

Next Edge AHL Fund

Annual Management Report of Fund Performance – 2018



This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Next Edge AHL Fund (the “Fund”). You may obtain a copy of the annual financial statements at your request, and at no cost, by calling (416) 775-3600 or toll-free at (877) 860-1080, by writing to us at Next Edge Capital Corp., 1 Toronto Street, Suite 200, Toronto, Ontario, M5C 2V6, Canada or by visiting our website at www.nextedgecapital.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Caution Regarding Forward-looking Statements

Certain portions of this report, including but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements about Next Edge AHL Fund (the “Fund”), including its strategies, risks, expected performance and condition. All statements, other than statements of historical fact, that address activities, events or developments that Next Edge Capital Corp. (the “Manager”) and AHL Partners LLP, (the “Investment Manager”), (together, the “Companies”) believe, expect or anticipate will or may occur in the future (including, without limitation, statements regarding any targeted returns, projections, forecasts, statements and future plans and objectives of the Fund) are forward-looking statements. These forward-looking statements reflect the current expectations, assumptions or beliefs of the Companies based on information currently available to the Fund.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Fund to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Fund.

Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in international financial and commodities markets, fluctuations in currency exchange and interest rates, illiquidity of portfolio investments, reduction in availability of leverage, default by counterparties, special risks arising from short sales and investments in forward contracts and other derivatives, unintentional trades, accuracy of analytical models, valuation risks, limitations on redemptions, tax consequences, changes in applicable laws and other risks associated with investing in securities and those factors discussed under the section entitled “Risk Factors” in the Fund’s prospectus.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Companies and the Fund disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Companies believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

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Management discussion of fund performance

Investment Objective and Strategies

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.

The Fund’s investment activities are managed by Next Edge Capital Corp., (the “Manager”). The Fund’s transfer agent, 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.

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 across a range of global markets including, without limitation, stocks, bonds, currencies, short-term interest rates, energy, metals and agricultural commodities (the “Underlying Assets”) managed by AHL Partners LLP (the “Investment Manager” or “AHL”), a division of Man Group plc, using a predominantly trend-following trading program (the “AHL Diversified Programme”). The AHL Diversified Programme is implemented and managed by the Investment Manager. The Fund 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. The Underlying Fund holds and maintains the Underlying Assets.

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, currency denomination, 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.

Risk

The overall level of risk associated with an investment in the Fund has not changed over the year. There can be no assurance that the Fund will achieve its investment objective in respect of the AHL Diversified Programme. For details of the risks associated with an investment in the Fund, please refer to the Prospectus and the financial statements.

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Management discussion of fund performance (continued)

Results of Operations

The Fund had a negative return and experienced a decrease in its net assets during the year ended December 31, 2018:

Class of redeemable units	December 31, 2018 NAV per unit (CAD) ^{1,2}	December 31, 2017 NAV per unit (CAD) ^{1,2}	% return for the year ended December 31, 2018 ²
A	9.70	10.15	(4.4%)
B	9.67	10.13	(4.5%)
C	9.66	10.13	(4.6%)
F	10.96	11.32	(3.2%)
G	8.78	9.19	(4.5%)
H	11.36	11.61	(2.2%)
J	9.30	9.53	(2.4%)
K	9.77	9.90	(1.3%)
L	11.61	12.04	(3.6%)
M	12.48	12.76	(2.2%)

1. Net assets attributable to holders of redeemable units ("NAV", or "Net Assets")

2. Based on financial reporting NAVs

The Fund's investment portfolio continues to consist of an investment in the Underlying Fund, Man AHL DP Limited. For a summary of the results of the operations of the Underlying Fund for the period, see the Man AHL DP Limited MRFP as filed on SEDAR.

Investment Manager Performance Commentary of the Underlying Fund

In the eyes of many market participants, 2018 will have marked a watershed between the post-Crisis era of quantitative easing ('QE'), and a new regime of rising interest rates. Market uncertainty, as evidenced by a substantial pick-up in volatility and sharp reversals – particularly in equities – was a difficult backdrop for both traditional and non-traditional investment styles, including trend-following.

Losses were incurred predominantly in Q1 in equities and credit, although profits were made in fixed income and FX trading. These losses were concentrated in Q1, occurring as a result of bullish positioning prior to market volatility and affected most asset classes, notably stocks and commodities. Conversely, Q4 market volatility impacted the portfolio quite differently because of more bearish positioning.

Indices were choppy in 2018, clearly, and trends were also hard to find in equity sector trading. The Programme spent most of the year being long companies in the US Software and Services sector, profiting as bellwether Apple soared through the USD 1tr valuation mark. Market sentiment soured in October, however, triggering also a sector rotation as investors shifted preference towards defensive stocks. In aggregate, both single stock and index futures trading fared equally poorly as equities led losses on the year.

Fixed income trading finished 2018 in the black as the best performing sector during the year, and there was good diversification amongst the markets traded. Profits generated in German bunds were predominantly on the long side, but trading on the short side in 10-year US Treasuries was also profitable. Markets like UK Gilts presented more problems to the Fund's trend-following systems, being largely range-bound but with sharp reversals alongside the ebb and flow of the Brexit saga. Trading in Brazilian IRS also received a boost from the election of President Bolsonaro in Brazil when two-year rates fell by over 100bp in October alone.

