

*This interim 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.com](http://ngam.natixis.com) 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**

The investment objective of the NexGen Canadian Preferred Share Tax Managed Fund (the "Fund" or the "Tax Managed Fund") is to pursue a steady flow of income primarily through investment in Canadian preferred shares.

The portfolio sub-advisor, J. Zechner Associates Inc. (the "Sub-Advisor"), will consider the credit quality of preferred share issuers, the attributes of individual preferred share issues and the expected direction of dividend yields. The Sub-Advisor will seek to invest in preferred shares that provide attractive value relative to available preferred share types, issuers and issues. The Sub-Advisor will also consider the relative attractiveness of preferred shares to other fixed income alternatives.

### **Results of Operations**

The Fund's net asset value increased during the period from \$219,446,283 to \$225,156,000. This increase was a result of a combination of net sales and positive return on investments.

The Regular Series of the Capital Gains Class of the Fund returned 1.4% compared to a -2.9% return on its benchmark, the S&P/TSX Preferred Share Total Return 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.

The fund is invested in a diversified portfolio of preferred shares. Perpetual preferred shares made up the largest portion of the portfolio, with rate/reset type issues comprising much of the remainder.

Preferred shares were affected by the financial market volatility that occurred in January and February. The volatility was led by a sharp decline and then rebound in the price of oil. Global equity markets tracked oil prices fairly closely, albeit with more muted moves. Oil plunged 22.5% from the end of January to February 11th, hitting an intra-day low of \$26.05 per barrel. However, news that Saudi Arabia, a few other OPEC members, and Russia were considering capping their oil production at the levels attained in January prompted a strong recovery in oil prices that left them up 0.4% over the whole month. Preferred shares suffered about half the losses of common shares, but were slow to rebound as oil moved higher. Over the balance of the first half of the year, preferred shares struggled to return to breakeven, but were held back by weak performance in rate reset (-6.5%) and floating rate issues (-1.2%).

The weakness in rate reset issues reflected a bifurcation in that sector as recent issues (i.e. since September 2015) appreciated in value but older issues declined as investors sold rather than dealing with sharp declines in income when the respective issues reset their dividend rates. Floating rate issues appeared to be weak because the Bank of Canada was not expected to raise rates for the foreseeable future. In contrast with rate reset and floating rate issues, perpetual issues performed well in the first half earning +7.2%. The fund performed relatively well in the first half because it held significantly more perpetual issues than the benchmark. Security selection was also favourable, and the cash balances provided a measure of capital protection during the volatile first two months of the year.

The growing participation of institutional investors in the preferred share market has been evident for some time. The level of institutional participation is most visible with new issues, and some data from BMO Capital Markets in that regard shows the growing importance of institutional managers. In 2014, the average institutional allocation for new issues was 32%, in 2015 it was 34%, and so far in 2016 it has jumped to 54%. It would seem that the substantial yield advantage of preferred shares has been recognised by increasing numbers of institutional managers. What remains to be seen is whether the institutional interest in preferred shares will continue as the market recovers and yields decline from the extremes hit earlier this year.

During the first half of 2016, the sub-advisor reduced the cash position in the portfolio. In addition to purchasing a new TransCanada issue, they added to a number of existing holdings. However, liquidity was relatively low and they chose to be disciplined about pricing rather than chasing issues higher. The sub-advisor also started taking profits in some issues that had rallied well above par, including Bank of Nova Scotia, Manulife, and TD Bank holdings.

### **Recent Developments**

Record low government bond yields have pushed corporate bond yields lower, making the higher yields of preferred shares even more attractive on a relative basis. The sub-advisor has seen increased interest in preferred shares from traditional institutional bond investors searching for more attractive yields, and believes that trend is likely to continue.

