

Next Edge AHL Fund

Unaudited Semi-Annual Financial Statements – 2018
As at and for the six months ended June 30, 2018



NEXTEGE
CAPITAL

Next Edge AHL Fund
Unaudited semi-annual financial statements
June 30, 2018

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Next Edge AHL Fund

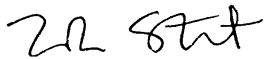
Management's responsibility for financial reporting

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 control that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal control 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, 2018

Next Edge AHL Fund
Statements of financial position (unaudited)

As at	Notes	June 30, 2018	December 31, 2017
ASSETS			
Current assets			
Cash		25,851,990	30,227,756
Financial assets at fair value through profit or loss			
Investment in Underlying Fund	4,7	19,422,384	23,024,856
Subscriptions receivable		5,000	56,000
		45,279,374	53,308,612
LIABILITIES			
Current liabilities			
	9		
Redemptions payable		1,002,277	224,789
Management fees payable		3,683	2,193
Harmonized sales tax payable		4,697	4,046
Accrued liabilities		7,954	1,781
		1,018,611	232,809
Net assets attributable to holders of redeemable units		44,260,763	53,075,803
Net assets attributable to holders of redeemable units per class			
	10		
Class A		15,482,085	18,213,427
Class B		2,282,717	2,831,524
Class C		1,131,451	1,659,036
Class F		12,150,283	14,092,543
Class G		332,375	441,955
Class H		2,393,986	3,608,340
Class J		2,022,417	2,521,699
Class K		284,187	348,781
Class L		675,245	714,979
Class M		7,506,017	8,643,519
		44,260,763	53,075,803

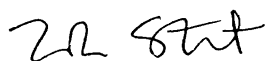
The accompanying notes are an integral part of these financial statements

Next Edge AHL Fund

Statements of financial position (unaudited) (continued)

As at	June 30, 2018	December 31, 2017
Number of redeemable units outstanding per class		
Class A	1,612,893	1,794,336
Class B	238,434	279,479
Class C	118,228	163,771
Class F	1,127,897	1,245,134
Class G	38,247	48,074
Class H	215,505	310,848
Class J	219,482	264,715
Class K	29,509	35,234
Class L	59,044	59,404
Class M	615,019	677,588
Net assets attributable to holders of redeemable units per unit		
Class A	9.60	10.15
Class B	9.57	10.13
Class C	9.57	10.13
Class F	10.77	11.32
Class G	8.69	9.19
Class H	11.11	11.61
Class J	9.21	9.53
Class K	9.63	9.90
Class L	11.44	12.04
Class M	12.20	12.76

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 loss (unaudited)

For the six months ended June 30,	Notes	2018	2017
Income	8		
Interest income for distribution purposes		181,646	272,927
Other changes in fair value of investments			
Net realized gain (loss)		261,201	(1,333,490)
Net change in unrealized appreciation (depreciation)		(2,397,385)	58,074
Net loss on investments		(2,136,184)	(1,275,416)
Total loss		(1,954,538)	(1,002,489)
Expenses	12		
Management fees	13	330,865	466,782
General operating expenses		120,403	161,883
Unitholder reporting costs		15,932	17,684
Audit fees		18,098	16,575
Legal fees		27,855	34,072
Independent Review Committee fees	13	17,932	23,578
Harmonized sales tax		47,070	72,652
Custody fees		6,668	12,421
Transaction costs		424	658
Total expenses		585,247	806,305
Decrease in net assets attributable to holders of redeemable units		(2,539,785)	(1,808,793)

The accompanying notes are an integral part of these financial statements

Next Edge AHL Fund

Statements of comprehensive loss (unaudited) (continued)