With rising interest rates in the US and protectionist policies from President Trump, the strength of the US dollar was the dominant theme in FX markets for the year. On the whole, this led to profitable trading for the Fund's trend-following strategies. For currencies like the euro, the almost monotonic down trend was something the systems captured well. The top performer

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Management discussion of fund performance (continued)

in the asset class and the Fund, however, was the Turkish lira, where short positioning against the US dollar realised out-sized gains in August when the currency suddenly collapsed by one third. This seems to have been driven equally by concerns around the country's central bank independence, and the war of words between Presidents Erdogan and Donald Trump. Positioning in the Mexican peso was generally the exception to the long USD rule as successful NAFTA talks meant a rallying exchange rate over the summer and an oscillating position. Overall this was detrimental to performance and MXN/USD ended the year as the worst performer in the asset class.

Commodities attributions were dominated in 2018 by energies, where there was a rollercoaster ride for many markets. Traditional markets like crude oil and natural gas were highly volatile. WTI Crude oil prices rose 30% quite steadily from February through to October, before crashing more than 40%, and the Fund's models were able to switch position quickly enough to profit on both the long and short side. US Natural Gas's price moves were more sudden; having traded in a tight range all year, they rose nearly 50% in two weeks at the beginning of November, after a cold forecast in the US spurred supply concerns. The Fund's long position benefited at this time, but not quite enough to eradicate losses driven by price movements up to that point. Diversification in markets played a profitable role in energy trading. The UK Natural Gas price is largely uncorrelated to its US cousin, rising throughout most of the year, and benefitting the Fund. Carbon Emissions, similarly, saw prices propelled much higher by a proposal by the EU commission to cut supply in 2019. Although both of these markets are smaller than oil and US Natural Gas, and hence traded with a smaller allocation in the Fund, they made meaningful contributions to portfolio returns. Trading in other commodities was more mixed, with the Fund profiting from both the decline in the price of gold throughout the second quarter, and the rally in the price of palladium in the last quarter, but struggling elsewhere with positioning in base metals. Agricultural markets proved even more challenging for trend following, with contributions from wheat, corn, cocoa and sugar all negative as markets either lacked trends, or saw sharp reversals just as trends became established.

Recent Developments

The Fund's investment portfolio continues to consist of an investment in the Underlying Fund. There were no changes to the manager, portfolio adviser, change of control of the manager or portfolio adviser, no reorganizations, and no changes to the composition of the independent review committee during the period.

Effective January 1, 2018, the Fund adopted IFRS 9, Financial Instruments. 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.

Related Party Transactions

The Manager is responsible for the day-to-day operations of the Fund and provides management services to the Fund, including the marketing, promotion, and distribution of the Fund; transfer agency services; and unitholder reporting and servicing. In consideration of the management services, the Fund pays management fees, which are accrued for weekly, to the Manager based on the average NAV of the applicable class of units of the Fund. Dealer compensation, or service fees, if any, are paid out of management fees and the Manager is not reimbursed for these payments.

Total management fees for the year ended December 31, 2018 amounted to \$609,353 (2017: \$850,732) with \$27,540 in outstanding accrued fees due to the Manager at December 31, 2018 (December 31, 2017: \$3,932).

The Manager incurs operating expenses on behalf of the Fund and is then reimbursed by the Fund for such expenses.

The Manager also provided start-up investment capital to the Fund and sufficient initial capital to each additional class of the Fund to permit that series to be valued effectively on a weekly basis. The Manager's investment in the Fund is recorded at the NAV per unit of each class, as applicable.

National Instrument 81-107 Independent Review Committee for Investment Funds ("NI 81-107") requires all publicly offered investment funds, such as the Fund, to establish an independent review committee ("IRC"). Consequently, the Manager has appointed three independent IRC members. The purpose of the IRC is to: (i) review and provide input on the Manager's written policies and procedures that deal with conflict of interest matters; (ii) consider and, if deemed appropriate, approve the

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Management discussion of fund performance (continued)

Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and (iii) perform such other duties as may be required of the IRC under applicable Canadian securities laws. Additional information about the IRC is available in the Fund's prospectus. Fees are paid to the IRC members for the performance of their duties.

The total remuneration paid to members of the Independent Review Committee during the year ended December 31, 2018 was \$25,432 (2017: \$30,524). There were no outstanding payables relating to Independent Review Committee fees as at December 31, 2018 and December 31, 2017.

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Financial highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance from January 1 to December 31 for each of the past five years.

Class A – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	10.15	9.82	10.86	11.36	8.70
Increase (decrease) from operations					
Total revenue	0.07	0.07	0.05	0.05	0.03
Total expenses	(0.30)	(0.33)	(0.33)	(0.36)	(0.29)
Realized gains (losses) for the period	(0.11)	(0.24)	0.39	1.39	0.93
Unrealized gains (losses) for the period	(0.22)	0.80	(1.09)	(1.54)	2.00
Total increase (decrease) from operations	(0.56)	0.30	(0.98)	(0.46)	2.68
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	9.70	10.15	9.82	10.86	11.36

