

MANAGEMENT REPORT OF FUND PERFORMANCE  
**LOOMIS SAYLES GLOBAL DIVERSIFIED CORPORATE BOND FUND**  
**(FORMERLY NEXGEN CORPORATE BOND FUND)**

For the year ended December 31, 2016

*This annual management report of fund performance contains financial highlights, but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling us toll free at 1-866-378-7119, by writing to us at NGAM Canada LP (the "Manager"), 145 King Street West, Suite 1500, Toronto, ON., M5H 1J8, or by visiting our website at [ngam.natixis.ca](http://ngam.natixis.ca) or SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.*

#### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements about the Fund, including its strategy, expected performance and conditions. Forward-looking statements are statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.*

*Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, capital markets, business competition, technological changes, changes in government regulations, unexpected judicial or regulatory proceedings and catastrophic events.*

*We stress that the above-mentioned list is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.*

## **Management Discussion of Fund Performance**

### **Investment Objective and Strategies**

Effective October 17, 2016, the portfolio sub-advisor was changed from Baker Gilmore & Associates Inc. to Loomis, Sayles & Company, L.P. ("**Loomis Sayles**"). Concurrent with the change in sub-advisor, NexGen Corporate Bond Fund changed its name to Loomis Sayles Global Diversified Corporate Bond Fund and NexGen Corporate Bond Tax Managed Fund changed its name to Loomis Sayles Global Diversified Corporate Bond Tax Managed Fund. Changes in the investment strategies of the Corporate Bond Funds were made because of the sub-advisor change.

The Loomis Sayles Global Diversified Corporate Bond Fund (formerly NexGen Corporate Bond Fund) (the "Fund") pursues a steady flow of income and the potential for capital gains primarily through investment in fixed income securities issued by Canadian and foreign corporations.

Loomis, Sayles & Company, L.P. ("Loomis" or the "Sub-Advisor") Loomis, Sayles & Company, L.P. employs a value-driven, benchmark-aware approach implemented within a risk-budgeting framework. The investment process seeks to create a diversified portfolio with undervalued and preferably discount securities across relevant risk factors, including sector, country, currency, curve and specific credit. The Fund is actively managed and uses a research-driven strategy in selecting sectors and securities as its primary return sources. Country, currency, and yield curve positioning are typically secondary sources of excess return.

### **Risk**

No changes affecting the overall level of risk associated with investing in the Fund were made during the period. The risks of this Fund remain as discussed in the Fund's most recent simplified prospectus or any amendments and fund facts.

### **Results of Operations**

The Fund's net asset value increased during the year from \$14,185,440 to \$37,846,000. This increase was a result of a combination of direct investment by the NexGen Corporate Bond Tax Managed Fund in units of the Fund and positive return on investments offset by net redemptions.

The Regular Series of the Fund returned 0.3% compared to a 3.3% return on its benchmark, Barclays Global Aggregate - Corporate (CAD Hedged) Index (the "Benchmark"), from which fees and expenses are not deducted. See the section titled "Past Performance" for a detailed summary of the performance of the Fund.

### **MARKET CONDITIONS**

Early in 2016, With volatility rising, central bankers responded by signalling their willingness to provide additional stimulus to combat deflationary pressures. After ruling out negative policy rates and announcing plans to purchase more long-term government bonds and an additional ¥300 billion in REIT's annually, the Bank of Japan surprised markets by cutting its benchmark rate to - 0.1% for new bank reserves. Following only modest changes to policy at its December 2015 meeting, the Governing Council of the European Central Bank surprised investors by cutting its deposit rate by 10 basis points to -0.4% and expanding its monthly asset purchase program to include both an additional €20 billion and corporate bonds. To help dampen market concerns about the detrimental impact of negative interest rates on the financial industry, the ECB also announced that it will provide banks with funding through new targeted longer-term refinancing operations that consist of a series of four-year loans that will pay interest rates ranging from 0% to -0.4%, depending on how much of the borrowed cash is then relent to consumers and businesses.

With equity markets down sharply, Chinese policymakers introduced a range of measures to boost growth – including the fifth cut to banks' reserve requirement ratio in the past twelve months - as real GDP grew by just 6.9% in 2015, the slowest pace in 25 years.

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In the United Kingdom, the announcement that the "leave" camp had won by a 52% to 48% margin led to a sharp selloff in riskier assets and the UK pound and a heightened demand for "safer" government bonds. Measures of market volatility spiked in the aftermath of the vote announcement and remain elevated. Developed market bonds, the US dollar and gold were the biggest beneficiaries of increasing investor fear.