For the six months ended June 30,	2018	2017
Decrease in net assets attributable to holders of redeemable units per class		
Class A	(999,074)	(680,991)
Class B	(129,552)	(174,844)
Class C	(65,858)	(97,372)
Class F	(672,940)	(405,270)
Class G	(22,872)	(22,074)
Class H	(149,909)	(84,612)
Class J	(74,384)	(78,995)
Class K	(8,372)	(11,465)
Class L	(35,696)	(33,643)
Class M	(381,128)	(219,527)
	(2,539,785)	(1,808,793)
Average number of units outstanding		
Class A	1,737,619	2,264,573
Class B	251,865	536,681
Class C	130,370	298,526
Class F	1,197,456	1,354,479
Class G	42,844	70,946
Class H	255,210	320,538
Class J	240,143	428,241
Class K	31,380	68,295
Class L	59,275	92,650
Class M	655,926	778,150
Decrease in net assets attributable to holders of redeemable units per unit		
Class A	(0.57)	(0.30)
Class B	(0.51)	(0.33)
Class C	(0.51)	(0.33)
Class F	(0.56)	(0.30)
Class G	(0.53)	(0.31)
Class H	(0.59)	(0.26)
Class J	(0.31)	(0.18)
Class K	(0.27)	(0.17)
Class L	(0.60)	(0.36)
Class M	(0.58)	(0.28)

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,	2018	2017
<u>Class A</u>		
Beginning of period	18,213,427	27,045,401
Decrease in net assets attributable to holders of redeemable units from operations	(999,074)	(680,991)
Proceeds from issuance of units	727,539	1,406,566
Consideration paid for redemption of units	(2,459,807)	(8,934,586)
End of period	15,482,085	18,836,390
<u>Class B</u>		
Beginning of period	2,831,524	5,859,889
Decrease in net assets attributable to holders of redeemable units from operations	(129,552)	(174,844)
Consideration paid for redemption of units	(419,255)	(1,303,320)
End of period	2,282,717	4,381,725
<u>Class C</u>		
Beginning of period	1,659,036	3,263,920
Decrease in net assets attributable to holders of redeemable units from operations	(65,858)	(97,372)
Consideration paid for redemption of units	(461,727)	(780,023)
End of period	1,131,451	2,386,525
<u>Class F</u>		
Beginning of period	14,092,543	15,928,754
Decrease in net assets attributable to holders of redeemable units from operations	(672,940)	(405,270)
Proceeds from issuance of units	1,331,961	1,435,247
Consideration paid for redemption of units	(2,601,281)	(3,699,362)
End of period	12,150,283	13,259,369
<u>Class G</u>		
Beginning of period	441,955	708,398
Decrease in net assets attributable to holders of redeemable units from operations	(22,872)	(22,074)
Consideration paid for redemption of units	(86,708)	(151,873)
End of period	332,375	534,451

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,	2018	2017
<u>Class H</u>		
Beginning of period	3,608,340	3,562,642
Decrease in net assets attributable to holders of redeemable units from operations	(149,909)	(84,612)
Proceeds from issuance of units	-	6,229
Consideration paid for redemption of units	(1,064,445)	(95,826)
End of period	2,393,986	3,388,433
<u>Class J</u>		
Beginning of period	2,521,699	4,698,441
Decrease in net assets attributable to holders of redeemable units from operations	(74,384)	(78,995)
Proceeds from issuance of units	-	-
Consideration paid for redemption of units	(424,898)	(1,463,619)
End of period	2,022,417	3,155,827
<u>Class K</u>		
Beginning of period	348,781	778,218
Decrease in net assets attributable to holders of redeemable units from operations	(8,372)	(11,465)
Proceeds from issuance of units	13,880	-
Consideration paid for redemption of units	(70,102)	(250,129)
End of period	284,187	516,624
<u>Class L</u>		
Beginning of period	714,979	1,057,676
Decrease in net assets attributable to holders of redeemable units from operations	(35,696)	(33,643)
Proceeds from issuance of units	-	28,070
Consideration paid for redemption of units	(4,038)	(6,562)
End of period	675,245	1,045,541
<u>Class M</u>		
Beginning of period	8,643,519	9,959,783
Decrease in net assets attributable to holders of redeemable units from operations	(381,128)	(219,527)
Proceeds from issuance of units	126,000	667,568
Consideration paid for redemption of units	(882,374)	(1,563,065)
End of period	7,506,017	8,844,759