Class B – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	10.13	9.82	10.87	11.38	8.71
Increase (decrease) from operations					
Total revenue	0.07	0.07	0.05	0.05	0.02
Total expenses	(0.31)	(0.34)	(0.34)	(0.37)	(0.28)
Realized gains (losses) for the period	(0.10)	(0.27)	0.43	1.43	0.84
Unrealized gains (losses) for the period	(0.24)	0.73	(1.05)	(1.55)	1.85
Total increase (decrease) from operations	(0.58)	0.19	(0.91)	(0.44)	2.43
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	9.67	10.13	9.82	10.87	11.38

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Financial highlights (continued)

Class C – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	10.13	9.82	10.86	11.37	8.71
Increase (decrease) from operations					
Total revenue	0.08	0.07	0.05	0.05	0.03
Total expenses	(0.33)	(0.34)	(0.28)	(0.38)	(0.29)
Realized gains (losses) for the period	(0.10)	(0.26)	0.41	1.42	0.92
Unrealized gains (losses) for the period	(0.14)	0.74	(1.13)	(1.54)	1.97
Total increase (decrease) from operations	(0.49)	0.21	(0.95)	(0.45)	2.63
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	9.66	10.13	9.82	10.86	11.37

Class F – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	11.32	10.81	11.81	12.19	9.19
Increase (decrease) from operations					
Total revenue	0.09	0.08	0.05	0.06	0.03
Total expenses	(0.21)	(0.22)	(0.20)	(0.23)	(0.15)
Realized gains (losses) for the period	(0.13)	(0.26)	0.37	1.48	0.95
Unrealized gains (losses) for the period	(0.22)	0.89	(1.24)	(1.68)	2.01
Total increase (decrease) from operations	(0.47)	0.49	(1.02)	(0.37)	2.84
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	10.96	11.32	10.81	11.81	12.19

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Financial highlights (continued)

Class G – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	9.19	8.90	9.90	10.37	7.94
Increase (decrease) from operations					
Total revenue	0.07	0.06	0.04	0.05	0.03
Total expenses	(0.28)	(0.30)	(0.30)	(0.36)	(0.27)
Realized gains (losses) for the period	(0.10)	(0.22)	0.42	1.46	0.83
Unrealized gains (losses) for the period	(0.20)	0.71	(1.05)	(1.78)	1.77
Total increase (decrease) from operations	(0.51)	0.25	(0.89)	(0.63)	2.36
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	8.78	9.19	8.90	9.90	10.37

Class H – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	11.61	10.97	11.82	12.07	9.08
Increase (decrease) from operations					
Total revenue	0.10	0.08	0.05	0.06	0.05
Total expenses	(0.09)	(0.10)	(0.07)	(0.09)	(0.12)
Realized gains (losses) for the period	(0.07)	(0.26)	0.32	1.51	0.98
Unrealized gains (losses) for the period	(0.52)	0.90	(1.32)	(1.57)	2.66
Total increase (decrease) from operations	(0.58)	0.62	(1.02)	(0.09)	3.57
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	11.36	11.61	10.97	11.82	12.07

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Financial highlights (continued)

Class J – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹
Net Assets per unit, beginning of period	9.53	9.30	9.99	10.23
Increase from operations				
Total revenue	0.09	0.08	0.04	0.05
Total expenses	(0.28)	(0.29)	(0.28)	(0.32)
Realized gains for the period	(0.05)	(0.38)	-	0.40
Unrealized (losses) gains for the period	(0.04)	0.75	(0.28)	(0.38)
Total increase (decrease) from operations	(0.28)	0.16	(0.52)	(0.25)
Distributions				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total distributions	-	-	-	-
Net Assets per unit, end of period²	9.30	9.53	9.30	9.99

Class K – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹
Net Assets per unit, beginning of period	9.90	9.56	10.10	10.23
Increase from operations				
Total revenue	0.09	0.08	0.04	0.05
Total expenses	(0.18)	(0.19)	(0.17)	(0.20)
Realized gains for the period	(0.05)	(0.40)	(0.04)	0.36
Unrealized gains (losses) for the period	(0.06)	0.71	(0.13)	(0.14)
Total increase from operations	(0.20)	0.20	(0.30)	0.07
Distributions				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total distributions	-	-	-	-
Net Assets per unit, end of period²	9.77	9.90	9.56	10.10

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Financial highlights (continued)

Class L – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	12.04	11.54	12.61	13.06	10.00
Increase from operations					
Total revenue	0.09	0.08	0.06	0.06	0.04
Total expenses	(0.26)	(0.27)	(0.25)	(0.28)	(0.34)
Realized gains for the period	(0.15)	(0.31)	0.43	1.46	0.63
Unrealized (losses) gains for the period	(0.13)	0.74	(1.33)	(2.00)	2.24
Total increase (decrease) from operations	(0.45)	0.24	(1.09)	(0.76)	2.57
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	11.61	12.04	11.54	12.61	13.06

Class M – Net Assets per unit (CAD)

For the periods ended	Dec 31, 2018 ¹	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹	Dec 31, 2014 ¹
Net Assets per unit, beginning of period	12.76	12.06	13.00	13.27	10.00
Increase (decrease) from operations					
Total revenue	0.09	0.08	0.06	0.06	0.05
Total expenses	(0.11)	(0.11)	(0.08)	(0.09)	(0.20)
Realized gains for the period	(0.12)	(0.29)	0.40	1.53	0.73
Unrealized (losses) gains for the period	(0.31)	0.99	(1.15)	(1.90)	2.60
Total increase (decrease) from operations	(0.45)	0.67	(0.77)	(0.40)	3.18
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions	-	-	-	-	-
Net Assets per unit, end of period²	12.48	12.76	12.06	13.00	13.27

1. This information is derived from the Fund's annual financial statements for the years ended December 31, 2018, 2017, 2016, 2015 and 2014.

