceuticals & Biotechnology Total	1,347,011	1,371,813
	Total Canadian Equities	3,390,273	3,948,600
	United States Equities (49.5%)		
	Biotechnology (14.0%)		
11,500	Halozyme Therapeutics Inc.	187,501	191,468
126,488	MRI Interventions Inc.	344,723	854,205
125,000	MRI Interventions Inc., Warrants, May 26, 2022 – Strike Price \$2.20	-	594,574
15,000	NewLink Genetics Corp.	141,899	143,182
	Biotechnology Total	674,123	1,783,429
	Pharmaceuticals (31.5%)		
9,000	Acadia Pharmaceuticals Inc.	351,670	325,987
11,000	Adamas Pharmaceuticals Inc.	222,332	249,857
4,600	FibroGen Inc.	134,955	192,961
78,000	Inotek Pharmaceuticals Corporation	179,284	192,468
1,800	Intercept Pharmaceuticals Inc.	291,829	283,021
14,500	Intra-Cellular Therapies Inc.	256,133	233,883
5,500	Neurocrine Biosciences Inc.	330,849	328,571
5,000	Portola Pharmaceuticals Inc.	121,660	364,740
2,000	Sage Therapeutics Inc.	110,173	206,857
4,900	Sarepta Therapeutics Inc.	205,444	214,518
4,000	Spark Therapeutics Inc.	286,074	310,338
75,000	Synergy Pharmaceuticals Inc.	489,478	433,442
15,000	Voyager Therapeutics Inc.	189,559	174,545
48,000	VTV Therapeutics Inc.	354,635	309,818
41,000	Zafgen Inc.	204,716	186,896
	Pharmaceuticals Total	3,728,791	4,007,902
	Pharmaceuticals & Biotechnology (4.0%)		
5,500	Accelaron Pharma Inc.	197,925	217,071
15,625	Neurotrope Inc., Warrants, November 17, 2021 – Strike Price \$0.40	-	99,793
6,200	Paratek Pharmaceuticals Inc.	174,872	194,052
	Pharmaceuticals & Biotechnology Total	372,797	510,916
	Total United States Equities	4,775,711	6,302,247

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
Schedule of investments (unaudited) (continued)

As at June 30, 2017

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	International Equities (8.1%)		
	Biotechnology (1.1%)		
6,300	Novocure Ltd.	59,016	141,545
	Biotechnology Total	59,016	141,545
	Healthcare (7.0%)		
7,000	Axovant Sciences Ltd.	119,021	210,818
4,000	GENFIT	115,024	177,216
2,000	GW Pharmaceuticals PLC	298,084	260,390
56,000	XTL Biopharmaceuticals Ltd.	204,099	242,182
	Healthcare Total	736,228	890,606
	Total International Equities	795,244	1,032,151
	Total Equities	8,961,228	11,282,998
	Options (10.1%)		
	Purchased Options (See Options Detail)	757,014	1,282,429
	Total Long Position	9,718,242	12,565,427
	Short Position (-6.1%)		
	Written Options (See Options Detail)	(521,934)	(782,012)
	Total Short Position	(521,934)	(782,012)
	Transaction Costs	(22,831)	
	Total Investment Portfolio and Options (92.6%)	9,173,477	11,783,415
	Cash (10.7%)		1,358,916
	Other net assets (-3.3%)		(408,248)
	Total net assets (100.0%)		12,734,083

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund
Schedule of investments (unaudited) (continued)