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,	2018	2017
Cash flows from operating activities		
Decrease in net assets attributable to holders of redeemable units	(2,539,785)	(1,808,793)
Adjustments to reconcile change in net assets attributable to holders to net cash from operating activities		
Proceeds from sale of investments	7,637,512	10,349,455
Purchase of investments	(6,171,224)	(10,062,980)
Change in unrealized appreciation of investments and derivatives	2,397,385	(58,074)
Net realized (loss) gain on investments	(261,201)	1,333,490
Increase (decrease) in other payable and accrued liabilities	8,314	(36,383)
Net cash provided (used) by operating activities	1,071,001	(283,285)
Cash flows from financing activities		
Proceeds from redeemable units issued	2,250,380	3,557,280
Amount paid on redemption of redeemable units	(7,697,147)	(18,622,027)
Net cash flows used by financing activities	(5,446,767)	(15,064,747)
Net decrease in cash	(4,375,766)	(15,348,032)
Cash, beginning of period	30,227,756	50,207,402
Cash, end of period	25,851,990	34,859,370
Cash comprises:		
Cash at bank	25,851,990	34,859,370
Interest received	181,646	272,927

The accompanying notes are an integral part of these financial statements

Next Edge AHL Fund

Schedule of investments (unaudited)

As at June 30, 2018

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)
122,601	Man AHL DP Limited – Class A CAD Shares	20,501,182	18,739,632
4,128	Man AHL DP Limited – Class C CAD Shares	736,118	682,752
	Total investment in Underlying Fund	21,237,300	19,422,384
	Cash		25,851,990
	Other liabilities		(1,013,611)
	Total net assets attributable to holders of redeemable units		44,260,763

The balance sheet of Man AHL DP Limited as at June 30, 2018 is listed below:

	USD	%
Cash at bank	6,459,436	44%
Balances with brokers	4,424,513	30%
Financial assets at fair value through profit or loss ¹	6,797,889	46%
Other assets	8,346	0%
Balances due to brokers	(433,186)	(3%)
Financial liabilities at fair value through profit or loss ¹	(2,356,558)	(16%)
Accounts payable and accrued expenses	(113,050)	(1%)
Net assets attributable to holders of Redeemable Participating Shares (IFRS)	14,787,390	100%
Net assets attributable to holders of Redeemable Participating Shares (Valuation)	19,422,384	
Net assets attributable to holders of Redeemable Participating Shares (Valuation) (CAD)	19,422,384	
Redeemable Participating Shares in issue - Class A	122,601	
Net Asset Value per Redeemable Participating Share - Class A (CAD) ¹	152.85	
Number of Shares attributable to the Fund - Class A	122,601	
Aggregate value of Shares attributable to the Fund - Class A (CAD)	18,739,632	
Redeemable Participating Shares in issue - Class C	4,128	
Net Asset Value per Redeemable Participating Share - Class C (CAD) ¹	165.37	
Number of Shares attributable to the Fund - Class C	4,128	
Aggregate value of Shares attributable to the Fund - Class C (CAD)	682,752	

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.
2. There is a difference between the NAV as per the financial statements and the NAV for subscription and redemption purposes, calculated in accordance with the Underlying Fund Offering Memorandum. For financial statement purposes, financial assets and liabilities have been valued in accordance with IFRS.

The accompanying notes are an integral part of these financial statements

Next Edge AHL Fund

Schedule of investments (unaudited) (continued)

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 months ended June 30, 2018 as posted on SEDAR.

Portfolio Allocation

Asset Class	% of Net Asset Value ²	Asset Class	% of Net Asset Value ²
Long positions		Short positions	
Cash and equivalents ³	70.67%	Currency	(13.47%)
Fund	20.33%	Agricultural	(0.43%)
Currency	16.68%	Stock index	(0.99%)
Energy	2.76%	Metal	(0.45%)
Interest rate	2.74%	Energy	(0.30%)
Agricultural	2.06%	Interest rate	(0.30%)
Metal	0.73%		
Stock index	0.68%		
Total long	116.65%	Total short	(15.94%)
Total investments	100.71%		
Other net liabilities	(0.71%)		
Total Net Asset Value	100.00%		