2. Net Assets are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is calculated based on the average number of units outstanding over the period. Therefore, the beginning of period Net Assets, the increase (decrease) from operations and distributions, if any, will not sum to the end of period Net Assets.

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Financial highlights (continued)

Class A – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	13,010	18,213	27,045	37,937	44,201
Number of units outstanding ¹	1,341,183	1,794,336	2,752,906	3,493,554	3,890,153
Management expense ratio ³	5.84%	5.66%	5.31%	8.15%	8.03%
Management expense ratio before waivers or absorptions	5.84%	5.66%	5.31%	8.15%	8.43%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	9.70	10.15	9.82	10.86	11.36

Class B – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	1,682	2,832	5,860	10,940	14,359
Number of units outstanding ¹	173,938	279,479	596,901	1,006,698	1,261,953
Management expense ratio ³	5.96%	5.79%	5.35%	8.22%	7.31%
Management expense ratio before waivers or absorptions	5.96%	5.79%	5.35%	8.22%	7.71%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	9.67	10.13	9.82	10.87	11.38

Class C – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	1,008	1,659	3,264	5,178	6,446
Number of units outstanding ¹	104,267	163,771	332,434	476,865	566,876
Management expense ratio ³	6.01%	5.81%	5.39%	8.25%	7.70%
Management expense ratio before waivers or absorptions	6.01%	5.81%	5.39%	8.25%	8.10%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	9.66	10.13	9.82	10.86	11.37

Class F – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	10,757	14,093	15,929	16,447	17,159
Number of units outstanding ¹	981,759	1,245,134	1,437,118	1,392,418	1,407,087
Management expense ratio ³	4.55%	4.36%	3.99%	6.79%	6.76%
Management expense ratio before waivers or absorptions	4.55%	4.36%	3.99%	6.79%	7.16%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	10.96	11.32	10.81	11.81	12.19

Next Edge AHL Fund

Annual management report of fund performance – December 31, 2018

Financial highlights (continued)

Class G – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	314	442	708	1,555	4,614
Number of units outstanding ¹	35,794	48,074	79,602	157,086	445,036
Management expense ratio ³	5.91%	5.69%	5.29%	8.35%	7.68%
Management expense ratio before waivers or absorptions	5.91%	5.69%	5.29%	8.35%	8.08%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	8.78	9.19	8.90	9.90	10.37

Class H – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	1,637	3,608	3,563	3,423	4,373
Number of units outstanding ¹	144,129	310,848	324,776	289,466	362,233
Management expense ratio ³	3.46%	3.25%	2.87%	5.69%	7.88%
Management expense ratio before waivers or absorptions	3.46%	3.25%	2.87%	5.69%	8.28%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	11.36	11.61	10.97	11.82	12.07

Class J – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²
Total NAV (CAD 000s) ¹	1,711	2,522	4,698	8,853
Number of units outstanding ¹	184,055	264,715	505,200	886,213
Management expense ratio ³	5.66%	5.44%	5.04%	6.72%
Management expense ratio before waivers or absorptions	5.66%	5.44%	5.04%	6.72%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%
NAV per unit (CAD)	9.30	9.53	9.30	9.99

Class K – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²
Total NAV (CAD 000s) ¹	238	349	778	1,260
Number of units outstanding ¹	24,378	35,234	81,433	124,709
Management expense ratio ³	4.52%	4.33%	3.94%	5.63%
Management expense ratio before waivers or absorptions	4.52%	4.33%	3.94%	5.63%
Trading expense ratio ⁵	0.02%	0.00%	0.02%	0.02%
Portfolio turnover rate ⁶	53.34%	70.24%	84.69%	80.01%
NAV per unit (CAD)	9.77	9.90	9.56	10.10

Next Edge AHL Fund

Annual management report of fund performance – December 31, 2018

Financial highlights (continued)

Class L – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	620	715	1,058	1,131	629
Number of units outstanding ¹	53,392	59,404	91,675	89,639	48,198
Management expense ratio ³	4.89%	4.70%	4.30%	7.05%	7.45%
Management expense ratio before waivers or absorptions	4.89%	4.70%	4.30%	7.05%	7.85%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	11.61	12.04	11.54	12.61	13.06

Class M – Ratios and Supplement Data:

For the periods ended	Dec 31, 2018 ²	Dec 31, 2017 ²	Dec 31, 2016 ²	Dec 31, 2015 ²	Dec 31, 2014 ²
Total NAV (CAD 000s) ¹	5,808	8,644	9,960	10,816	6,214
Number of units outstanding ¹	465,408	677,588	825,803	831,914	468,138
Management expense ratio ³	3.51%	3.30%	2.88%	5.64%	6.29%
Management expense ratio before waivers or absorptions	3.51%	3.30%	2.88%	5.64%	6.69%
Trading expense ratio ⁴	0.02%	0.00%	0.02%	0.02%	0.04%
Portfolio turnover rate ⁵	53.34%	70.24%	84.69%	80.01%	67.15%
NAV per unit (CAD)	12.48	12.76	12.06	13.00	13.27