After softer than expected data in the first half of the year, US economic data releases were generally stronger than expected, prompting a rebound in the Citi US Economic Surprise Index and indicating the continuance of stable but subdued growth. The unemployment rate fell over the period to 4.7% and growth in hourly earnings remained steady at 2.5%, suggesting that the labor market may be tightening further. Also, the manufacturing and on-manufacturing ISM surveys continued to point to expansion. At its June meeting, the Federal Reserve left its fed funds rate unchanged and signalled that it now expects to raise rates less than previously projected; while the Fed's median forecast for the benchmark federal funds rate at the end of 2016 remained at 0.875%, the central bank now expects the policy rate to rise to just 1.625% in 2017 and 2.375% in 2018 (down from previous forecasts of 1.875% and 3.00%, respectively).

Canadian economic indicators were mixed early in 2016. During the first quarter, labour market data pointed to a weakening in as ongoing cutbacks to the resource sector continued to hit energy producing provinces. However, the unemployment rate fell to 6.9% in May; the decent headline data masked significant regional and sector divergences, with Alberta continuing to suffer major job losses. Real GDP expanded by a weaker than expected 2.4% annual rate in the first quarter; importantly, most analysts also marked their second quarter growth forecasts lower, as raging wildfires forced 90,000 residents to evacuate Fort McMurray and energy companies to shut-in production at nearby oil sands facilities. While oil prices continued to rise following supply disruptions in Canada and Nigeria, the rise in the value of the currency since the lows seen in January has had a negative impact on the trade sector, with the trade deficit remaining near record levels. The Bank of Canada left interest rates unchanged – even as it forecasted that the fires in Alberta will reduce second quarter real GDP by 1.25 percentage points – the bank said that "the current stance of monetary policy is appropriate". Finally, the announcement by Finance Minister Bill Morneau that the federal government will run deficits totalling more than \$100 billion over the next five years prompted analysts to speculate the jump in fiscal spending will remove pressure on the central bank to introduce additional monetary stimulus.

Following the US presidential election, markets adopted a view that US growth and inflation are headed higher. In December, the Federal Reserve (the Fed) raised rates and struck an unexpectedly hawkish tone, helping push Treasury yields to their highest levels since 2014. Upward pressure on yields was a global trend as investors sought equities and other higher-risk assets in response to improved economic prospects. Notably, new monetary policy tactics from the Bank of Japan kept Japanese government bond yields relatively stable and helped them outperform developed market peers.

US dollar strength—bolstered by expectations for fiscal stimulus, foreign profit repatriation and a stronger economy—was the major theme in currency markets. The Fed's rate hike and commentary, which reflected little concern about the strong dollar, reinforced the greenback's rally. In addition to weak asset market flows, Trump's protectionist trade rhetoric was a headwind for emerging market currencies.

US corporate bond spreads (the difference in yield between non-Treasury and Treasury securities of similar maturity) performed relatively well in the face of rising yields, benefiting from the end of the profits recession. Euro and UK spreads failed to keep pace, due in part to lingering concerns about the Italian referendum and Brexit. The US financials sector benefited from higher rates, and the prospect of increased infrastructure spending by a Trump administration buoyed metals names. High yield spreads continued to perform well. Similar to higher grade bonds, sectors tied to infrastructure, construction, and the sustained oil price recovery were particularly strong.

It was a volatile quarter for emerging market assets after a broadly positive year. Higher US rates resulted in broad weakness across fixed income, but the longer duration US-dollar-denominated sovereign market and those local currency markets with the highest foreign ownership were especially impacted. Underperformance was driven by Mexico as fears over Trump's protectionist policies weighed on the country's growth forecasts. Emerging market corporate spreads generally outperformed government issues. Local growth rates in Brazil and Russia have shown gradual improvement, but investor optimism has been modest.

#### PORTFOLIO REVIEW

On October 17, 2016, the portfolio sub-advisor was changed from Baker Gilmore & Associates Inc. to Loomis, Sayles & Company, L.P. ("**Loomis Sayles**"). Concurrent with the change in sub-advisor, NexGen Corporate Bond Fund changed its name to Loomis Sayles Global Diversified Corporate Bond Fund and NexGen Corporate Bond Tax Managed Fund changed its name to Loomis Sayles Global Diversified Corporate Bond Tax Managed Fund. Changes in the investment strategies of the Corporate Bond Funds were made because of the sub-advisor change. Commentary on fund performance will cover the period October 17, 2016 to December 31, 2016. The Fund underperformed its benchmark, the BBG Barclays Global Aggregate Corporate Bond Index (CAD Hedged), by 26 basis points. The Fund returned -1.88% gross of fees during the period versus -1.62% for the benchmark.