Top 25 Long Positions

Issuer	% of Net Asset Value ²
Investment in AHL Evolution Ltd ⁴	20.00%
CAD/USD Forward exchange contract	1.00%
USD/GBP Forward exchange contract	1.00%
USD/AUD Forward exchange contract	1.00%
WTI CRUDE FUTURE Aug18	0.64%
CORN FUTURE Dec18	0.64%
BRENT CRUDE FUTR Dec20	0.50%
EURO-BUND FUTURE Sep18	0.46%
BRENT CRUDE FUTR Dec18	0.34%
KOSPI2 INX FUT Sep18	0.32%
WTI CRUDE FUTURE Dec20	0.31%
RED WHEAT FUT MGE Sep18	0.30%
CORN FUTURE Sep18	0.28%
Euro-OAT Future Sep18	0.27%
KOREA 3YR BND FUT Sep18	0.22%
3MO EURO EURIBOR Sep19	0.21%
3MO EURO EURIBOR Jun20	0.21%
NY Harb ULSD FUT Aug18	0.20%
EURO-BOBL FUTURE Sep18	0.17%
SOYBEAN FUTURE Nov18	0.17%
SOYBEAN MEAL FUTR Dec18	0.17%
AUST 3YR BOND FUT Sep18	0.15%
GASOLINE RBOB FUT Aug18	0.15%
COFFEE 'C' FUTURE Sep18	0.15%
SPI 200 FUTURES Sep18	0.14%

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 ²
CLP/USD Forward exchange contract	(2.22%)
ZAR/USD Forward exchange contract	(1.42%)
RUB/USD Forward exchange contract	(0.79%)
BRL/USD Forward exchange contract	(0.69%)
EUR/CHF Forward exchange contract	(0.50%)
GBP/EUR Forward exchange contract	(0.45%)
SEK/EUR Forward exchange contract	(0.38%)
PLN/EUR Forward exchange contract	(0.38%)
JPY/EUR Forward exchange contract	(0.36%)
BRL/USD Forward exchange contract	(0.33%)
JPY/EUR Forward exchange contract	(0.28%)
NZD/USD Forward exchange contract	(0.27%)
Silver/USD Forward commodity contract	(0.24%)
NZD/USD Forward exchange contract	(0.23%)
CAD/EUR Forward exchange contract	(0.23%)
AUD/EUR Forward exchange contract	(0.23%)
BRL/USD Forward exchange contract	(0.23%)
CLP/USD Forward exchange contract	(0.23%)
COTTON NO.2 FUTR Dec18	(0.18%)
E-Mini Russ 2000 Sep18	(0.18%)
AUD/EUR Forward exchange contract	(0.17%)
PLN/EUR Forward exchange contract	(0.16%)
S&P500 EMINI FUT Sep18	(0.16%)
CAD/USD Forward exchange contract	(0.14%)
CNH/USD Forward exchange contract	(0.14%)

Total Net Asset Value of the Underlying Fund: **19,422,384 CAD¹**

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, 2018, 122,601 Class A shares with a NAV of approximately \$18.7 million representing 100% of the outstanding Class A shares, and 4,128 Class C shares with a NAV of approximately \$0.7 million representing 100% of the outstanding Class C Shares were issued to the Fund.
2. The percentage of the Asset Class net assets refers 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 Man AHL DP Limited. The investments of Man AHL DP Limited consist predominately of futures contracts in the AHL Portfolio written across a range of global markets including currencies, bonds, stocks, energy, agricultural commodities, 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 comprises cash in bank deposits and cash held with brokers in order to meet margin requirements.
4. Investment in AHL Evolution Ltd. is 8.78% 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, 2018 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 and amended June 27, 2014.

The Fund’s investment activities are managed by Next Edge Capital Corp. The Fund’s transfer agent, custodian, valuation agent and administrator is RBC Investor & Treasury Services. The registered office of the Fund 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 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, 2018. The Statements of financial position of the Fund are as at June 30, 2018 and December 31, 2017, and the Statements of comprehensive loss, 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, 2018 and 2017, except for classes established during either period, in which case the information presented is from the inception date, as applicable, to June 30, 2018 or 2017.

These financial statements were approved for issuance by the Manager on August 29, 2018.

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 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 (“NAV”) for transactions with unitholders.

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

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

Next Edge AHL Fund

Notes to the June 30, 2018 financial statements (unaudited) (continued)

IFRS 9, *Financial Instruments*

Financial Instruments

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

Transition to IFRS 9

Effective January 1, 2018, the Fund adopted IFRS 9 Financial Instruments. The new standard requires assets to be carried at amortized cost, fair value, with changes in fair value recognized in profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Assessment and decision on the business model approach used is an accounting judgement.

The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

Upon transition to IFRS 9, the Fund's financial assets and financial liabilities previously classified as fair value through profit and loss (FVTPL) under IAS39 continued to be categorized as fair value through profit and loss (or any other single category of classification arrived at). There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

There was no impact on the Net Assets and the results of the Fund from the adoption of IFRS 9. The adoption of IFRS 9 has also been applied retrospectively and did not result in any changes in the prior period.