1. This information is provided as at and for the periods ended December 31, 2018, 2017, 2016, 2015, and 2014.
2. This information is derived from the Fund's audited financial statements for the year ended December 31, 2018, 2017, 2016, 2015, and 2014.
3. Management expense ratio is based on total expenses of the Fund and the Fund's allocated percentage of Man AHL DP Limited's (applicable effective December 9, 2013) and AHL Investment Strategies SPC – Class D Man AHL Diversified 2 CAD Notes' (applicable prior to December 9, 2013) expenses for the stated period as applicable (excluding commission and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value during the period. The management expense ratio is calculated in accordance with Part 15 of NI 81-106.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
5. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

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Annual management report of fund performance – December 31, 2018

Financial highlights (continued)

Management Fees

For the year ended December 31, 2018, 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, Class B units, Class C units; (ii) 2.30% of the portion of its Net Asset Value represented by the Class G units; (iii) 2.00% of the portion of its Net Asset Value represented by the Class J units (2.25% prior to Nov 25, 2014), (iv) 1.25% of the portion of its Net Asset Value represented by the Class L units (2.25% prior to June 27, 2014); (v) 1.00% of the portion of its Net Asset Value represented by the Class F units, and Class K units; and (vi) 0% of the portion of its Net Asset Value represented by the Class H units (1.00% prior to June 27, 2014) and Class M units, calculated weekly and paid monthly in arrears, plus applicable taxes. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's units, investment advice, as well as for general administrative expenses such as overhead, salaries, rent, legal and accounting fees relating to the role of the Manager.

Annual management fees, and a breakdown of the services received in consideration of the management fees, as a percentage of management fees, for the year ended December 31, 2018, are as follows:

As a percentage of management fees

Class of units	Annual Rates	Dealer Compensation	General administration, investment advice and profit
A	2.25%	55.56%	44.44%
B ¹ (non-matured units)	2.25%	11.11%	88.89%
B ¹ (matured units)	2.25%	55.56%	44.44%
C	2.25%	22.22%	77.78%
F	1.00%	0.00%	100.00%
G	2.30%	21.74%	78.26%
H	0.00%	n/a	n/a
J	2.00%	50.00%	50.00%
K	1.00%	0.00%	100.00%
L	1.25%	100.00%	0.00%
M	0.00%	n/a	n/a

1. For class B, service fees payable to registered dealers increase to 1.25% of the NAV per unit (from 0.25%) commencing three years from the date of issue of such units. During the year ended December 31, 2014, the majority of the issued class B units matured to the new fee structure.

Next Edge AHL Fund

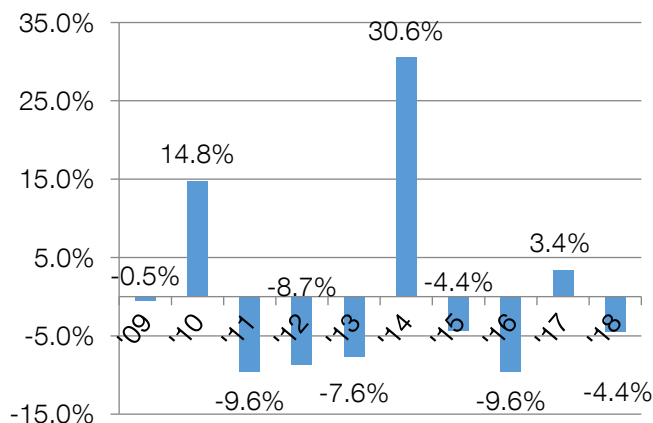
Annual management report of fund performance – December 31, 2018

Past performance

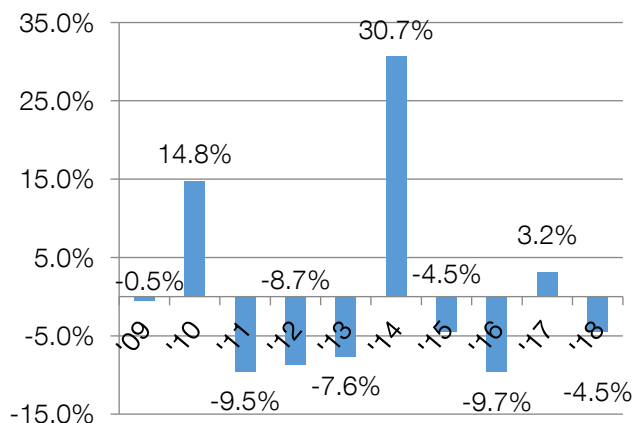
Year-by-Year Returns¹

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information shown does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