The sub-advisor continues to prefer the simplicity and higher yields of perpetual issues compared to rate reset issues. The bifurcation of the rate reset sector continues, with older issues struggling to hold their value as reset dates approach and newer issues with floors or dividend rates above 5.00% seeing continued demand and rising prices. In the case of the bank issues that came to market since last fall, many like the BNS.PR.G have appreciated beyond fair value in the sub-advisor's opinion. They appear likely to be redeemed at the first 5-year

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NEXGEN CANADIAN PREFERRED SHARE TAX MANAGED FUND**

For the period ended June 30, 2016

reset opportunity and their yields to the potential call are unattractive compared with other issues. As a result, the sub-advisor is taking advantage of market demand to realize gains and reduce the fund's holdings of those issues.

**Distributions**

Effective July 1, 2015, the Return of Capital Class of the Fund increased its distribution rate from \$0.45 to \$0.51, annually, paid monthly. The Dividend Tax Credit Class of the Fund increased its distribution rate from \$0.45 to \$0.51, annually, paid monthly.

**Inter-Fund Debt**

Under the fund on fund investment structure, the Fund issues debt in the form of limited recourse notes to the NexGen Canadian Preferred Share Registered Fund (the "Registered Fund"). These limited recourse notes are redeemable on demand by the Registered Fund, and pay interest at a floating rate equal to prime plus 1%. During the period, the maximum inter-fund debt issued was \$25,819,000 and the minimum, \$23,158,000. At the end of the period, the debt represented 11.5% of the Fund's net asset value. This debt is intended to increase the tax efficiency of the Fund and is not used as financial leverage.

**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 shareholders by reducing the management fee it charges to the Fund, directing the Fund to make management fee distributions to these shareholders, 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 shares of the Fund and are accounted for as distributions for financial statement purposes.

**Tax Management Contingent Fee**

The publicly offered Tax Classes of each Tax Managed Fund (except NexGen Canadian Cash Tax Managed Fund) utilize a variety of value-added proprietary mechanisms designed to enhance their tax efficiency for a variety of financial planning purposes. An annual tax management contingent fee of 0.15% is charged to the Compound Growth Tax Class of the applicable Tax Managed Fund as the objective of the tax class, being to minimize the amount and frequency of distributions to an investor, is of unique benefit to investors of the class. The annual fee is accrued daily and paid monthly to the Manager, on the same basis as, and in addition to, the management fee. No tax management contingent fee is payable in respect of the remaining Tax Classes.

This fee will be refunded to the Compound Growth Tax Class of a Tax Managed Fund if the following conditions are not met:

- a) the Compound Growth Tax Class has a positive return for the year; and
- b) the Class does not pay a taxable distribution of any kind in the calendar year unless its return is in excess of 10% in that year. Furthermore, if the investment return exceeds 10% in the calendar year at least 50% of the return must remain undistributed to shareholders of the Class.

**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 assets value of that fund, or other methods of allocation that the Manager deems appropriate, depending on the type of operating expenses being allocated.

**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 shareholders.

The related party fees charged are as follows:

	June 30, 2016	June 30, 2015
Management fees	1,044,223	917,545
Tax Management Contingent fees	60,599	63,634
Administrative services provided by the Manager	57,841	88,994
Fund expenses absorbed by the Manager	(130,421)	(197,011)

## Other Information

### Change of Control 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 Class/Series Description

The Fund offers four tax classes: Capital Gains Class; Return of Capital Class; Dividend Tax Credit Class; the Compound Growth Class; and a single non-publicly offered Inter-Fund Class. Each of these classes, excluding the Inter-Fund class have five publicly offered series of shares: Regular, Regular F, Institutional, Deferred Load and Low Load Series.

Management fees differ among the Fund's series of shares. The Fund pays the Manager an aggregate management fee. Management fees for the Institutional Series shares 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.

In addition to a management fee, each series of the Compound Growth Class is charged an annual tax management contingent fee of 0.15% which is repayable if certain conditions are not met.

### As a Percentage of Management Fees

Series	Management Fee* (%)	Dealer Compensation (%)	General Administration, Investment Advice and Profit (%)
Regular, Deferred and Low Load	1.25	34	66
Regular F	0.75	0	100

\* Applicable to all classes of shares.

