*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 or SEDAR at 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 Loomis Sayles Strategic Monthly Income Fund (the "Fund") is to seek high current income with a secondary objective of capital growth through investment primarily in U.S. income producing securities.

Under normal market conditions, the Fund will invest substantially all of its assets in income producing securities with a focus on U.S. corporate bonds, convertible securities, foreign debt instruments, including those in emerging markets and related foreign currency transactions, and U.S. government securities.

Loomis, Sayles & Company, L.P. ("Loomis Sayles" or the "Portfolio Manager"), the Portfolio Manager of the Fund, seeks to buy bonds that offer a positive yield advantage over the market and, in its view, have room to increase in price. It may also invest to take advantage of what the Portfolio Manager believes are temporary disparities in the yield of different segments of the market for U.S. government securities.

## *Results of Operations*

The Fund's net asset value increased during the period from $29,074,750 to $40,604,000. This increase was a result of a combination of net sales and positive return on investments.
The Regular Series of the Fund returned 6.9% compared to a 0.3% return on its benchmark, 65% Barclays U.S. Government/Credit Index, 25% Barclays Global High Yield Index, 10% S&P 500 Total Return Index (CAD) (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 late-quarter UK referendum decision to leave the European Union (EU) surprised markets and caused volatility to spike. However, investors favored credit risk and longer-duration (greater price sensitivity to interest rate changes) securities for the majority of the quarter. Demand for low- and high-quality credit remained strong as a greater percentage of global government bond yields moved negative.

US high yield remained a sought-after asset class, and easing financial conditions provided support. The sector's strong and steady gains leveled out leading up to Brexit, but quarterly returns remained robust. Energy and metals and mining were the top-performing sectors, largely due to a continuing recovery in commodity prices.

Foreign exchange market performance was mixed across regions, reflecting increased economic and political uncertainty and investor emphasis on idiosyncratic factors. Late-quarter weakness in European currencies, particularly the pound, can be attributed to Brexit.

Moderating US dollar strength helped relieve some financial stress facing emerging market governments and companies. The commodity rally, which began in the first quarter, also proved to be quite durable. Continued commodity price gains helped support commodity-exporting emerging market nations.

### Portfolio Review

Investment grade and high yield industrials, particularly energy and basic industry names, were primary drivers of performance. Crude oil and commodity markets generally rebounded, which benefited industrials. A small allocation to high yield utilities also lifted performance.

Common stocks supported results, as the equity markets continued to advance. Selected pharmaceuticals, technology and energy names were the best performers.

The rally in commodities during the period boosted the currencies of commodity exporters, including the Canadian dollar. As a result, the fund's Canadian dollar currency forwards, employed to offset currency risk, aided relative performance.

Overall, we maintained a shorter-duration stance, which detracted as long-duration securities outperformed.

Non-US-dollar-denominated issues were the primary detractors to performance, largely due to Mexican bonos positions (fixed-rate, peso-denominated coupon bonds). Brazilian and New Zealand sovereign credit helped offset some of the losses. The Brazilian real rebounded on hopes for political change, while the New Zealand dollar benefited from gains in commodity markets.

A broad rally in US Treasurys took place during the period, as Treasury yields fell. Investors, concerned about the global economic outlook, flocked to the perceived safety of government bonds. Our significant underweight to US Treasurys on a market value basis weighed on performance.

## Recent Developments

After Brexit, we expect the UK and EU economies to slow modestly in the second half of 2016. We continue to believe the US will generate slow but positive economic growth. However, a weaker European region could moderately impact US growth, primarily through a stronger US dollar and weaker demand. However, rates should remain low and support the consumer, corporations and overall economic activity. Housing remains in good shape and energy prices, while higher, should not dent consumer budgets.

We expect little pressure on US rates. The Federal Reserve (the Fed) should remain on hold through at least the fall. The market does not expect any Fed action for even longer. Uncertainty in Europe, contained inflation and other central bank accommodation has removed any rush for higher US rates. It is again a lower-for-longer environment. We continue to maintain a solid yield advantage, which we expect to compound over time and support total return.

Credit spreads widened on Brexit volatility. We believe credit valuations look attractive. Low and negative rates in developed markets support the search for yield, resulting in stable demand for US Treasurys, investment grade and high yield credit.