Classification and Measurement

Classification and measurement categories under IFRS 9 are amortized at cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). To determine the appropriate classification and measurement category, IFRS 9 requires an entity to consider the business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments. The Fund has performed an assessment of the business model and contractual cash flows and did not have a significant impact on its Statements of financial position from applying the classification and measurement requirements of IFRS 9.

The Fund's business model is one in which financial assets are managed with the objective of realizing cash flows through the sale of assets. Decisions are made based on the assets' fair values and assets are managed to realize these fair values. This business model is aligned with a FVTPL classification and measurement category. The Fund expects to continue measuring at FVTPL all financial assets currently held at fair value. Debt securities are expected to be measured at FVTPL under IFRS 9 as the Fund does not expect to hold the assets to collect contractual cash flows based on their business model. Collection of the contractual cash flows is not integral to achieving the Fund's

Next Edge AHL Fund

Notes to the June 30, 2018 financial statements (unaudited) (continued)

business model objective but is instead incidental to it.

Loans, as well as trade receivables, are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Fund expects that these will continue to be measured at amortized cost under IFRS 9.

Impairment

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

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

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 the Underlying Fund is classified as fair value through profit or loss upon initial recognition and is 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 NAV 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 NAV per unit at the time of redemption. The amounts are continuously

Next Edge AHL Fund

Notes to the June 30, 2018 financial statements (unaudited) (continued)

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, are 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 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 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 year.

Functional and presentation currency

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

Transactions during the year, including purchases and sales of securities, income and expenses, are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date.

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in profit or loss in the Statements of comprehensive loss as part of the "net realized gain (loss)".

Cash

Cash comprises deposits with financial institutions.

Next Edge AHL Fund

Notes to the June 30, 2018 financial statements (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 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 year.

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 are applied to the corresponding classes accordingly. All operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

Taxation

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

See Note 11, Income Taxes.

4. DISCLOSURE OF INVESTMENT PORTFOLIO OF THE UNDERLYING FUND

The Fund obtains exposure to the Underlying Assets through its investment in Man AHL DP Limited ("AHL DP Limited" or the "Underlying Fund"), 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% of the NAV per annum respectively.

As at June 30, 2018, the Fund held 122,601 (2017: 124,625) of the Class A Shares and 4,128 (2017: 4,507) of the Class C Shares of the Underlying Fund, representing 100% (2017: 100%) and 100% (2017: 100%) of the issued shares for each class respectively.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards issued but not yet effective up to the date of issuance of the Fund's financial statements. The Fund will adopt any applicable standards when they become effective.

Next Edge AHL Fund

Notes to the June 30, 2018 financial statements (unaudited) (continued)

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:

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 change.

7. FINANCIAL INSTRUMENTS RISK

As at June 30, 2018 and December 31, 2017, 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.

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Notes to the June 30, 2018 financial statements (unaudited) (continued)

As at June 30, 2018, 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	-	19,422,384	-	19,422,384

As at December 31, 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	-	23,024,856	-	23,024,856

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

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 Level 1 and Level 2 of the fair value hierarchy for the six months ended June 30, 2018 and the year ended December 31, 2017.

The investments of the Underlying Fund are denominated primarily in U.S. dollars and any return of any such investments will therefore be in the same currency. However, the Fund's functional currency and the Underlying Fund shares are denominated in Canadian dollars. Therefore, the Fund is exposed to currency risk; a fluctuation in Canadian dollars against the U.S. dollar could cause the value of the underlying investments to diminish or increase irrespective of performance. The Underlying Fund uses a hedging programme to reduce this exposure.

8. 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 risks described below are applicable to Man AHL DP Limited.

The Underlying Fund's investment activities expose it to the various types of risks that are associated with the financial instruments and markets in which it invests. The most important types of financial risks to which the Underlying Fund is exposed to are market risk, credit risk and liquidity risk. Market risk includes security price risk, interest rate risk and foreign currency risk. The Investment Manager manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies.

The Underlying Fund risks as presented in the December 31, 2017 financial have not changed for the six months ended June 30, 2018.

Next Edge AHL Fund

Notes to the June 30, 2018 financial statements (unaudited) (continued)

9. 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

As at June 30, 2018 and December 31, 2017, 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, then the unitholder redemptions may be temporarily restricted or suspended.