## Summary of Investment Portfolio at June 30, 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.com or SEDAR at www.sedar.com.

Top 25 Holdings	%*	Sector Allocation	%*
Algonquin Power & Utilities Corp. 5.00% Series D Pfd.	5.1	Insurance	24.0
Brookfield Asset Management Inc. 4.90% Series 37 Pfd.	5.0	Utilities	20.7
Pembina Pipeline Corporation 5.00% Series 5 Pfd.	4.9	Energy	19.3
Westcoast Energy Inc. 5.60% Series 8 Pfd.	4.9	Banks	9.4
Canadian Utilities Limited 4.90% Series BB Pfd.	4.7	Real Estate	5.0
AltaGas Ltd. 4.75% Series G Pfd.	4.6	Consumer Staples	4.7
Co-operators General Insurance Company 5.00% Series C Pfd.	4.1	Commercial Finance	3.4
Enbridge Inc. 4.40% Series 11 Pfd.	4.0	Consumer Discretionary	3.4
Royal Bank of Canada 4.90% Series W Pfd.	3.9	Telecommunication Services	3.3
Fortis Inc. 4.75% Series J Pfd.	3.7	Asset Management	2.6
Element Financial Corporation 6.50% Series G Pfd.	3.4	Cash & Cash Equivalents <sup>A</sup>	2.9
Shaw Communications Inc. 4.50% Series A Pfd.	3.4	Mortgage Finance	1.3
George Weston Limited 4.75% Series V Pfd.	3.3	Total	100.0
BCE Inc. 4.25% Series AQ Pfd.	3.3		
Power Financial Corporation 5.10% Series L Pfd.	3.0		
Cash & Cash Equivalents <sup>A</sup>	2.9		
Great-West Lifeco Inc. 5.25% Series S Pfd.	2.8		
IGM Financial Inc. 5.90% Series B Pfd.	2.6		
TransCanada Corporation 4.25% Series 9 Pfd.	2.6		
Industrial Alliance Insurance and Financial Services Inc. 4.60% Series B Pfd.	2.4		
Fairfax Financial Holdings Limited 4.03% Series D Pfd.	2.3		
Emera Incorporated 4.50% Series E Pfd.	2.3		
TransCanada Corporation 5.50% Series 13 Pfd.	2.2		
National Bank of Canada 5.40% Series 36 Pfd.	2.2		
Manulife Financial Corporation 4.50% Series 3 Pfd.	1.8		

\* Based on Transactional NAV in which securities are priced at market closing prices on June 30, 2016.

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

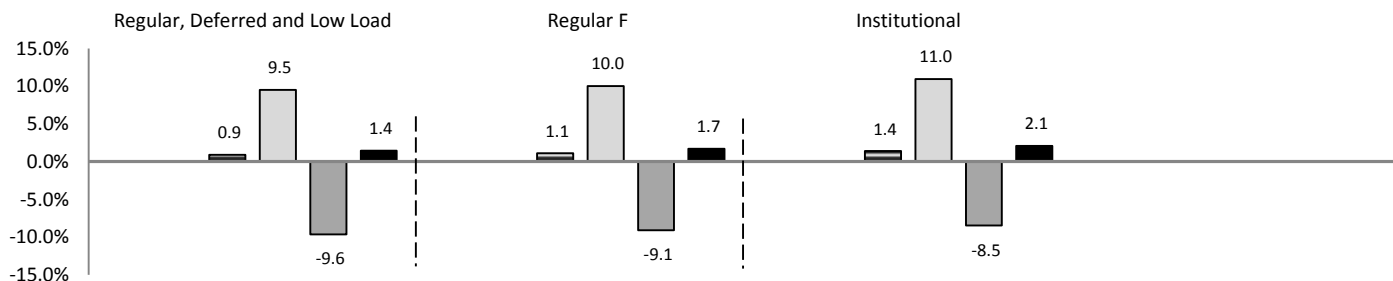
## Past Performance

The past performance shows historical performance of each class and series of shares 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 shares of the same class and 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.

