

*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 (formerly NexGen Financial Limited Partnership or the "Manager"), 36 Toronto Street, Suite 1070, Toronto, ON., M5C 2C5, or by visiting our website at [www.nexgenfinancial.ca](http://www.nexgenfinancial.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, risk, 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 year from \$143,664,000 to \$219,446,000. This increase was a result of net sales offset by negative return on investments.

The Regular Series of the Capital Gains Class of the Fund returned -9.6% compared to a -14.9% 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.

The Canadian preferred share market encountered a perfect storm in 2015. A series of negative developments resulted in losses that by early October qualified as a bear market. Shocked and stunned investors demanded higher and higher yields on new issues as the year progressed, and eventually forced a structural change in the largest sector of the market. A measure of the change in yields can be seen in some new issues of the Royal Bank of Canada. In January, the bank issued a rate reset issue yielding 3.60% that enjoyed such strong demand that its size was doubled to \$600,000,000. By December, the bank was obliged to pay 5.50% on a rate reset issue of roughly similar size.

The S&P/TSX Preferred Share Total Return index returned -14.95% in the year. The epicentre of the preferred share losses was the rate reset sector, which makes up approximately 60% of the market. The S&P/TSX Laddered Preferred Share index that measures only rate reset issues plummeted -31.25% before recovering somewhat to finish the year at -19.63%.

Compounding the problems of rate reset holders was the decline in 5-year Canada Bond yields that are the basis for resetting dividend rates. In 2010 and 2011, 5-year Canada's yielded an average 2.25%, but by the start of 2015 their yield had fallen to below 1.40%, guaranteeing much lower dividend rates when the issues reset. In 2014, investors seemed to ignore the probability that the dividend rates would be cut in 2015 and 2016, but the Bank of Canada's surprise interest rate reduction in early 2015 caught their attention. The Bank lowered short term interest rate by 0.25%, but 5-year Canada Bond yields fell roughly 0.75%, trading briefly below 0.60%.

Once investors realized that the dividend rates on their preferred shares were going to drop sharply when they were reset, they began to sell their holdings. Unfortunately, there were not many willing buyers and share prices began to plummet, particularly for the rate reset issues resetting in 2015 and 2016. Other investors, who had incorrectly believed that the value of their preferred share investments would always remain close to par value, joined the selling trend, thereby exacerbating it. Rate reset issues remained under pressure almost the entire year. Other types of preferred shares weakened in sympathy with rate reset issues, but they generally did not suffer the same magnitude of losses.

The negative sentiment toward rate reset issues was so prevalent that, for a few months, it was impossible to bring a new rate reset issue to market. Instead, issuers started using the perpetual, or straight, structure for new issues. A total of seven new perpetual preferred share issues came to market in 2015, compared with only one the previous year. Investor reluctance regarding rate reset preferred shares eventually led issuers to offer them with guarantees that the rate could never reset lower than the issue rate. Given the low yield prevailing on 5-year Canada Bonds and the very wide reset spreads of the new "floor" rate reset issues, it seems very likely that these issues will be redeemed in five years, thereby limiting the value of having a floor. However, the new structure proved popular with investors. Older rate reset issues which lacked a minimum, became less attractive by comparison and experienced renewed selling pressure.

Canadian banks have traditionally been large issuers of preferred shares, making up more than 30% of the market. Unfortunately, their regulator, OSFI, would not approve issuing rate reset shares with the minimum rate structure. Faced with substantial needs to raise Tier 1 capital, a number of banks were forced late in the year to issue rate reset issues without a minimum rate. Instead, the banks had to offer very generous 5.50% dividend rates to attract investors. That rate was well above the prevailing yields in the secondary market and led to further downward pressure on prices for existing issues, both of banks and other issuers.

The yearlong sell-off in preferred shares had one notable positive effect. Institutional investors became more active in the market, attracted by yields that were substantially above those achievable in the bond market. The greater participation by institutions was reflected in a number of ways including purchases of new issues and the use of Exchange Traded Funds as proxies for the preferred share market. Investment dealers also reported increased numbers of institutional participants. The increased institutional presence, if it lasts, might alleviate the illiquidity that has traditionally prevailed in the preferred share market.