We are maintaining our energy exposure. European and global growth concerns may cause energy prices to remain range-bound in the intermediate term, but longer term, supply/demand characteristics should support higher prices. The energy sector has rallied strongly since reaching lows at the beginning of the year.

We remain constructive on US and European financials. We believe some of the negative price action, particularly in Europe, has been overdone. We view major bank fundamentals as solid. Capital ratios, asset quality and liquidity are still much better than in 2007, and nearly all major banks continue to pass very challenging stress tests. The low-rate environment will pressure margins, but we see good value in specific bank debt.

With the support of low rates, the corporate credit cycle1 should remain in the later stage of expansion. Default rates should hover at long-term historical averages, and loss expectations are still very modest outside of commodity sectors; trends we expect to persist. We continue to watch corporate profits, senior bank lending and liquidity for indications of credit cycle trends.

We expect moderate US dollar strength to continue but with more divergence across countries and currencies. A sidelined Fed and an improving commodity backdrop should support selected currencies.

Risks remain, chiefly political uncertainty in the UK and EU. We also continue to monitor Chinese growth and central bank policy actions. As always, we remain focused on adding incremental portfolio yield and solid credit selection, which should create the potential for positive long-term return.

After a sustained period of US dollar appreciation, foreign bond maturities and bond sales may result in realized currency losses. Currency losses and gains are a component of the fund's taxable net investment income available for monthly distributions. Accordingly, future monthly income distributions may be impacted by realized currency losses. Importantly, the amount of any future monthly distributions will not impact the fund's total return, as net realized currency losses, if any, are already incorporated into the fund's net asset value.

## 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.

*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:

| | June 30, 2016 |
|---|---|
| Management fees | 35,288 |
| Administrative services provided by the Manager | 16,614 |
| Fund expenses absorbed by the Manager | (53,835) |

## Management Fees and Series Description

The Fund currently offers four series of units: Series A, Series F, Series H, and Series I.

Management fees differ among the Fund's series of units. The Fund pays the Manager an aggregate management fee. Management fees for the I 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 (%)** |
| Series A | 1.75 | 57 | 43 |
| Series F | 0.75 | 0 | 100 |
| Series H | 1.60 | 43 | 57 |

## 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 | %* |
|---|---|
| United States Treasury Notes 1.00% Oct 31, 2016 | 4.5 |
| United States Treasury Notes 0.63% Sep 30, 2017 | 4.5 |
| United States Treasury Notes 0.63% Aug 31, 2017 | 4.5 |
| United States Treasury Notes 0.75% Jan 15, 2017 | 4.4 |
| United States Treasury Notes 0.63% Jun 30, 2018 | 3.1 |
| United States Treasury Notes 1.00% May 31, 2018 | 3.0 |
| Valeant Pharmaceuticals International Inc. 6.13% Apr 15, 2025 | 1.7 |
| Cash & Cash Equivalents^ | 1.6 |
| HCA Inc. 6.25% Feb 15, 2021 | 1.2 |
| Royal Bank of Scotland Group PLC 6.13% Dec 15, 2022 | 1.2 |
| Morgan Stanley 5.00% Nov 24, 2025 | 1.0 |
| Diamond 1 Finance Corp. / Diamond 2 Finance Corp. 6.02% Jun 15, 2026 | 1.0 |
| Lucent Technologies Inc. 6.45% Mar 15, 2029 | 0.9 |
| Santander Holdings USA Inc. 4.50% Jul 17, 2025 | 0.8 |
| ABN AMRO Bank NV 4.75% Jul 28, 2025 | 0.8 |
| HollyFrontier Corporation 5.88% Apr 01, 2026 | 0.8 |
| Societe Generale SA 4.25% Apr 14, 2025 | 0.8 |
| Hewlett Packard Enterprise Company 4.90% Oct 15, 2025 | 0.8 |
| International Lease Finance Corporation 5.88% Aug 15, 2022 | 0.8 |
| CCO Holdings, LLC / CCO Holdings Capital Corp. 5.75% Jan 15, 2024 | 0.8 |
| AT&T Inc. 4.13% Feb 17, 2026 | 0.7 |
| Micron Technology Inc. 5.50% Feb 01, 2025 | 0.7 |
| Energy Transfer Partners LP 4.05% Mar 15, 2025 | 0.7 |
| ING Bank NV 5.80% Sep 25, 2023 | 0.7 |
| Ford Motor Credit Company LLC 4.39% Jan 08, 2026 | 0.7 |