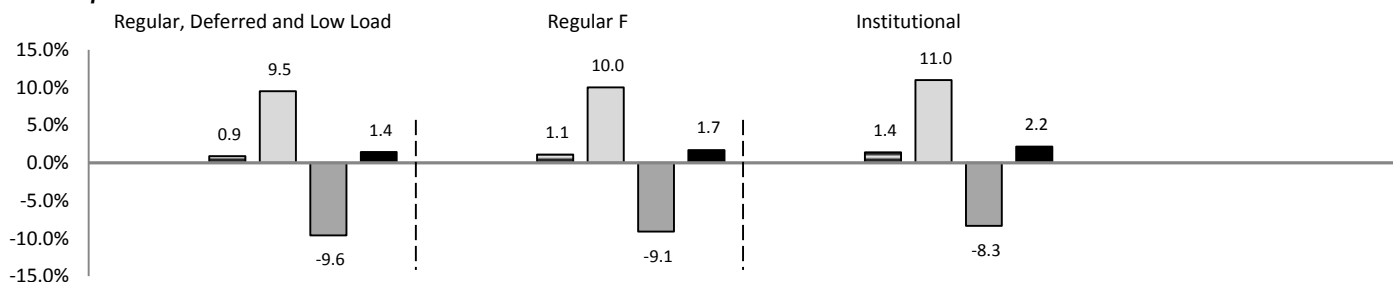
### Year-by-Year Returns

The following charts illustrate the annual performance of each class and series of shares of the Fund since its retail inception date - August 26, 2013. 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.