Security selection was the primary detractor for the period as names in communications, consumer, finance companies, and a lack of exposure to strong performing insurance bonds weighed on results. Off benchmark exposure to global treasuries also weighed on results. Negative results were somewhat offset by preferences in banking, particularly US banking, as the financial sector benefited from expected lower regulations as well as improved profit margins prospects from higher interest rates. Choices in energy also added value, along with capital goods.

Our market underweight to Energy was the primary detractor during the quarter, as the sustained oil price recovery was bolstered by the OPEC deal announcement. Our underweight to basic industry and overweight to communications also lost value. Negative results were slightly offset by our underweight to banking, which contributed positively during the period.

Monetary policy is very stimulative and yields are still near record lows in Canada. The Sub-Advisor believes that Canadian core inflation will remain at the 2% level as the economy rebounds from weakness related to oil production outages earlier in 2016, and performs better than expected over the coming 6 to 12 months. While the Sub-Advisor is not expecting a substantial rise in yields in the near term, the portfolio has been positioned with a shorter than benchmark duration as yields remain unattractive at current levels and should move higher with the strengthening global and Canadian economy.

Duration and yield curve positioning contributed positively to excess returns. A shorter duration position along the Canadian yield curve was the primary contributor. Positioning along the EUR rates curve also benefited the portfolio. Positive results were pared down by select USD bonds with longer maturities as yield rose most in that market during the period.

Country allocation was performance additive as our overweight to Canada and underweight to the Euro zone benefited the portfolio. Positive results were diminished by our lack of exposure to Japan and our underweight to the US.

Currency and hedging detracted from relative performance due to residual hedges on the euro and US dollar. The portfolio remains nearly fully hedged to the Canadian dollar.

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## OUTLOOK

We do not expect the US dollar to surge; however, higher US yields should favor the dollar against the yen and the euro as capital may continue to leak out of markets offering negligible yields. Many emerging market currencies have become increasingly attractive on a valuation basis; however, they must overcome an uncertain global trade environment and a historical tendency to suffer when the US dollar is strong. We are cautiously bullish on the currencies of selected emerging countries where reform momentum pairs with improving growth, inflation and current account dynamics; however, we require attractive entry levels to compensate for liquidity and macroeconomic headwinds.

In Italy, the expected referendum defeat did not unsettle markets. A lack of executive direction in Italy is arguably not unusual, and Italian spreads have narrowed since the vote. We still expect a recapitalization of the weakest Italian banks and would use any broader weakness in European bank spreads to add to positions in what we view as the strongest names.

We have trimmed credit exposure slightly since August given the extent of the rally in spreads during 2016 and global risks related to Brexit, Chinese growth, European populism, global trade, and geopolitics. Nonetheless, we believe euro and sterling market spreads will continue to benefit from central bank support. Minimal leveraging in euro zone corporates should offer ongoing fundamental support, while a better profits picture in the US can potentially extend the favorable environment for credit. We favor US credit over euro issues given their relative yield advantage but remain focused on individual security selection across markets.

The US federal government looks inclined to implement a number of policies with inflationary ramifications. However, the recent breakneck rise in US yields is not expected to continue. While most policies should not directly impact the economy until 2018, the coming few quarters should still see a positive revenue and profit environment.

We remain concerned about China even though it has been more stable than expected since early 2016. Growth momentum will be challenged as stimulus wears off and the government focuses more on reform.

OPEC's recent agreement to cut output should support oil prices, but a sharp price increase is unlikely given a potential return of production.

Brazil, Argentina, South Africa, and Russia—the emerging world's recessionary laggards in 2016—could see a much improved 2017. Although not back to boom times, the focus in 2017 should be more on improving economics than the unstable political situations that have held back many of these countries in recent years.

### ***Change of Securities Offerings***

Effective June 15, 2016, the securities of the Ultra High Net Worth series is no longer available for purchase, except by investors who own securities of such series as at June 15, 2016, who are permitted to switch their securities of this series from one NexGen Fund or Natixis Fund for securities of the same series of another NexGen Fund or Natixis Fund.