The Fund substantially outperformed the benchmark as a result of five decisions by the sub-advisor. First, at the end of 2014 the sub-advisor had built up a defensive cash position close to 18% of the Fund. This reduced the impact of falling preferred share prices. The second key decision by the sub-advisor was to underweight Enbridge preferred shares. Enbridge preferred shares suffered some of the largest losses of the half, so the underweighting served to protect capital. The third decision was to avoid rate reset issues that were likely to roll over in 2015 or 2016, because their reset spreads were quite low. The sub-advisor believed that investors had not fully discounted the degree to which their dividend rates would fall, and the market action following the Bank of Canada's January move confirmed this. The fourth reason for the outperformance was that the sub-advisor held substantially more perpetual preferred issues and fewer rate reset issues than the benchmark. This improved returns because perpetual issues enjoyed much better performance than rate reset issues. The fifth way that the sub-advisor improved returns was to identify better value in secondary trades than in new issues. Very often, new issues began trading at losses and avoiding those helped protect fund values.

### *Recent Developments*

The sub-advisor believes that the preferred share market currently offers an opportunity to pick up significant additional yield while maintaining an investment grade risk profile. In addition, preferred shares have historically had a low correlation with bonds and lower volatility in most periods than Canadian equities. The sub-advisor believes that these attributes provide attractive portfolio diversification benefits. The sub-advisor believes that active management of preferred share investments provides the potential for significantly better returns, while mitigating liquidity and credit risk.

### *Distributions*

Effective July 1, 2014, the Return of Capital Class of the Fund increased its distribution rate from \$0.30 to \$0.45, annually, paid monthly. The Dividend Tax Credit Class of the Fund increased its distribution rate from \$0.30 to \$0.45, annually, paid monthly.

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 year, the maximum inter-fund debt issued was \$24,486,000 and the minimum, \$11,272,000. At the end of the year, the debt represented 11.2% 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 (formerly NexGen Financial Limited Partnership or 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 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:

	December 31, 2015	December 31, 2014
Management fees	2,023,804	898,955
Tax Management Contingent fees	-	67,682
Administrative services provided by the Manager	122,055	114,138
Fund expenses absorbed by the Manager	(295,293)	(260,311)

**Other Information**

*Change of Control of the Manager*

In December 2014, Natixis Global Asset Management, L.P. acquired all the outstanding common shares of Natixis Global Asset Management Canada Corp (formerly NexGen Financial Corporation), the parent company of the Manager, thereby resulting in a 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 NexGen 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	36	64
Regular F	0.75	0	100

\* Applicable to all classes of shares.

**Summary of Investment Portfolio** at December 31, 2015

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, 36 Toronto Street, Suite 1070, Toronto, ON, M5C 2C5 or by visiting our website at [www.nexgenfinancial.ca](http://www.nexgenfinancial.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

<b>Top 25 Holdings</b>	<b>%*</b>	<b>Sector Allocation</b>	<b>%*</b>
Brookfield Asset Management Inc. 4.90% Series 37 Pfd.	5.1	Insurance	27.1
Pembina Pipeline Corporation 5.00% Series 5 Pfd.	5.0	Utilities	20.4
Algonquin Power & Utilities Corp. 5.00% Series D Pfd.	4.9	Energy	18.4
Westcoast Energy Inc. 5.60% Series 8 Pfd.	4.5	Banks	7.8
AltaGas Ltd. 4.75% Series G Pfd.	4.5	Consumer Staples	5.3
Canadian Utilities Limited 4.90% Series BB Pfd.	4.2	Real Estate	5.1
Co-operators General Insurance Company 5.00% Series C Pfd.	4.1	Consumer Discretionary	3.7
Enbridge Inc. 4.40% Series 11 Pfd.	4.0	Telecommunication Services	3.2
Sun Life Financial Inc. 4.50% Series 5 Pfd.	3.8	Cash & Cash Equivalents^	3.2
Power Financial Corporation 5.10% Series L Pfd.	3.7	Commercial Finance	2.9
Fortis Inc. 4.75% Series J Pfd.	3.7	Asset Management	1.7
George Weston Limited 4.75% Series V Pfd.	3.7	Mortgage Finance	1.2
Shaw Communications Inc. 4.50% Series A Pfd.	3.7	<b>Total</b>	<b>100.0</b>
Royal Bank of Canada 4.90% Series W Pfd.	3.2		
BCE Inc. 4.25% Pfd.	3.2		
Cash & Cash Equivalents^	3.2		
Great-West Lifeco Inc. 5.25% Series S Pfd.	3.0		
Manulife Financial Corporation 4.50% Series 3 Pfd.	2.9		
Element Financial Corporation 6.50% Series G Pfd.	2.9		
TransCanada Corporation 4.25% Series 9 Pfd.	2.6		
Emera Incorporated 4.50% Series E Pfd.	2.6		
Industrial Alliance Insurance and Financial Services Inc. 4.60% Series B Pfd.	2.5		
Fairfax Financial Holdings Limited 4.03% Series D Pfd.	2.3		
Fairfax Financial Holdings Limited 2.93% Series H Pfd.	1.9		
IGM Financial Inc. 5.90% Series B Pfd.	1.7		

\* Based on Transactional NAV in which securities are priced at market closing prices on December 31, 2015.