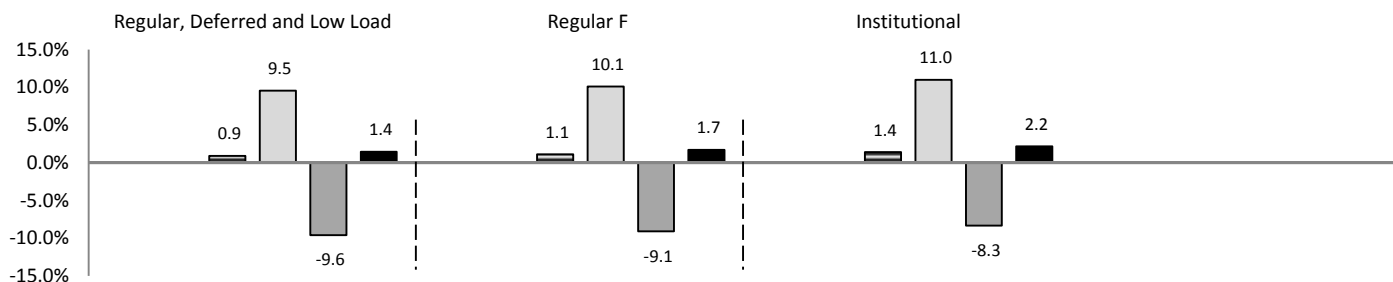
#### Capital Gains Class



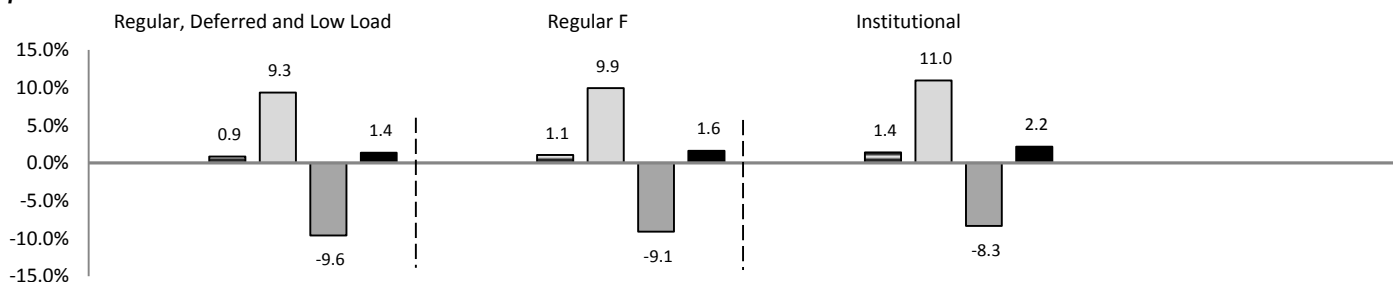
#### Return of Capital Class



#### Dividend Tax Credit Class



#### Compound Growth Class



■ Dec 31 '13

■ Dec 31 '14

■ Dec 31 '15

■ Jun 30 '16

## Financial Highlights<sup>†</sup>

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 Share (\$) <sup>1</sup>

CAPITAL GAINS CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	9.23	10.21	10.09	10.00	9.30	10.23	10.11	10.00
Increase (decrease) from operations:								
Total revenue	0.26	0.49	0.51	0.22	0.26	0.51	0.52	0.21
Total expenses (excluding distributions)	(0.07)	(0.15)	(0.16)	(0.06)	(0.05)	(0.10)	(0.11)	(0.04)
Realized gains (losses) for the period	(0.08)	(0.19)	0.05	0.01	(0.08)	(0.24)	0.03	0.01
Unrealized gains (losses) for the period	(0.06)	(1.15)	0.45	(0.40)	(0.28)	(1.00)	0.34	(0.27)
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.05	(1.00)	0.85	(0.23)	(0.15)	(0.83)	0.78	(0.09)
Distributions:								
From net investment income (excluding dividends)	-	-	-	-	-	-	-	-
From eligible dividends	-	-	-	-	-	-	-	-
From capital gains	-	-	(0.84)	-	-	-	(0.89)	-
Return of capital	-	-	-	-	-	-	-	-
<b>Total distributions <sup>3</sup></b>	-	-	(0.84)	-	-	-	(0.89)	-
<b>Net assets, end of period *</b>	9.36	9.23	10.21	10.09	9.46	9.30	10.23	10.11

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	9.39	10.26	10.14	10.00
Increase (decrease) from operations:				
Total revenue	0.26	0.48	0.49	0.18
Total expenses (excluding distributions)	(0.01)	(0.03)	(0.02)	(0.01)
Realized gains (losses) for the period	(0.08)	(0.17)	0.05	0.01
Unrealized gains (losses) for the period	0.03	(1.15)	0.64	(0.04)
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.20	(0.87)	1.16	0.14
Distributions:				
From net investment income (excluding dividends)	-	-	-	-
From eligible dividends	-	-	-	-
From capital gains	-	-	(0.98)	-
Return of capital	-	-	-	-
<b>Total distributions <sup>3</sup></b>	-	-	(0.98)	-
<b>Net assets, end of period *</b>	9.59	9.39	10.26	10.14

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

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NEXGEN CANADIAN PREFERRED SHARE TAX MANAGED FUND**

For the period ended June 30, 2016

**Net Assets Per Share (\$) <sup>1</sup> (cont'd)**

RETURN OF CAPITAL CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	9.06	10.53	9.97	10.00	9.17	10.60	9.99	10.00
Increase (decrease) from operations:								
Total revenue	0.25	0.50	0.50	0.22	0.26	0.50	0.50	0.20
Total expenses (excluding distributions)	(0.07)	(0.15)	(0.16)	(0.06)	(0.05)	(0.10)	(0.11)	(0.04)
Realized gains (losses) for the period	(0.08)	(0.25)	0.04	0.01	(0.07)	(0.21)	0.04	0.01
Unrealized gains (losses) for the period	0.02	(1.19)	0.47	(0.24)	0.05	(1.27)	0.41	0.02
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.12	(1.09)	0.85	(0.07)	0.19	(1.08)	0.84	0.19
Distributions:								
From net investment income (excluding dividends)	-	-	-	-	-	-	-	-
From eligible dividends	-	(0.18)	-	-	-	(0.18)	-	-
From capital gains	-	-	-	-	-	-	-	-
Return of capital	(0.26)	(0.30)	(0.38)	(0.13)	(0.26)	(0.30)	(0.38)	(0.13)
<b>Total distributions <sup>3</sup></b>	(0.26)	(0.48)	(0.38)	(0.13)	(0.26)	(0.48)	(0.38)	(0.13)
<b>Net assets, end of period *</b>	8.92	9.06	10.53	9.97	9.07	9.17	10.60	9.99