As at June 30, 2017

Options Details

Underlying Interest	Option Type	Number of Options	Strike Price (\$)	Expiry Date	Average Cost (\$)	Fair Value (\$)
Chartwell Retirement Trust	Call	125	15	Jul 2017	7,000	6,250
Alder Biopharmaceuticals	Call	69	25	Jul 2017	16,484	-
Axovant Sciences Ltd.	Call	400	20	Dec 2017	449,384	716,882
Axovant Sciences Ltd.	Call	115	22.5	Oct 2017	89,991	186,690
Galapagos N.V.	Call	100	100	Jan 2018	33,643	52,836
Intercept Pharmaceuticals	Call	65	135	Jul 2017	16,162	12,662
Spark Therapeutics Inc.	Call	60	70	Jul 2017	11,396	17,337
Currencyshares Canadian	Call	650	74	Sep 2017	71,785	204,707
Total Call Options					695,845	1,197,364
iShares Nasdaq Biotech	Put	50	310	Jul 2017	24,026	39,935
SPDR S&P 500 Trust	Put	250	240	Jul 2017	37,143	45,130
Total Put Options					61,169	85,065
Total Purchased Options					757,014	1,282,429
Axovant Sciences Ltd.	Written Call	(70)	25	Jul 2017	(9,091)	(6,591)
Axovant Sciences Ltd.	Written Call	(400)	30	Dec 2017	(336,013)	(579,221)
Axovant Sciences Ltd.	Written Call	(115)	30	Oct 2017	(135,519)	(152,337)
Novocure Ltd.	Written Call	(63)	17.5	Jul 2017	(6,833)	(6,136)
Portola Pharmaceuticals Inc.	Written Call	(50)	55	Jul 2017	(23,154)	(24,351)
Sage Therapeutics Inc.	Written Call	(20)	80	Jul 2017	(11,324)	(13,376)
Total Written Options					(521,934)	(782,012)
Total Options					235,080	500,417

The accompanying notes are an integral part of these financial statements

Next Edge Bio-Tech Plus Fund

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

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.

Next Edge Capital Corp. (the “Manager”) is the trustee, manager, and portfolio manager of the Fund. The custodian, registrar, transfer agent and valuation agent of the Fund is RBC Investor & Treasury Services beginning May 9, 2016 and CIBC Mellon Trust Company as custodian and Citigroup Fund Services Canada Inc. as registrar, transfer agent and valuation agent prior to May 9, 2016. 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 August 29, 2017.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared on a going concern basis using the historical cost convention. However, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with 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.

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.

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 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 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 values of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded

Next Edge Bio-Tech Plus Fund

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

market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted securities 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 "Net change in unrealized appreciation (depreciation) on investments" in the Statements 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 Statements of comprehensive income.

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

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 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.

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,

Next Edge Bio-Tech Plus Fund

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

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 for distribution purposes is recorded as it is earned.

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

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

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

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

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities by the Fund are charged to net income 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 fair value of foreign-currency-denominated portfolio investments, foreign currency holdings and other assets and liabilities denominated in a foreign currency are translated into the Fund's reporting currency using the closing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into the Fund's reporting currency at the rate of exchange prevailing on the respective dates of such transactions.

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

Cash

Cash consists of deposits with financial institutions.

Next Edge Bio-Tech Plus Fund

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

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.

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.

Taxation

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

See Note 8, Income Taxes.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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*, 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 instruments 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.

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 – June 30, 2017 (unaudited) (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 investment portfolio may change due to ongoing portfolio transactions.

Next Edge Bio-Tech Plus Fund

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

Portfolio by Asset Mix	% of Net Asset Value	
	Jun 30, 2017	Dec 31, 2016
United States Equity	49.5%	54.1%
Canadian Equity	31.0%	31.7%
Cash & Cash Equivalents	10.7%	9.8%
International Equity	8.1%	5.9%
Equity Options	3.3%	0.8%
Equity Index Options	0.7%	1.3%
Total investments	103.3%	103.6%
Other net liabilities	(3.3%)	(3.6%)
Total net asset value	100%	100%

Portfolio by Industry	% of Net Asset Value	
	Jun 30, 2017	Dec 31, 2016
Pharmaceuticals	31.5%	43.3%
Healthcare equipment and services	17.9%	12.6%
Biotechnology	17.4%	16.1%
Pharmaceuticals & Biotechnology	14.8%	15.9%
Cash & Cash Equivalents	10.7%	9.8%
Healthcare	7.0%	3.8%
Equity Options	3.3%	0.8%
Equity Index Options	0.7%	1.3%
Total investments	103.3%	103.6%
Other net liabilities	(3.3%)	(3.6%)
Total net asset value	100%	100%

Portfolio by Country	% of Net Asset Value	
	Jun 30, 2017	Dec 31, 2016
United States	53.4%	56.2%
Canada	31.1%	31.7%
Cash & Cash Equivalents	10.7%	9.8%
United Kingdom	2.0%	1.3%
Israel	1.9%	3.2%
Bermuda	1.7%	-
France	1.4%	-
Japan	1.1%	-
Belgium	-	1.4%
Total investments	103.3%	103.6%
Other net liabilities	(3.3%)	(3.6%)
Total net asset value	100%	100%

Next Edge Bio-Tech Plus Fund

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

Credit risk

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

As at June 30, 2017 and December 31, 2016, the Fund did not hold debt assets.