^Including other working capital.

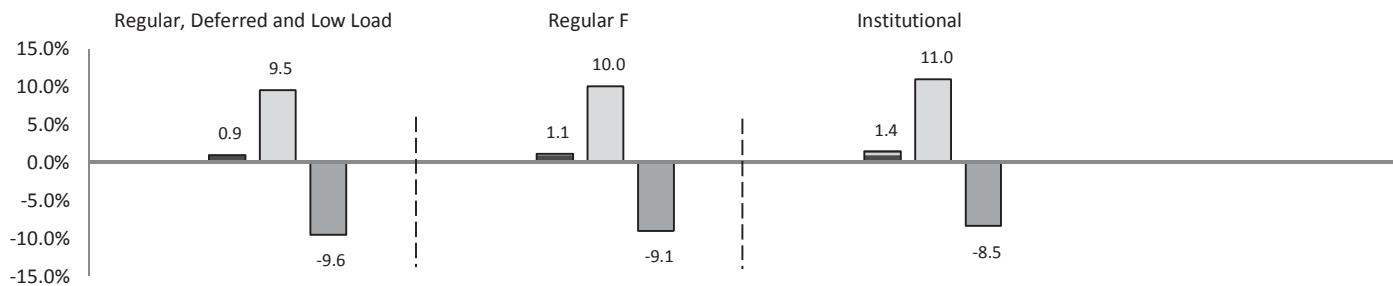
## Past Performance

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.

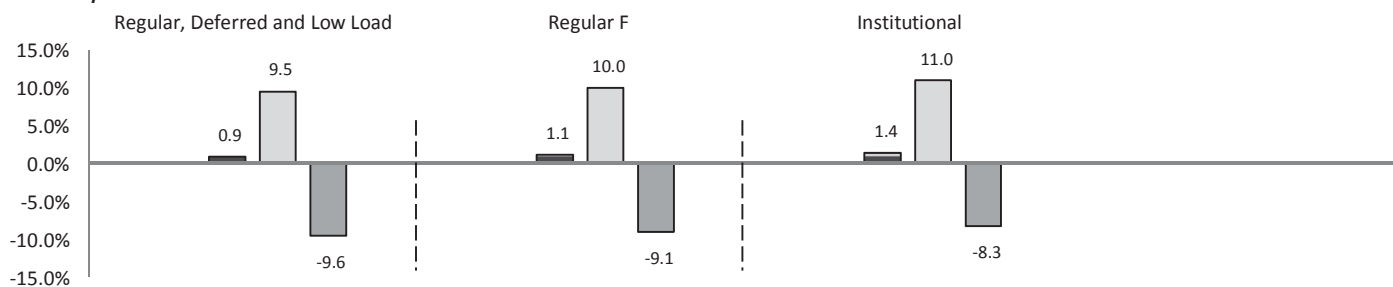
### Year-by-Year Returns

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.