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	9.37	10.73	10.01	10.00
Increase (decrease) from operations:				
Total revenue	0.26	0.50	0.53	0.16
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.02)	(0.01)
Realized gains (losses) for the period	(0.08)	(0.20)	0.02	0.01
Unrealized gains (losses) for the period	0.02	(0.59)	0.31	(0.17)
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.19	(0.31)	0.84	(0.01)
Distributions:				
From net investment income (excluding dividends)	-	-	-	-
From eligible dividends	-	(0.18)	-	-
From capital gains	-	-	-	-
Return of capital	(0.26)	(0.30)	(0.38)	(0.13)
<b>Total distributions <sup>3</sup></b>	(0.26)	(0.48)	(0.38)	(0.13)
<b>Net assets, end of period *</b>	9.31	9.37	10.73	10.02

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

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NEXGEN CANADIAN PREFERRED SHARE TAX MANAGED FUND**

For the period ended June 30, 2016

**Net Assets Per Share (\$) <sup>1</sup> (cont'd)**

DIVIDEND TAX CREDIT CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	9.06	10.53	9.97	10.00	9.18	10.61	9.99	10.00
Increase (decrease) from operations:								
Total revenue	0.25	0.49	0.50	0.19	0.26	0.50	0.50	0.19
Total expenses (excluding distributions)	(0.07)	(0.15)	(0.15)	(0.06)	(0.05)	(0.10)	(0.10)	(0.04)
Realized gains (losses) for the period	(0.08)	(0.20)	0.05	0.01	(0.07)	(0.20)	0.05	0.01
Unrealized gains (losses) for the period	0.03	(1.23)	0.48	(0.28)	(0.02)	(1.31)	0.49	(0.20)
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.13	(1.09)	0.88	(0.14)	0.12	(1.11)	0.94	(0.04)
Distributions:								
From net investment income (excluding dividends)	-	-	-	-	-	-	-	-
From eligible dividends	0.26	(0.48)	(0.38)	(0.13)	0.26	(0.48)	(0.38)	(0.13)
From capital gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
<b>Total distributions <sup>3</sup></b>	0.26	(0.48)	(0.38)	(0.13)	0.26	(0.48)	(0.38)	(0.13)
<b>Net assets, end of period *</b>	8.92	9.06	10.53	9.97	9.07	9.18	10.61	9.99

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	9.37	10.73	10.01	10.00
Increase (decrease) from operations:				
Total revenue	0.26	0.52	0.48	0.18
Total expenses (excluding distributions)	(0.01)	(0.01)	(0.02)	(0.01)
Realized gains (losses) for the period	(0.08)	(0.39)	0.06	0.01
Unrealized gains (losses) for the period	0.02	(0.58)	0.63	(0.25)
<b>Total increase (decrease) from operations <sup>2</sup></b>	0.19	(0.46)	1.15	(0.07)
Distributions:				
From net investment income (excluding dividends)	-	-	-	-
From eligible dividends	0.26	(0.48)	(0.38)	(0.13)
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total distributions <sup>3</sup></b>	0.26	(0.48)	(0.38)	(0.13)
<b>Net assets, end of period *</b>	9.31	9.37	10.73	10.01