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

Liquidity risk

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

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

June 30, 2017

Financial liabilities	On demand	< 3 months	Total
Written options	782,012	-	782,012
Redemptions payable	11,087	-	11,087
Payable for investments purchased	613,736	-	613,736
Management and performance fees payable	-	7,640	7,640
Accrued expenses	-	26,733	26,733
	1,406,835	34,373	1,441,208

December 31, 2016

Financial liabilities	On demand	< 3 months	Total
Payable for investments purchased	355,524	-	355,524
Management and performance fees payable	-	4,760	4,760
Accrued expenses	-	66,316	66,316
	355,524	71,076	426,600

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

Next Edge Bio-Tech Plus Fund

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

Market risk

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

(a) Currency risk

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

The table below indicates the foreign currencies to which the Fund had significant exposure at June 30, 2017 and December 31, 2016 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

June 30, 2017	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
United States Dollar	579,727	7,618,594	8,198,321	28,986	380,930	409,916
Euro	-	177,216	177,216	-	8,861	8,861
% of net assets attributable to holders of redeemable units	4.6%	61.2%	65.8%	0.2%	3.1%	3.3%

December 31, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
United States Dollar	620,891	5,013,241	5,634,132	31,045	250,662	281,707
% of net assets attributable to holders of redeemable units	7.2%	58.5%	65.7%	(0.4%)	2.9%	3.3%

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2017 and December 31, 2016, the Fund did not hold any debt instruments.

(c) Other price risk

Other price risk is the risk that the value of portfolio investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether caused by factors specific to an individual portfolio investment or all factors affecting all investments traded in a market or market segment. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. Please

Next Edge Bio-Tech Plus Fund

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

refer to the Schedule of investments for a breakdown of the Net Asset Value of the Fund by security and geographic allocation.

The Fund's benchmark is (i) 40% of the percentage gain or loss of the S&P/TSX Capped Health Care Index; plus (ii) 60% of the percentage gain or loss of the NASDAQ Biotechnology Index (re-weighted daily). If the benchmark had increased or decreased by 10% on June 30, 2017, 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 \$667,790, or 5.2% (December 31, 2016: \$609,963, or 7.1%). 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.

(d) Biotechnology sector risk

Companies within the biotechnology industry invest heavily in research and development that may not necessarily lead to commercially successful products. This industry is also subject to increased governmental regulation, which may delay or inhibit the release of new products. Many biotechnology companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences. Biotechnology companies can be characterized by competition and rapid technological developments that 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.

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 June 30, 2017 and 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:

June 30, 2017	Level 1 CAD	Level 2 CAD	Level 3 CAD	Total CAD
Equities – long	9,176,222	2,106,776	-	11,282,998
Purchased options	1,282,429	-	-	1,282,429
Written options	(782,012)	-	-	(782,012)
Total	9,676,639	2,106,776	-	11,783,415

Next Edge Bio-Tech Plus Fund

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

December 31, 2016	Level 1 CAD	Level 2 CAD	Level 3 CAD	Total CAD
Equities – long	6,781,408	1,081,076	-	7,862,484
Purchased options	185,119	-	-	185,119
Total	6,966,527	1,081,076	-	8,047,603

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, interest and other receivables, payable for investments purchased, redemptions 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 Levels of the fair value hierarchy during the six-month period ended June 30, 2017 and the year ended December 31, 2016.

6. FINANCIAL INSTRUMENTS BY CATEGORY

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

The following table presents the carrying amounts of the Fund's financial instruments by category as at June 30, 2017 and December 31, 2016:

As at June 30, 2017:

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Equities	-	11,282,998	-	11,282,998
Purchased options	1,282,429	-	-	1,282,429
Cash	-	-	1,358,916	1,358,916
Subscriptions receivable	-	-	164,613	164,613
Receivable for investments sold	-	-	83,716	83,716
Interest and other receivable	-	-	1,259	1,259
Dividends receivable	-	-	1,360	1,360
Total	1,282,429	11,282,998	1,609,864	14,175,291

Next Edge Bio-Tech Plus Fund

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

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Written options	782,012	-	-	782,012
Redemptions payable	-	-	11,087	11,087
Payable for investments purchased	-	-	613,736	613,736
Management fees payable	-	-	7,640	7,640
Accrued expenses	-	-	26,733	26,733
Total	782,012	-	659,196	1,441,208

The following table presents the net gains on investments and derivatives by category for the respective six-month period.