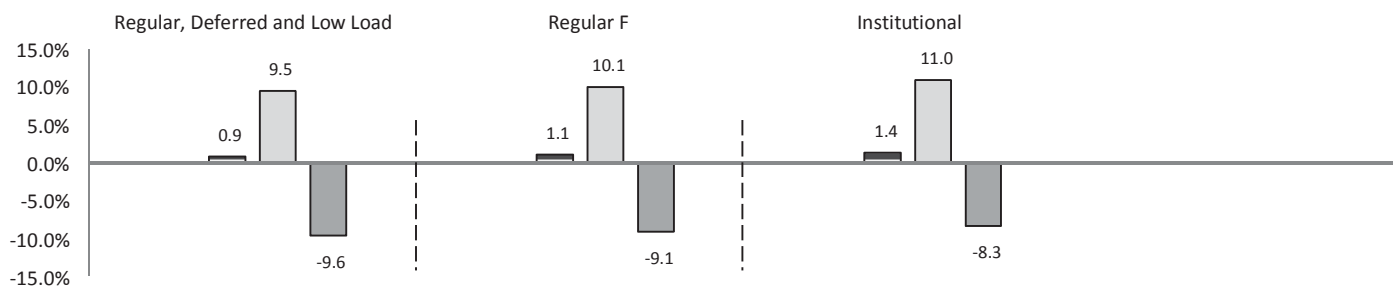
#### Capital Gains Class



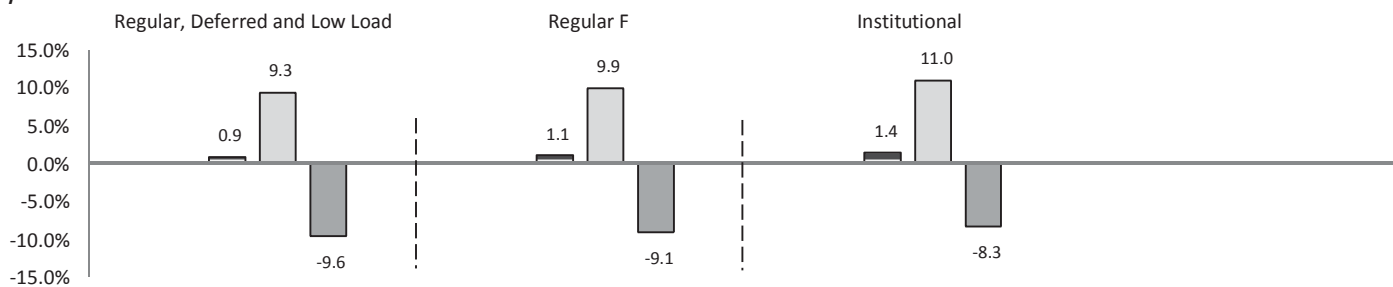
#### Return of Capital Class



#### Dividend Tax Credit Class



#### Compound Growth Class



■ Dec 31 '13

□ Dec 31 '14

■ Dec 31 '15

**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, 2015. The annual compound total return is also compared to the Benchmark on the same compound basis.

Series <sup>1</sup>	Capital Gains Class				Return of Capital Class			
	1 year	3 year	5 year	Since Inception <sup>3</sup>	1 year	3 year	5 year	Since Inception <sup>3</sup>
Regular, Deferred and Low Load	-9.6%	-	-	-0.1%	-9.6%	-	-	0.0%
Regular F	-9.1%	-	-	0.5%	-9.1%	-	-	0.5%
Institutional	-8.5%	-	-	1.3%	-8.3%	-	-	1.3%

Series <sup>1</sup>	Dividend Tax Credit Class				Compound Growth Class			
	1 year	3 year	5 year	Since Inception <sup>3</sup>	1 year	3 year	5 year	Since Inception <sup>3</sup>
Regular, Deferred and Low Load	-9.6%	-	-	0.0%	-9.6%	-	-	-0.1%
Regular F	-9.1%	-	-	0.5%	-9.1%	-	-	0.4%
Institutional	-8.3%	-	-	1.3%	-8.3%	-	-	1.3%

	1 year	3 year	5 year	Since Inception <sup>3</sup>
Return of Benchmark <sup>2</sup>	-14.9%	-	-	-3.5%

<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 S&P/TSX Preferred Share Total Return Index is comprised of preferred stocks trading on the Toronto Stock Exchange that meet criteria relating to size, liquidity and issuer rating.

<sup>3</sup> Annual compound returns since inception for all classes and series are from the retail inception date - August 26, 2013.

## 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		
	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of year</b>	10.21	10.09	10.00	10.23	10.11	10.00
Increase (decrease) from operations:						
Total revenue	0.49	0.51	0.22	0.51	0.52	0.21
Total expenses (excluding distributions)	(0.15)	(0.16)	(0.06)	(0.10)	(0.11)	(0.04)
Realized gains (losses) for the year	(0.19)	0.05	0.01	(0.24)	0.03	0.01
Unrealized gains (losses) for the year	(1.15)	0.45	(0.40)	(1.00)	0.34	(0.27)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(1.00)</b>	<b>0.85</b>	<b>(0.23)</b>	<b>(0.83)</b>	<b>0.78</b>	<b>(0.09)</b>
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>	<b>-</b>	<b>(0.84)</b>	<b>-</b>	<b>-</b>	<b>(0.89)</b>	<b>-</b>
<b>Net assets, end of year *</b>	<b>9.23</b>	<b>10.21</b>	<b>10.09</b>	<b>9.30</b>	<b>10.23</b>	<b>10.11</b>

	Institutional Series		
	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of year</b>	10.26	10.14	10.00
Increase (decrease) from operations:			
Total revenue	0.48	0.49	0.18
Total expenses (excluding distributions)	(0.03)	(0.02)	(0.01)
Realized gains (losses) for the year	(0.17)	0.05	0.01
Unrealized gains (losses) for the year	(1.15)	0.64	(0.04)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.87)</b>	<b>1.16</b>	<b>0.14</b>
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>	<b>-</b>	<b>(0.98)</b>	<b>-</b>
<b>Net assets, end of year *</b>	<b>9.39</b>	<b>10.26</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 year ended December 31, 2015