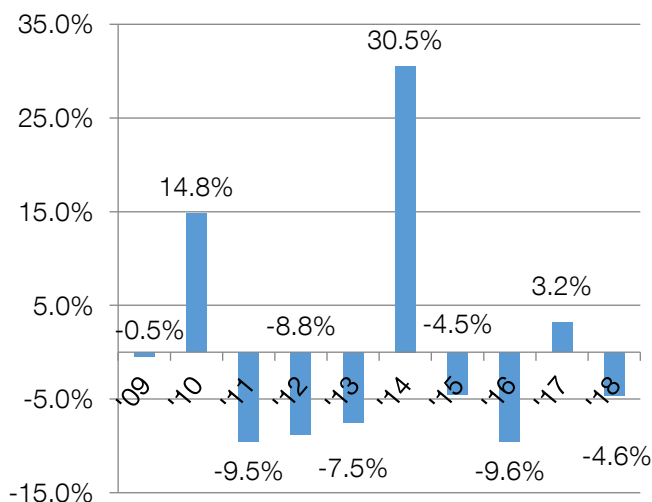
Class A



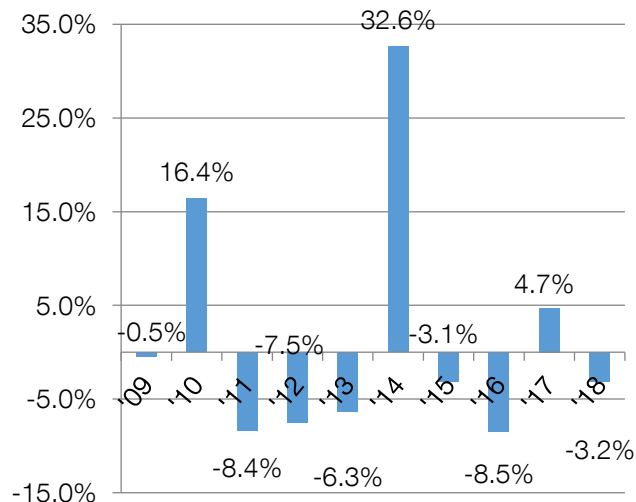
Class B



Class C



Class F

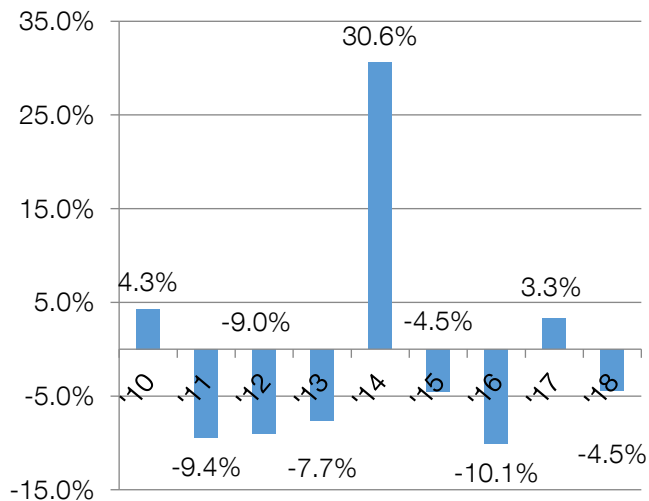


Next Edge AHL Fund

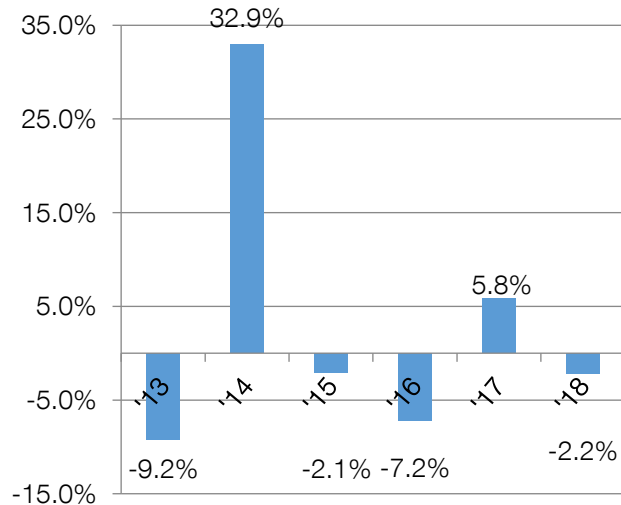
Annual management report of fund performance – December 31, 2018

Past performance (continued)