	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Net realized gain (loss) on investments and options	(1,346,427)	1,475,787	129,360
Change in unrealized appreciation on investments	302,384	1,868,384	2,170,768
Total	(1,044,043)	3,344,171	2,300,128

As at December 31, 2016:

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Equities and bonds	-	7,862,484	-	7,862,484
Purchased options	185,119	-	-	185,119
Cash	-	-	842,418	842,418
Receivable for investments sold	-	-	107,298	107,298
Interest receivable and other receivables	-	-	3,999	3,999
Dividends receivable	-	-	1,120	1,120
Total	185,119	7,862,484	954,835	9,002,438

Next Edge Bio-Tech Plus Fund

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

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Payable for investments purchased	-	-	355,524	355,524
Management fees payable	-	-	4,760	4,760
Accrued expenses	-	-	66,316	66,316
Total	-	-	426,600	426,600

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

	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Net realized gain (loss) on investments and options	(382,657)	661,353	278,696
Change in unrealized appreciation (depreciation) on investments	(11,942)	79,881	67,939
Total	(394,599)	741,234	346,635

7. REDEEMABLE UNITS

For the periods ended June 30, 2017 and 2016, 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 six-month periods 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
Class A		
Balance, Beginning	222,317	71,474
Units issued for cash	140,485	134,689
Units redeemed	(39,479)	(37,133)
Balance, Ending	323,323	169,030

Next Edge Bio-Tech Plus Fund

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

For the six months ended June 30,	2017	2016
Class A1		
Balance, Beginning	233,650	303,529
Units issued for cash	-	174
Units redeemed	(21,297)	(8,514)
Balance, Ending	212,353	295,189
Class F		
Balance, Beginning	271,119	32,773
Units issued for cash	207,422	171,927
Units redeemed	(65,131)	(10,065)
Balance, Ending	413,410	194,635
Class F1		
Balance, Beginning	177,567	119,014
Units issued for cash	16,648	4,404
Units redeemed	(18,339)	(364)
Balance, Ending	175,876	123,054

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 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

Next Edge Bio-Tech Plus Fund

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

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 in connection with the redemption of units.

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

As at December 31, 2016, the Fund had nil capital and \$319,141 (2015: \$80,510) non-capital losses for tax purposes, which expire in 2035 and may be carried forward and used to reduce taxable income in future years.

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 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 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.

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 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.

Performance fees

For its services the Fund, the Manager was entitled to receive from the Fund in respect of each fiscal quarter a performance fee if the percentage gain in the NAV per unit of a Class of units of the Fund over the preceding fiscal quarter or quarters since a performance fee was last payable, exceeds the percentage gain or loss of the benchmark (the “Benchmark”), over the same period, and provided that the NAV per unit of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter in which a performance fee was paid.

The performance fee will be equal to this excess return per unit multiplied by the number of units outstanding at the end of the quarter multiplied by 20%.

Next Edge Bio-Tech Plus Fund

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

The Benchmark for Next Edge Bio-Tech Plus Fund 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.

Brokerage commissions and soft dollars

For the six months ended June 30, 2017, \$16,395 (June 30, 2016: \$7,993) 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.

10. RELATED PARTY TRANSACTIONS

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

(a) Management and performance fees

Under the terms of the investment management agreement, the Fund appointed the Manager to provide management services (see Note 9, Fees and Operating Expenses). Total management fees for the six months ended June 30, 2017 amounted to \$33,503 (June 30, 2016: \$26,895) and are reported in the Statements of comprehensive income, with \$7,640 in outstanding accrued fees (December 31, 2016: \$4,760) due to the Manager at June 30, 2017 reported in the Statements of financial position. Performance fees for the period ended June 30, 2017 amounted to \$269,097 (June 30, 2016: nil) with nil in outstanding accrued fees due to the Manager at June 30, 2017 (December 31, 2016: nil).

(b) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the period ended June 30, 2017 was \$4,074 (June 30, 2016: \$1,508) 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 Bio-Tech Plus Fund

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