### ***Related Party Transactions***

NGAM Canada LP (the "Manager") provides investment management, distribution and administrative services to the Fund. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the Manager and the Fund. National Instrument 81-107 requires the Fund, to establish an independent review committee ("IRC") to whom the Fund must refer all conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters, and provide assistance to the IRC in carrying out its functions.

#### *Management Fees*

NGAM Canada LP is the manager of the Fund. In consideration for the investment advisory services provided, the Manager receives a monthly management fee based on the daily average net assets of each series of the Fund, other than the Institutional series. From its management fees, the Manager pays the cost of portfolio manager compensation, and sales and trailing commissions to dealers who distribute securities of the Fund. In consideration for other administrative services provided, the Manager may also charge an administrative fee to the Funds.

From time to time, the Manager may reduce the effective management fee payable by some unitholders by reducing the management fee it charges to the Fund, directing the Fund to make management fee distributions to these unitholders, or by rebating these fees back to the Fund in amounts equal to the management fee reduction. Management fee distributions are automatically reinvested in additional units of the Fund and are accounted for as distributions for financial statement purposes.

#### *Fund Operating Expenses*

Each Fund is responsible for the payment of all operating expenses including, but not limited to, taxes, accounting fees, legal fees, audit fees, trustee fees, IRC fees, custodial fees, administrative costs, investor servicing costs, broker commissions, interest and bank charges, and costs of reports and prospectuses. In consideration for other administrative services provided, the Manager may also charge an administrative fee to the Funds. The Manager allocates to the Fund certain overhead costs which are directly related to the operation of the Fund (excluding marketing and sales). Those overhead costs would include a portion of the Manager's IT computer software, systems and staff salaries, facilities, insurance (property and liability only), depreciation on fixed assets, data and telephone, printing, office and other general administrative costs.

Operating expenses are attributed to a Fund, or a Fund's series. Common operating expenses of the Funds may be allocated among each fund based on the average number of securityholders or the average daily net asset value of that fund, or other methods of allocation that the Manager deems appropriate, depending on the type of operating expenses being allocated.

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*Expenses Absorbed*

The Manager may waive or absorb a portion of the management fees or operating expenses for certain funds. The decision to absorb these expenses is reviewed periodically and determined at the discretion of the Manager, without notice to unitholders.

The related party fees charged are as follows:

	December 31, 2016	December 31, 2015
Management fees	39,904	49,728
Administrative services provided by the Manager	19,330	16,607
Fund expenses absorbed by the Manager	(58,042)	(42,453)

## Other Information

### *Change of Name of the Manager*

In August 2015, the name of the parent company of the Manager changed to Natixis Global Asset Management Canada Corp from NexGen Financial Corporation.

### *Securities Lending*

Certain Funds may enter into securities lending transactions. These transactions permit the Fund to earn fees in exchange for an agreement to lend securities to a third party which are returnable to the Fund on demand in exchange for prescribed collateral. The value of non-cash securities held as collateral must be at least 102% of the fair value of the securities loaned. Income is earned from these transactions in the form of fees paid by the counterparty. Income earned from these transactions is included in the Statement of Comprehensive Income of the Fund's financial statements.

## Management Fees and Series Description

The Fund currently offers eight series of units: Regular, Regular F, High Net Worth, High Net Worth F, Ultra High Net Worth, Institutional, Deferred Load and Low Load Series. (After June 15, 2016, the Ultra High Net Worth series is no longer available for purchase, except upon a reinvestment of a distribution or a switch from Ultra High Net Worth Series of another Fund).

Management fees differ among the Fund's series of units. The Fund pays the Manager an aggregate management fee. Management fees for the Institutional Series units are negotiated and paid directly by the investor, not by the Fund. From its management fees, the Manager pays the costs of portfolio manager compensation, and sales and trailing commissions to dealers who distribute securities of the Fund.

### As a Percentage of Management Fees

Series	Management Fee (%)	Dealer Compensation (%)	General Administration, Investment Advice and Profit
			(%)
Regular, Deferred and Low Load	1.45	31	69
Regular F	0.95	0	100
High Net Worth	1.10	45	55
High Net Worth F	0.70	0	100
Ultra High Net Worth	1.05	33	67

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**Summary of Investment Portfolio** at December 31, 2016

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. You may obtain monthly updates to the Fund's holdings free of charge by calling us toll free at 1-866-378-7119 or by writing us at NGAM Canada LP, 145 King Street West, Suite 1500, Toronto, ON, M5H 1J8 or by visiting our website at ngam.natixis.ca or SEDAR at www.sedar.com.