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

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NEXGEN CANADIAN PREFERRED SHARE TAX MANAGED FUND**

For the period ended June 30, 2016

**Net Assets Per Share (\$) <sup>1</sup> (cont'd)**

COMPOUND GROWTH CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	9.79	11.03	10.09	10.00	9.92	11.11	10.11	10.00
Increase (decrease) from operations:								
Total revenue	0.27	0.52	0.51	0.19	0.28	0.53	0.52	0.22
Total expenses (excluding distributions)	(0.08)	(0.16)	(0.18)	(0.06)	(0.06)	(0.10)	(0.12)	(0.04)
Realized gains (losses) for the period	(0.09)	(0.19)	0.05	0.01	(0.09)	(0.21)	0.04	0.01
Unrealized gains (losses) for the period	0.01	(1.30)	0.46	(0.18)	0.04	(1.45)	0.44	(0.42)
<b>Total increase (decrease) from operations <sup>2</sup></b>	<b>0.11</b>	<b>(1.13)</b>	<b>0.84</b>	<b>(0.04)</b>	<b>0.17</b>	<b>(1.23)</b>	<b>0.88</b>	<b>(0.23)</b>
Distributions:								
From net investment income (excluding dividends)	-	-	-	-	-	-	-	-
From eligible dividends	-	(0.17)	-	-	-	(0.17)	-	-
From capital gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
<b>Total distributions <sup>3</sup></b>	<b>-</b>	<b>(0.17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.17)</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of period *</b>	<b>9.93</b>	<b>9.79</b>	<b>11.03</b>	<b>10.09</b>	<b>10.08</b>	<b>9.92</b>	<b>11.11</b>	<b>10.11</b>

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of period</b>	10.13	11.25	10.14	10.00
Increase (decrease) from operations:				
Total revenue	0.30	0.52	0.52	0.18
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.02)	(0.01)
Realized gains (losses) for the period	(0.08)	(0.19)	0.05	0.01
Unrealized gains (losses) for the period	0.07	(0.99)	0.51	(0.34)
<b>Total increase (decrease) from operations <sup>2</sup></b>	<b>0.28</b>	<b>(0.68)</b>	<b>1.06</b>	<b>(0.16)</b>
Distributions:				
From net investment income (excluding dividends)	-	-	-	-
From eligible dividends	-	(0.18)	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total distributions <sup>3</sup></b>	<b>-</b>	<b>(0.18)</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of period *</b>	<b>10.35</b>	<b>10.13</b>	<b>11.25</b>	<b>10.14</b>

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



MANAGEMENT REPORT OF FUND PERFORMANCE  
**NEXGEN CANADIAN PREFERRED SHARE TAX MANAGED FUND**

For the period ended June 30, 2016

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

CAPITAL GAINS CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	5,172,540	5,950,182	4,010,503	789,686	5,768,309	8,372,598	2,824,117	238,585
Number of shares outstanding	552,680	644,926	392,873	78,254	609,610	900,135	276,076	23,597
Management expense ratio (%) <sup>2</sup>	1.61	1.58	1.49	1.59	1.04	1.00	1.01	1.01
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.69	1.69	1.74	2.44	1.12	1.11	1.26	1.87
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46	21.28	49.69	33.05	14.46
Net asset value per share (\$)	9.36	9.23	10.21	10.09	9.46	9.30	10.23	10.11

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	1,329	1,301	1,421	12,674
Number of shares outstanding	139	139	139	1,250
Management expense ratio (%) <sup>2</sup>	0.29	0.27	0.17	0.17
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.36	0.38	0.41	1.03
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46
Net asset value per share (\$)	9.59	9.39	10.26	10.14

RETURN OF CAPITAL CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	18,048,738	17,461,580	6,810,932	2,809,595	22,806,545	20,368,248	10,607,322	776,644
Number of shares outstanding	2,022,658	1,927,624	646,911	281,866	2,515,714	2,220,155	1,000,530	77,770
Management expense ratio (%) <sup>2</sup>	1.60	1.55	1.50	1.58	1.05	1.02	1.01	1.02
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.68	1.66	1.75	2.44	1.13	1.13	1.26	1.88
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46	21.28	49.69	33.05	14.46
Net asset value per share (\$)	8.92	9.06	10.53	9.97	9.07	9.17	10.60	9.99