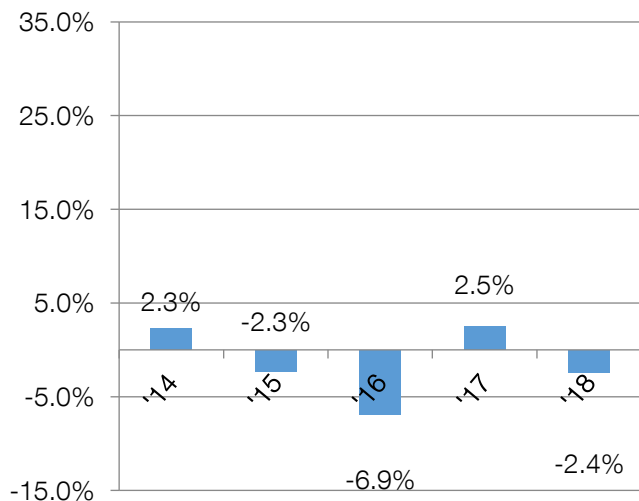
Class G



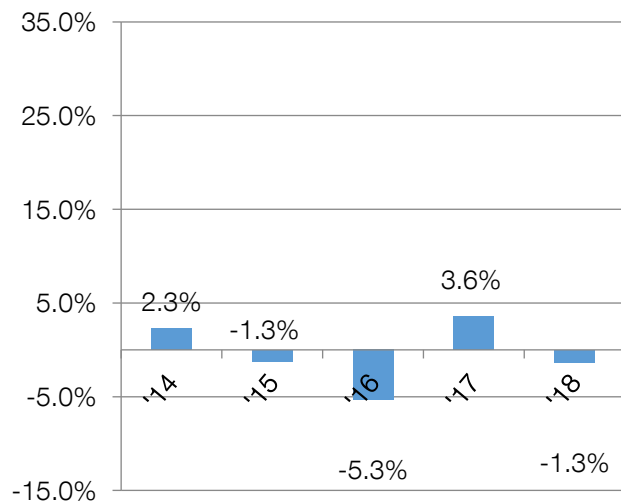
Class H



Class J



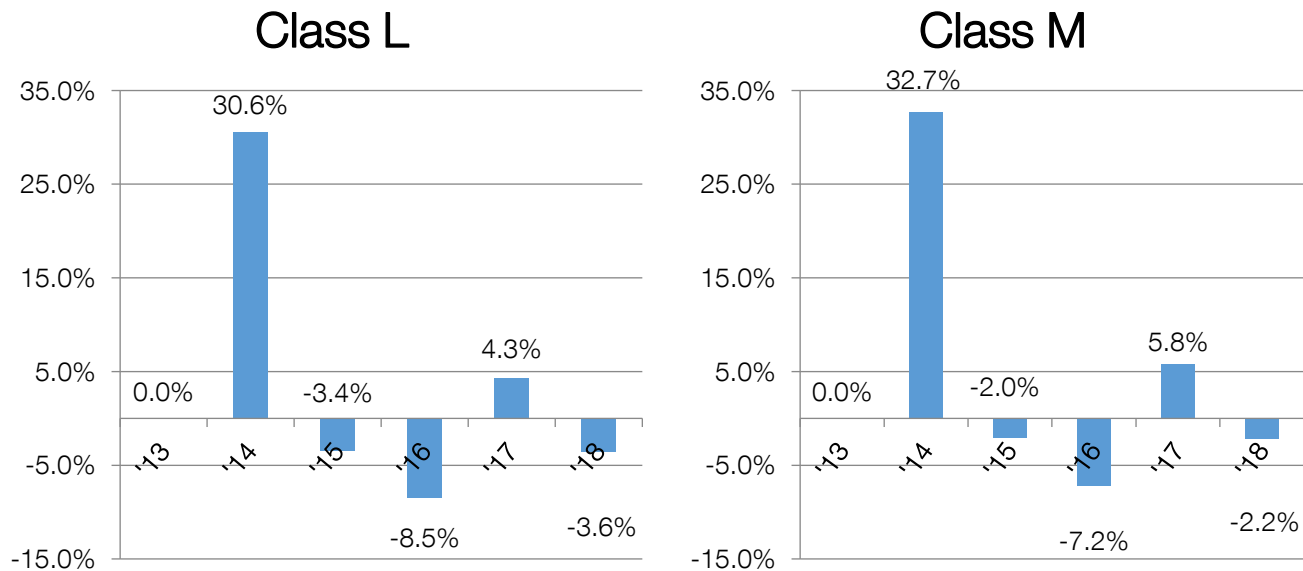
Class K



Next Edge AHL Fund

Annual management report of fund performance – December 31, 2018

Past performance (continued)



1. Based on financial reporting NAVs
2. Class G units were initially issued on November 9, 2010. The 2010 period return presented is from November 9, 2010 to December 31, 2010.
3. Class H units were initially issued on February 14, 2013. The 2013 period return presented is from February 14, 2013 to December 31, 2013.
4. Class J and K units were first issued on December 16, 2014. The 2014 period return presented is from December 16, 2014 to December 31, 2014.
5. Class L and M units were first issued on December 30, 2013. The 2013 period return presented is from December 30, 2013 to December 31, 2013.
6. Class A, B, C, and F units were initially issued on December 1, 2009 (the Fund's inception date). The 2009 period return presented is from December 1, 2009 to December 31, 2009.

Next Edge AHL Fund

Annual management report of fund performance – December 31, 2018

Past performance (continued)

Annual Compound Returns

The following table shows the historical annualized compound returns for each Class of units of the Fund, for each of the periods ended December 31, 2018. It also shows, for the same periods, the returns for world stocks, world bonds, and managed futures. The performance of world stocks, world bonds, and managed futures, have been hedged into the Fund's currency Canadian dollars using the relevant three month LIBOR interest rate differentials. The world stocks and world bonds indices selected are not benchmarks, as they are not representative of the Fund's investment strategy.

Percentage Return	1 year	3 years	5 years	10 years	Since Inception ⁴
Class A Units ¹	-4.4%	-3.7%	2.2%	N/A	-0.3%
Class B Units ¹	-4.5%	-3.8%	2.1%	N/A	-0.4%
Class C Units ¹	-4.6%	-3.8%	2.1%	N/A	-0.4%
Class F Units ¹	-3.2%	-2.5%	3.6%	N/A	1.0%
Class G Units ¹	-4.5%	-3.9%	2.0%	N/A	-1.6%
Class H Units ¹	-2.2%	-1.3%	4.6%	N/A	2.2%
Class J Units ¹	-2.4%	-2.4%	N/A	N/A	-1.8%
Class K Units ¹	-1.3%	-1.1%	N/A	N/A	-0.6%
Class L Units ¹	-3.6%	-2.7%	3.0%	N/A	3.0%
Class M Units ¹	-2.2%	-1.4%	4.5%	N/A	4.5%
World Stocks ²	-8.7%	6.3%	4.6%	N/A	7.6%
Managed Futures ³	-4.8%	-3.3%	-3.3%	N/A	0.2%

Source: Next Edge database, Barclay Hedge, and Bloomberg. There is no guarantee of performance and past or projected performance is not a reliable indicator of future performance. The latest data available at the time of production has been used. Returns may increase or decrease as a result of currency fluctuations.