<b>Top 25 Holdings</b>	<b>%**</b>	<b>Sector Allocation</b>	<b>%**</b>
Federal Republic of Germany 3.5% Jul 4, 2019	5.6	Corporate Bonds	81.3
United States Treasury Notes 0.75% Sep 30, 2018	3.4	Treasuries	14.0
GE Capital International Funding Company Unlimited Co. 2.342% Nov 15, 2018	2.2	Provincial Government Bonds	2.5
Cash & Cash Equivalents <sup>^</sup>	2.2	Cash & Cash Equivalents	2.2
Government of Canada 1.75% Sep 1, 2019	2.1	Total	<u>100.0</u>
JPMorgan Chase & Co. 3.875% Feb 1, 2024	1.5		
Imperial Brands Finance PLC 2.95% Jul 21, 2020	1.3		
Ford Motor Credit Company LLC 3.664% Sep 8, 2024	1.1		
Verizon Communications Inc. 2.625% Aug 15, 2026	1.1		
Federal Republic of Germany 2% Aug 15, 2023	1.1		
Medtronic, Inc. 3.15% Mar 15, 2022	1.0		
Pemod Ricard SA 4.45% Jan 15, 2022	1.0		
Sky PLC 3.75% Sep 16, 2024	1.0		
Telefonica Emisiones, SAU 4.57% Apr 27, 2023	1.0		
Morgan Stanley 3.875% Apr 29, 2024	0.9		
FedEx Corporation 0.5% Apr 9, 2020	0.9		
Province of Ontario 3.5% Jun 2, 2024	0.9		
Province of Quebec 4.625% May 14, 2018	0.9		
The Bank of Nova Scotia 1.45% Apr 25, 2018	0.9		
HSBC Holdings PLC 6.5% Sep 15, 2037	0.9		
Barclays PLC 4.375% Sep 11, 2024	0.9		
United States Treasury Notes 2.5% Feb 15, 2045	0.8		
Bank of America Corporation 4.1% Jul 24, 2023	0.8		
Centrica PLC 6.375% Mar 10, 2022	0.8		
Siemens AG 2.35% Oct 15, 2026	0.8		

\*\* Based on Transactional NAV in which securities are priced at market closing prices on December 31, 2016.

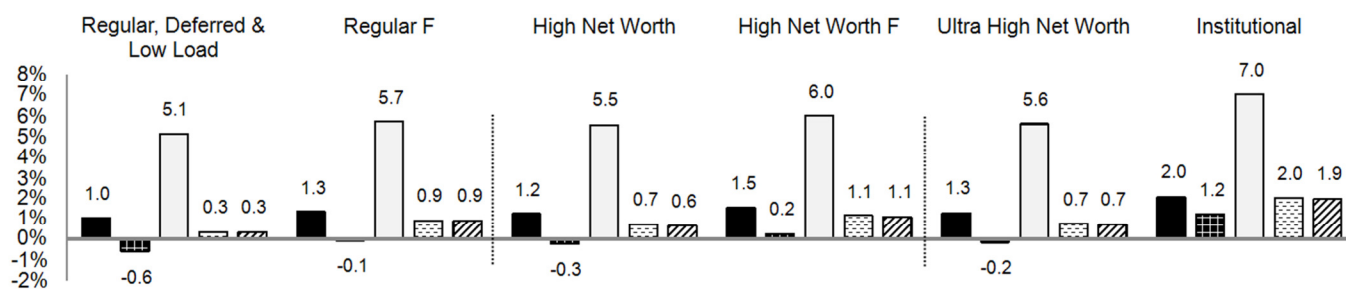
<sup>^</sup>Including other working capital.

## Past Performance

The past performance shows historical performance of each series of units of the Fund. This information is provided to show the past performance only and does not necessarily indicate how the Fund will perform in the future. The past performance information assumes that all distributions were reinvested in additional units of the same series of the Fund. The past performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following chart illustrates the annual performance of each series of units of the Fund since its retail inception date - June 1, 2012. The charts show, in percentage terms, how much an investment made on the first day of each financial period would have increased or decreased by the last day of each financial period.