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

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

	Institutional Series		
	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of year</b>	10.73	10.01	10.00
Increase (decrease) from operations:			
Total revenue	0.50	0.53	0.16
Total expenses (excluding distributions)	(0.02)	(0.02)	(0.01)
Realized gains (losses) for the year	(0.20)	0.02	0.01
Unrealized gains (losses) for the year	(0.59)	0.31	(0.17)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.31)</b>	<b>0.84</b>	<b>(0.01)</b>
Distributions:			
From net investment income (excluding dividends)	-	-	-
From eligible dividends	(0.18)	-	-
From capital gains	-	-	-
Return of capital	(0.30)	(0.38)	(0.13)
<b>Total distributions<sup>3</sup></b>	<b>(0.48)</b>	<b>(0.38)</b>	<b>(0.13)</b>
<b>Net assets, end of year *</b>	<b>9.37</b>	<b>10.73</b>	<b>10.02</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 year ended December 31, 2015

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

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

	Institutional Series		
	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of year</b>	10.73	10.01	10.00
Increase (decrease) from operations:			
Total revenue	0.52	0.48	0.18
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.01)
Realized gains (losses) for the year	(0.39)	0.06	0.01
Unrealized gains (losses) for the year	(0.58)	0.63	(0.25)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.46)</b>	<b>1.15</b>	<b>(0.07)</b>
Distributions:			
From net investment income (excluding dividends)	-	-	-
From eligible dividends	(0.48)	(0.38)	(0.13)
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>(0.48)</b>	<b>(0.38)</b>	<b>(0.13)</b>
<b>Net assets, end of year *</b>	<b>9.37</b>	<b>10.73</b>	<b>10.01</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 year ended December 31, 2015

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

COMPOUND GROWTH CLASS	Regular, Deferred and Low Load Series			Regular F Series		
	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of year</b>	11.03	10.09	10.00	11.11	10.11	10.00
Increase (decrease) from operations:						
Total revenue	0.52	0.51	0.19	0.53	0.52	0.22
Total expenses (excluding distributions)	(0.16)	(0.18)	(0.06)	(0.10)	(0.12)	(0.04)
Realized gains (losses) for the year	(0.19)	0.05	0.01	(0.21)	0.04	0.01
Unrealized gains (losses) for the year	(1.30)	0.46	(0.18)	(1.45)	0.44	(0.42)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(1.13)</b>	<b>0.84</b>	<b>(0.04)</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>(0.17)</b>	<b>-</b>	<b>-</b>	<b>(0.17)</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year *</b>	<b>9.79</b>	<b>11.03</b>	<b>10.09</b>	<b>9.92</b>	<b>11.11</b>	<b>10.11</b>

	Institutional Series		
	31-Dec-15	31-Dec-14	31-Dec-13
<b>Net assets, beginning of year</b>	11.25	10.14	10.00
Increase (decrease) from operations:			
Total revenue	0.52	0.52	0.18
Total expenses (excluding distributions)	(0.02)	(0.02)	(0.01)
Realized gains (losses) for the year	(0.19)	0.05	0.01
Unrealized gains (losses) for the year	(0.99)	0.51	(0.34)
<b>Total increase (decrease) from operations<sup>2</sup></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>(0.18)</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year *</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 year ended December 31, 2015

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

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

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

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

	Institutional Series		
	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	391,325	141,465	12,674
Number of shares outstanding	41,770	13,190	1,266
Management expense ratio (%) <sup>2</sup>	0.16	0.16	0.17
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.27	0.41	1.02
Trading expense ratio (%) <sup>3</sup>	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	49.69	33.05	14.46
Net asset value per share (\$)	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 year ended December 31, 2015

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

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

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

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

	Institutional Series		
	31-Dec-15	31-Dec-14	31-Dec-13
Total net asset value (\$)	3,563,641	8,429,194	2,393,362
Number of shares outstanding	351,826	749,266	236,054
Management expense ratio (%) <sup>2</sup>	0.16	0.17	0.17
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.27	0.42	1.03
Trading expense ratio (%) <sup>3</sup>	0.21	0.11	0.34
Portfolio turnover rate (%) <sup>4</sup>	49.69	33.05	14.46
Net asset value per share (\$)	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 December 31, 2015 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.
  - <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 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.