1. The Fund is valued weekly; however, for comparative purposes, statistics have been calculated using a year-end valuation for financial reporting purposes as at December 31, 2018.
2. World stocks index: MSCI World Net Total Return Index, the Inception date used is December 31, 2009.
3. Managed futures index: Barclay BTOP 50 Index. Inception date varies by class. For World Stocks, World Bonds, and Managed Futures, the Inception date used is December 31, 2009.
4. The inception dates used in the calculation of returns since inception are as follows: November 29, 2009 for Classes A, B, C, and F units; November 9, 2010 for Class G units; February 14, 2013 for Class H units; December 16, 2014 for Class J and K units; and December 30, 2013 for Class L and M units.

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Annual management report of fund performance – December 31, 2018

Past performance (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 year ended December 31, 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	68.31%	Currency	(15.53%)
Fund	22.17%	Energy	(0.98%)
Currency	14.07%	Metal	(0.97%)
Interest rate	7.04%	Stock index	(0.53%)
Energy	2.25%	Agricultural	(0.23%)
Stock index	2.25%	Interest rate	(0.10%)
Metal	2.18%		
Agricultural	1.16%		
Total long	119.43%	Total short	(18.34%)
Total investments	101.09%		
Other net liabilities	(1.09%)		
Total Net Asset Value	100.00%		

Top 25 Long Positions

Issuer	% of Net Asset Value ²
Investment in AHL Evolution Ltd ⁴	22.17%
JPY/USD Forward exchange contract	2.08%
JPY/AUD Forward exchange contract	1.28%
US 10YR NOTE (CBT) Mar19	0.78%
USD/CAD Forward exchange contract	0.62%
MXN/USD Forward exchange contract	0.59%
Euro-BTP Future Mar19	0.57%
USD/AUD Forward exchange contract	0.54%
AUST 3YR BOND FUT Mar19	0.51%
US 5YR NOTE (CBT) Mar19	0.50%
USD/CAD Forward exchange contract	0.49%
US 2YR NOTE (CBT) Mar19	0.45%
JPN 10Y BOND(OSE) Mar19	0.44%
LME ALUMINUM FORWARD Jan19	0.40%
PALLADIUM FUTURE Mar19	0.40%
JPY/EUR Forward exchange contract	0.39%
EUR/AUD Forward exchange contract	0.39%
JPY/EUR Forward exchange contract	0.38%
EURO-BUND FUTURE Mar19	0.34%
COFFEE 'C' FUTURE Mar19	0.33%
INR/USD Forward exchange contract	0.33%
BANK ACCEPT FUTR Sep19	0.32%
AUST 10Y BOND FUT Mar19	0.31%
BRENT CRUDE FUTR Jun19	0.29%
S&P500 EMINI FUT Mar19	0.29%

Next Edge AHL Fund

Annual management report of fund performance – December 31, 2018

Past performance (continued)

Top 25 Short Positions

Issuer	% of Net Asset Value ²
CAD/USD Forward exchange contract	(3.16%)
AUD/EUR Forward exchange contract	(0.79%)
USD/JPY Forward exchange contract	(0.53%)
RUB/USD Forward exchange contract	(0.41%)
AUD/GBP Forward exchange contract	(0.39%)
AUD/USD Forward exchange contract	(0.32%)
CAD/USD Forward exchange contract	(0.31%)
USD/MXN Forward exchange contract	(0.27%)
USD/JPY Forward exchange contract	(0.26%)
NOK/EUR Forward exchange contract	(0.26%)
USD/MXN Forward exchange contract	(0.25%)
AUD/JPY Forward exchange contract	(0.24%)
AUD/EUR Forward exchange contract	(0.24%)
AUD/GBP Forward exchange contract	(0.23%)
USD/GBP Forward exchange contract	(0.22%)
AUD/JPY Forward exchange contract	(0.22%)
AUD/JPY Forward exchange contract	(0.20%)
USD/Silver Forward exchange contract	(0.19%)
AUD/JPY Forward exchange contract	(0.19%)
FTSE/JSE TOP 40 Mar19	(0.19%)
LME ZINC FORWARD Jan19	(0.19%)
RUB/USD Forward exchange contract	(0.18%)
NATURAL GAS FUTR Feb19	(0.17%)
EUR/JPY Forward exchange contract	(0.16%)
CLP/USD Forward exchange contract	(0.15%)

Total Net Asset Value of the Underlying Fund: **16,154,880 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 December 31, 2018, 99,328 Class A shares with a NAV of approximately \$15.5 million representing 100% of the outstanding Class A shares, and 3,430 Class C shares with a NAV of approximately \$0.6 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 9.7% of Net Asset Value of the Next Edge AHL Fund.

Next Edge AHL Fund

General information

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