■ Dec 31 '12

▣ Dec 31 '13

□ Dec 31 '14

▤ Dec 31 '15

▨ Dec 31 '16

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**Annual Compound Returns**

The following table shows the annual compounded total return for each class and series currently offered by the Fund for each of the years shown, ending on December 31, 2016. The annual compound total return is also compared to the Benchmark on the same compound basis.

Series <sup>1</sup>	1 year	3 year	5 year	Since Inception <sup>3</sup>
Regular & Deferred Load	0.3%	1.9%		1.3%
Regular F	0.9%	2.5%		1.9%
High Net Worth	0.6%	2.3%		1.7%
High Net Worth F	1.1%	2.7%		2.2%
Ultra High Net Worth	0.7%	2.3%		1.8%
Institutional	1.9%	3.6%		3.1%
Low Load	0.3%	1.9%		1.3%

	1 year	3 year	5 year	Since Inception <sup>3</sup>
Return of Benchmark <sup>2</sup>	3.3%	4.5%		3.6%

<sup>1</sup> Net of all fees and expenses paid by the Fund other than the Institutional Series where performance is reported gross of fees negotiated and paid directly by the investor.

<sup>2</sup> The Barclays Global Aggregate - Corporate (CAD Hedged) Index tracks the performance of corporate bonds globally. The benchmark was changed from FTSE TMX Canada All Corporate Bond Index effective October 2016.

<sup>3</sup> Annual compound returns since inception for all classes and series are from retail inception date - June 1, 2012.



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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 for each of the year or period ending dates indicated.

### Net Assets Per Unit (\$) <sup>1</sup>

	Regular, Deferred and Low Load Series					Regular F Series				
	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
<b>Net assets, beginning of year</b>	10.15	10.32	10.04	10.10	10.00	10.35	10.46	10.13	10.13	10.00
Increase (decrease) from operations:										
Total revenue	0.32	0.34	0.38	0.38	0.21	0.33	0.35	0.39	0.38	0.21
Total expenses (excluding distributions)	(0.18)	-	-	-	-	(0.13)	-	-	-	-
Realized gains (losses) for the year	0.11	0.02	0.04	(0.12)	(0.02)	0.17	0.02	0.04	(0.12)	(0.02)
Unrealized gains (losses) for the year	(0.22)	(0.33)	0.11	(0.35)	(0.11)	(0.28)	(0.27)	0.16	(0.32)	(0.10)
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.03	0.03	0.53	(0.09)	0.08	0.09	0.10	0.59	(0.06)	0.09
Distributions:										
From net investment income (excluding dividends)	(0.18)	(0.20)	(0.23)	(0.28)	(0.06)	(0.18)	(0.21)	(0.24)	(0.29)	(0.06)
From dividends	-	-	-	-	-	-	-	-	-	-
From capital gains	(0.11)	-	-	-	-	(0.12)	-	-	-	-
Return of capital	-	-	-	(0.02)	-	-	-	-	(0.01)	-
<b>Total distributions <sup>3</sup></b>	(0.29)	(0.20)	(0.23)	(0.30)	(0.06)	(0.30)	(0.21)	(0.24)	(0.30)	(0.06)
<b>Net assets, end of year *</b>	9.85	10.15	10.32	10.04	10.08	10.10	10.35	10.46	10.13	10.11

	High Net Worth Series					High Net Worth F Series				
	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
<b>Net assets, beginning of year</b>	10.28	10.42	10.10	10.12	10.00	10.46	10.54	10.18	10.15	10.00
Increase (decrease) from operations:										
Total revenue	0.33	0.35	0.38	0.38	0.21	0.34	0.35	0.38	0.38	0.20
Total expenses (excluding distributions)	(0.15)	-	-	-	-	(0.11)	-	-	-	-
Realized gains (losses) for the year	0.15	0.02	0.04	(0.13)	(0.01)	0.23	0.02	0.05	(0.14)	(0.03)
Unrealized gains (losses) for the year	(0.26)	(0.31)	0.10	(0.22)	(0.18)	(0.23)	(0.25)	0.17	(0.37)	(0.03)
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.07	0.06	0.52	0.03	0.02	0.23	0.12	0.60	(0.13)	0.14
Distributions:										
From net investment income (excluding dividends)	(0.18)	(0.21)	(0.23)	(0.28)	(0.06)	(0.19)	(0.21)	(0.24)	(0.29)	(0.06)
From dividends	-	-	-	-	-	-	-	-	-	-
From capital gains	(0.12)	-	-	-	-	(0.12)	-	-	-	-
Return of capital	-	-	-	(0.02)	-	-	-	-	(0.01)	-
<b>Total distributions <sup>3</sup></b>	(0.30)	(0.21)	(0.23)	(0.30)	(0.06)	(0.31)	(0.21)	(0.24)	(0.30)	(0.06)
<b>Net assets, end of year *</b>	10.01	10.28	10.42	10.10	10.10	10.22	10.46	10.54	10.18	10.13