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	386,521	391,325	141,465	12,674
Number of shares outstanding	41,536	41,770	13,190	1,266
Management expense ratio (%) <sup>2</sup>	0.16	0.16	0.16	0.17
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.23	0.27	0.41	1.02
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46
Net asset value per share (\$)	9.31	9.37	10.73	10.02

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

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NEXGEN CANADIAN PREFERRED SHARE TAX MANAGED FUND**

For the period ended June 30, 2016

**Ratios and Supplemental Data** <sup>1</sup> (cont'd)

DIVIDEND TAX CREDIT CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	20,553,846	20,018,998	12,680,385	2,793,095	16,870,393	15,073,374	8,914,971	3,191,359
Number of shares outstanding	2,302,967	2,209,553	1,204,111	280,233	1,859,823	1,642,197	840,497	319,567
Management expense ratio (%) <sup>2</sup>	1.60	1.55	1.47	1.57	1.04	1.02	0.96	1.02
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.67	1.66	1.72	2.43	1.12	1.13	1.21	1.88
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46	21.28	49.69	33.05	14.46
Net asset value per share (\$)	8.92	9.06	10.53	9.97	9.07	9.18	10.61	9.99

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	1,466,339	1,476,331	312,847	438,879
Number of shares outstanding	157,584	157,580	29,169	43,823
Management expense ratio (%) <sup>2</sup>	0.17	0.16	0.16	0.17
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.24	0.27	0.41	1.03
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46
Net asset value per share (\$)	9.31	9.37	10.73	10.01

COMPOUND GROWTH CLASS	Regular, Deferred and Low Load Series				Regular F Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	34,629,276	35,175,169	37,104,517	11,316,029	40,726,450	40,728,525	29,160,946	7,354,954
Number of shares outstanding	3,488,298	3,591,765	3,364,878	1,121,940	4,039,170	4,105,620	2,625,123	727,828
Management expense ratio (%) <sup>2</sup>	1.77	1.56	1.65	1.74	1.22	1.00	1.11	1.18
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.84	1.67	1.90	2.60	1.29	1.11	1.35	2.04
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46	21.28	49.69	33.05	14.46
Net asset value per share (\$)	9.93	9.79	11.03	10.09	10.08	9.92	11.11	10.11

	Institutional Series			
	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	5,139,784	3,563,641	8,429,194	2,393,362
Number of shares outstanding	496,627	351,826	749,266	236,054
Management expense ratio (%) <sup>2</sup>	0.16	0.16	0.17	0.17
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.23	0.27	0.42	1.03
Trading expense ratio (%) <sup>3</sup>	0.11	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	21.28	49.69	33.05	14.46
Net asset value per share (\$)	10.35	10.13	11.25	10.14

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, ending Net Assets per share have been changed to reflect the adoption of IFRS, if applicable. As at June 30, 2016 there was no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

### Net Assets Per Share footnotes

- <sup>1</sup> This information is derived from the Fund's audited annual financial statements as at December 31 of the years shown and the interim statements as at June 30, 2016.
  - <sup>2</sup> Net assets and distributions are based on the actual amount of shares at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.
  - <sup>3</sup> Distributions were reinvested in additional shares of the Fund, unless the investor requested payment in cash.
- \* This is not a reconciliation of the beginning and ending net assets per share as the increase (decrease) from operations data is based on the weighted average number of shares during the period rather than actual share amounts at the relevant time.

### Ratios and Supplemental Data footnotes

- <sup>1</sup> The information is provided as at June 30, 2016 and December 31 of the years shown.
- <sup>2</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>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Transactional NAV during the period.
- <sup>4</sup> The Fund's portfolio turnover rate indicates how the Fund's 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. The higher the Fund's portfolio turnover rate in the period, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.