| Sector Allocation | %* |
|---|---|
| Corporate Bonds | 58.9 |
| Treasuries | 24.0 |
| Asset Backed Securities | 3.0 |
| Cash & Cash Equivalents^ | 1.6 |
| Health Care | 1.6 |
| Consumer Staples | 1.5 |
| Information Technology | 1.4 |
| Convertible Bonds | 1.4 |
| Financials | 1.2 |
| Energy | 1.2 |
| Industrials | 1.2 |
| Utilities | 0.9 |
| Consumer Discretionary | 0.6 |
| Telecommunication Services | 0.6 |
| Sovereign Bonds | 0.5 |
| Materials | 0.4 |
| Total | 100.0 |

| Geographic Allocation | %* |
|---|---|
| United States | 84.2 |
| United Kingdom | 3.8 |
| Canada | 2.3 |
| Netherlands | 1.6 |
| Cash & Cash Equivalents^ | 1.6 |
| Mexico | 1.2 |
| Brazil | 1.1 |
| France | 0.8 |
| Bermuda | 0.7 |
| Spain | 0.6 |
| Ireland | 0.6 |
| Argentina | 0.5 |
| Singapore | 0.5 |
| Jersey, C.I. | 0.3 |
| Switzerland | 0.1 |
| Cayman Islands | 0.1 |
| Total | 100.0 |

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

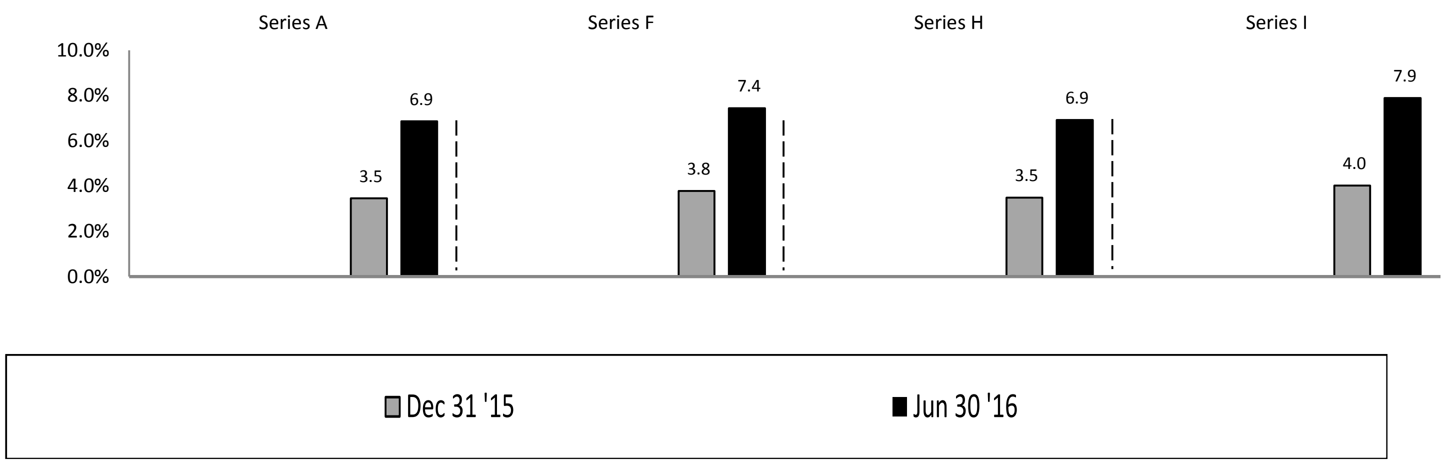
*^Including other working capital.*

## 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 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 – September 17, 2015. 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.