	Ultra High Net Worth Series					Institutional Series				
	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
<b>Net assets, beginning of year</b>	10.31	10.44	10.11	10.13	10.00	10.57	10.68	10.33	10.20	10.00
Increase (decrease) from operations:										
Total revenue	0.34	0.35	0.39	0.38	0.19	0.34	0.36	0.39	0.39	0.19
Total expenses (excluding distributions)	(0.15)	-	-	-	-	(0.02)	-	-	-	-
Realized gains (losses) for the year	0.17	0.02	0.02	(0.12)	(0.03)	0.35	0.02	0.05	(0.13)	(0.03)
Unrealized gains (losses) for the year	(0.29)	(0.29)	0.05	(0.28)	(0.06)	(0.57)	(0.17)	0.28	(0.12)	0.02
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.07	0.08	0.46	(0.02)	0.10	0.10	0.21	0.72	0.14	0.18
Distributions:										
From net investment income (excluding dividends)	(0.18)	(0.21)	(0.24)	(0.28)	(0.06)	(0.18)	(0.33)	(0.37)	(0.29)	(0.06)
From dividends	-	-	-	-	-	-	-	-	-	-
From capital gains	(0.12)	-	-	-	-	(0.12)	-	-	-	-
Return of capital	-	-	-	(0.02)	-	-	-	-	(0.02)	-
<b>Total distributions <sup>3</sup></b>	(0.30)	(0.21)	(0.24)	(0.30)	(0.06)	(0.30)	(0.33)	(0.37)	(0.31)	(0.06)
<b>Net assets, end of year *</b>	10.04	10.31	10.44	10.11	10.10	10.40	10.57	10.68	10.33	10.18

Please refer to the footnotes on the last page of this document.

MANAGEMENT REPORT OF FUND PERFORMANCE  
**LOOMIS SAYLES GLOBAL DIVERSIFIED CORPORATE BOND FUND**  
**(FORMERLY NEXGEN CORPORATE BOND FUND)**

For the year ended December 31, 2016

**Ratios and Supplemental Data <sup>1</sup>**

	Regular, Deferred and Low Load Series					Regular F Series				
	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Total net asset value (\$) <sup>2</sup>	1,236,933	2,040,491	2,172,702	2,580,646	1,752,208	732,741	777,765	758,201	963,870	777,115
Number of units outstanding	125,578	201,034	210,568	257,044	173,450	72,536	75,146	72,452	95,194	76,691
Management expense ratio (%) <sup>3</sup>	1.77	1.83	1.98	1.97	1.97	1.20	1.27	1.42	1.43	1.41
Management expense ratio before waivers or absorptions (%) <sup>3</sup>	2.00	2.13	2.29	2.33	4.38	1.43	1.57	1.74	1.78	3.83
Trading expense ratio (%) <sup>4</sup>	-	-	-	-	0.10	-	-	-	-	0.10
Portfolio turnover rate (%) <sup>5</sup>	220.75	25.84	56.97	73.60	39.75	220.75	25.84	56.97	73.60	39.75
Net asset value per unit (\$) <sup>2</sup>	9.85	10.15	10.32	10.04	10.10	10.10	10.35	10.46	10.13	10.13
	High Net Worth Series					High Net Worth F Series				
	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Total net asset value (\$) <sup>2</sup>	407,980	459,871	415,679	381,523	182,095	185,704	332,511	133,502	143,026	102,146
Number of units outstanding	40,750	44,716	39,900	37,786	17,989	18,163	31,799	12,660	14,056	10,062
Management expense ratio (%) <sup>3</sup>	1.46	1.46	1.59	1.61	1.56	1.02	1.01	1.15	1.12	1.14
Management expense ratio before waivers or absorptions (%) <sup>3</sup>	1.69	1.76	1.90	1.96	3.97	1.25	1.31	1.47	1.47	3.55
Trading expense ratio (%) <sup>4</sup>	-	-	-	-	0.10	-	-	-	-	0.10
Portfolio turnover rate (%) <sup>5</sup>	220.75	25.84	56.97	73.60	39.75	220.75	25.84	56.97	73.60	39.75
Net asset value per unit (\$) <sup>2</sup>	10.01	10.28	10.42	10.10	10.12	10.22	10.46	10.54	10.18	10.15
	Ultra High Net Worth Series					Institutional Series				
	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Total net asset value (\$) <sup>2</sup>	72,666	72,173	71,638	25,274	25,317	35,209,961	10,502,629	10,296,193	9,642,952	25,512
Number of units outstanding	7,237	7,001	6,864	2,500	2,500	3,387,009	993,938	963,825	933,717	2,500
Management expense ratio (%) <sup>3</sup>	1.41	1.41	1.53	1.52	1.47	0.17	0.17	0.17	0.16	0.16
Management expense ratio before waivers or absorptions (%) <sup>3</sup>	1.64	1.71	1.85	1.88	3.88	0.40	0.47	0.48	0.51	2.57
Trading expense ratio (%) <sup>4</sup>	-	-	-	-	0.10	-	-	-	-	0.10
Portfolio turnover rate (%) <sup>5</sup>	220.75	25.84	56.97	73.60	39.75	220.75	25.84	56.97	73.60	39.75
Net asset value per unit (\$) <sup>2</sup>	10.04	10.31	10.44	10.11	10.13	10.40	10.57	10.68	10.33	10.20