The tables below analyse 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, 2018			
Financial liabilities	On demand	< 3 months	Total
Redemptions payable	1,002,277	-	1,002,277
Management fees payable	-	3,683	3,683
Harmonized sales tax payable	-	4,697	4,697
Accrued liabilities	-	7,954	7,954
December 31, 2017			
Financial liabilities	On demand	< 3 months	Total
Redemptions payable	224,789	-	224,789
Management fees payable	-	2,193	2,193
Harmonized sales tax payable	-	4,046	4,046
Accrued liabilities	-	1,781	1,781

Interest rate risk on cash

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

10. REDEEMABLE UNITS

As at and for the six months ended June 30, 2018 and 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 an upfront selling commission basis, and may have provided regular distributions, depending upon the class of units purchased. The class of units selected affected the fees that were payable by an investor, the management fees 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 fees, 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 purchased 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 June 30, 2018 financial statements (unaudited) (continued)

The number of units issued, redeemed or cancelled during the six months ended June 30, 2018 and 2017 for each respective class is summarized in the following tables.

For the six months ended June 30,	2018	2017
Class A		
Balance, beginning	1,794,336	2,752,906
Units issued for cash	70,419	144,691
Units redeemed	(251,862)	(908,555)
Balance, ending	1,612,893	1,989,042
Class B		
Balance, beginning	279,479	596,901
Units redeemed	(41,045)	(133,605)
Balance, ending	238,434	463,296
Class C		
Balance, beginning	163,771	332,434
Units redeemed	(45,543)	(80,096)
Balance, ending	118,228	252,338
Class F		
Balance, beginning	1,245,134	1,473,118
Units issued for cash	121,931	132,744
Units redeemed	(239,168)	(342,137)
Balance, ending	1,127,897	1,263,725
Class G		
Balance, beginning	48,074	79,602
Units redeemed	(9,827)	(17,296)
Balance, ending	38,247	62,306
Class H		
Balance, beginning	310,848	324,776
Units issued for cash	-	581
Units redeemed	(95,343)	(8,785)
Balance, ending	215,505	316,572
Class J		
Balance, beginning	264,715	505,200
Units redeemed	(45,233)	(157,666)
Balance, ending	219,482	347,534

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Notes to the June 30, 2018 financial statements (unaudited) (continued)

For the six months ended June 30,	2018	2017
Class K		
Balance, beginning	35,234	81,433
Units issued for cash	1,341	-
Units redeemed	(7,066)	(26,375)
Balance, ending	29,509	55,058
Class L		
Balance, beginning	59,404	91,675
Units issued for cash	-	2,432
Units redeemed	(360)	(555)
Balance, ending	59,044	93,552
Class M		
Balance, beginning	677,588	825,803
Units issued for cash	9,578	56,143
Units redeemed	(72,147)	(130,168)
Balance, ending	615,019	751,778

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.

11. 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

Next Edge AHL Fund

Notes to the June 30, 2018 financial statements (unaudited) (continued)

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, 2017, the Fund has non-capital losses of \$4,022,100 (2016: \$3,842,873) of which \$515,162 (2016: \$515,162) will expire in 2030, \$1,025,001 (2016: \$1,025,001) will expire in 2031, \$2,302,710 (2016: \$2,302,710) will expire in 2033, and \$179,227 will expire in 2037, 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 (2016: \$26,861,092) 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.

12. FEES AND OPERATING EXPENSES

For its services to the Fund, the Manager was entitled to receive from the Fund, a management fees (the “Management Fees”) 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 (loss). 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 six months ended June 30, 2018 and 2017, “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 June 30, 2018 financial statements (unaudited) (continued)

13. 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 12, Fees and Operating Expenses). Total management fees for the six months ended June 30, 2018 amounted to \$330,865 (2017: \$466,782) and reported in the Statements of comprehensive loss, with \$3,683 in outstanding accrued fees due to the Manager as at June 30, 2018 (December 31, 2017: \$2,193) 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, 2018 was \$17,932 (2017: \$23,578) and is reported in the Statements of comprehensive loss and consisted only of fixed fees. There were no outstanding payables relating to Independent Review Committee fees as at June 30, 2018 and 2017.

Next Edge AHL Fund

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