## 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 ($) [1]

| | Series A | | Series F | |
|---|---|---|---|---|
| | 30-Jun-16 | 31-Dec-15 | 30-Jun-16 | 31-Dec-15 |
| **Net assets, beginning of period** | 10.14 | 10.00 | 10.18 | 10.00 |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.17 | 0.12 | 0.17 | 0.12 |
| Total expenses (excluding distributions) | - | - | - | - |
| Realized gains (losses) for the period | 1.04 | 0.04 | 1.09 | 0.02 |
| Unrealized gains (losses) for the period | (0.50) | 0.24 | (0.41) | 0.34 |
| **Total increase (decrease) from operations [2]** | 0.71 | 0.40 | 0.85 | 0.48 |
| Distributions: | | | | |
| From net investment income (excluding dividends) | (0.16) | (0.10) | (0.16) | (0.10) |
| From dividends | - | - | - | - |
| From capital gains | - | (0.10) | - | (0.10) |
| Return of capital | (0.09) | - | (0.09) | - |
| **Total distributions** | (0.25) | (0.20) | (0.25) | (0.20) |
| **Net assets, end of period *** | 10.58 | 10.14 | 10.68 | 10.18 |

| | Series H | | Series I | |
|---|---|---|---|---|
| | 30-Jun-16 | 31-Dec-15 | 30-Jun-16 | 31-Dec-15 |
| **Net assets, beginning of period** | 10.15 | 10.00 | 10.20 | 10.00 |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.19 | 0.11 | 0.18 | 0.11 |
| Total expenses (excluding distributions) | - | - | - | - |
| Realized gains (losses) for the period | 0.89 | 0.08 | 0.87 | 0.10 |
| Unrealized gains (losses) for the period | (0.42) | 0.19 | (0.25) | 0.19 |
| **Total increase (decrease) from operations [2]** | 0.66 | 0.38 | 0.80 | 0.40 |
| Distributions: | | | | |
| From net investment income (excluding dividends) | (0.16) | (0.10) | (0.16) | (0.10) |
| From dividends | - | - | - | - |
| From capital gains | - | (0.10) | - | (0.10) |
| Return of capital | (0.09) | - | (0.09) | - |
| **Total distributions** | (0.25) | (0.20) | (0.25) | (0.20) |
| **Net assets, end of period *** | 10.59 | 10.15 | 10.75 | 10.20 |

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

## Ratios and Supplemental Data [1]

| | Series A | | Series F | |
|---|---|---|---|---|
| | 30-Jun-16 | 31-Dec-15 | 30-Jun-16 | 31-Dec-15 |
| Total net asset value ($) | 2,926,733 | 921,943 | 8,041,530 | 843,358 |
| Number of units outstanding | 276,544 | 90,883 | 753,261 | 82,883 |
| Management expense ratio (%) [2] | 2.10 | 2.12 | 1.00 | 1.04 |
| Management expense ratio before waivers or absorptions (%) [2] | 2.41 | 2.49 | 1.31 | 1.41 |
| Trading expense ratio (%) [3] | 0.02 | 0.02 | 0.02 | 0.02 |
| Portfolio turnover rate (%) [4] | 0.01 | 15.85 | 30.70 | 15.85 |
| Net asset value per unit ($) | 10.58 | 10.14 | 10.68 | 10.18 |

| | Series H | | Series I | |
|---|---|---|---|---|
| | 30-Jun-16 | 31-Dec-15 | 30-Jun-16 | 31-Dec-15 |
| Total net asset value ($) | 222,705 | 47,266 | 29,412,967 | 27,262,183 |
| Number of units outstanding | 21,025 | 4,658 | 2,736,835 | 2,672,697 |
| Management expense ratio (%) [2] | 2.02 | 1.99 | 0.17 | 0.17 |
| Management expense ratio before waivers or absorptions (%) [2] | 2.33 | 2.36 | 0.48 | 0.54 |
| Trading expense ratio (%) [3] | 0.02 | 0.02 | 0.02 | 0.02 |
| Portfolio turnover rate (%) [4] | 30.70 | 15.85 | 30.70 | 15.85 |
| Net asset value per unit ($) | 10.59 | 10.15 | 10.75 | 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"). As at June 30, 2016 there was no significant difference between "Net Assets" and "Net Asset Value" under IFRS.

### Net Assets Per Unit footnotes

1 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.

2 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.

* 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

1 The information is provided as at June 30, 2016 and December 31 of the years shown.

2 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.

3 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.

4 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.