Please refer to the footnotes on the last page of this document.

## Financial Highlights

\* For financial periods beginning on or after January 1, 2014, financial highlight information is derived from financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For the comparative 2013 financial period, beginning and ending Net Assets per unit have been changed to reflect the adoption of IFRS, and for financial periods preceding January 1, 2013, financial highlight information is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Net Assets per unit, for the periods prior to January 1, 2013, are calculated in accordance with GAAP, and Net Asset Value in the Ratios and Supplemental Data table is presented based on that used for transactional purposes. All other calculations for the purposes of this MRFP are made using Net Asset Value. As at December 31, 2016 there was no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

## Net Assets Per Unit footnotes

- <sup>1</sup> This information is derived from the Fund's audited annual financial statements as at December 31 of the years shown. The net assets per unit presented in the financial statements prior to January 1, 2013 may differ from the net asset value calculated for fund pricing purposes as a result of adopting the requirements under Section 3855 of the CICA Handbook, Financial Instruments – Recognition and Measurement.
  - <sup>2</sup> Net assets and distributions are based on the actual amount of units at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
  - <sup>3</sup> Distributions were reinvested in additional units of the Fund, unless the investor requested payment in cash.
- \* This is not a reconciliation of the beginning and ending net assets per unit as the increase (decrease) from operations data is based on the weighted average number of units during the period rather than actual unit amounts at the relevant time.

## Ratios and Supplemental Data footnotes

- <sup>1</sup> The information is provided as at December 31 of the years shown.
- <sup>2</sup> Total Net Asset Value and Net Asset Value per unit for periods preceding January 1, 2013 are presented based on transactional NAV which may differ from amounts in the financial statements as a result of adopting the requirements under Section 3855 of the CICA Handbook, Financial Instruments – Recognition and Measurement.
- <sup>3</sup> The management expense ratio (MER) is calculated in accordance with National Instrument 81-106 and is based on total expenses (excluding distributions, commissions, portfolio transaction costs and forward fees as applicable) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. In a period where a series is established, the management fee ratio is annualized from the date of inception to the end of the period.  
  
The Manager may authorize a reduction in the management fees and/or operating expense rates generally for certain investors of the Fund who pay or incur distribution or other expenses normally paid by the Fund or the Manager. In this case, if the Manager reduces or rebates a portion of the management fee, the Fund or the Manager pays an amount equal to the reduction either as a distribution or as a direct rebate. The MER does not take this type of reduction into account.  
  
The Manager may temporarily reduce or absorb all or any portion of the management fee and/or operating expenses of the Fund and can terminate the reduction or absorption at any time. The Manager expects to continue to absorb these fees or expenses until such time as the Fund is of sufficient size to reasonably absorb all fees and expenses.
- <sup>4</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average Transactional NAV during the period.
- <sup>5</sup> The Fund's portfolio turnover rate indicates how the portfolio advisor 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 period. Typically, the higher a fund's portfolio turnover rate, the greater the trading costs payable by a fund. There is not necessarily a relationship between a high turnover rate and the performance of a fund.