This annual management report of fund performance contains financial highlights, but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling us toll free at 1-866-378-7119, by writing to us at NGAM Canada LP (the "Manager"), 145 King Street West, Suite 1500, Toronto, ON., M5H 1J8, or by visiting our website at ngam.natixis.ca 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, 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.

Risk

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

Results of Operations

The Fund's net asset value increased during the year from $29,074,750 to $53,411,000. This increase was a result of a combination of net sales and positive return on investments.
The Regular Series A units of the Fund returned 7.7% compared to a 3.5% 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.

Risk appetite held up well during the period. The US high yield rally continued and equity markets hit all-time highs following Donald Trump's presidential win and the surprise Republican sweep of Congress. The Federal Reserve raised interest rates for the second time in a decade while many developed market central banks like the European Central Bank, Bank of Japan and Bank of England are still actively managing quantitative easing programs. Brent crude oil surged in the face of a strong US dollar rally. Market volatility generally remained low during the second half of 2016 due to improved economic data.

US high yield was a bright spot in global fixed income during the period with outstanding year-to-date returns. The sector benefited as a rebound in oil prices helped strengthen credit repair within the energy sector and related industries. Energy-related names tended to lead the broad market in results.

Investment grade corporates struggled during the end of the period. Results were negative across many industries as a spike in yields on the long end of the US yield curve took a bite out of year-to-date total returns. Energy and financials fared better than the overall index, and all industries outperformed duration-matched Treasuries.

Portfolio Review

The Fund outperformed its benchmark, primarily due to sector allocation, security selection, and hedging effect. Excess performance was driven by allocations to US Treasuries and high yield industrials and bolstered by selections in investment grade industrials, government related, and equities.

Relative to the benchmark, the strategy maintained a meaningful underweight to US Treasuries which combined with a shorter duration stance (duration is the portfolio's price sensitivity to interest rate changes), proved beneficial to outperformance.

An out-of-benchmark allocation to high yield industrials drove outperformance as high yield assets continued to outperform their investment grade counterparts. Within the allocation, returns were buoyed by gains in the energy sector, specifically select independent and oil field services issues.

Investment grade credit performed well throughout the period but had a difficult fourth quarter as rates sold off sharply in response to US election results. Security selection in investment grade industrials proved a strong contributor to excess performance.

Underweight positioning in the government related sector boosted overall and relative return, due to both sector allocation and selected names.

An underweight allocation to emerging markets hindered returns, slightly offset by positive security selection.

A significant out-of-benchmark allocation to common stock was beneficial to relative performance as the equity markets' rally continued to strengthen throughout the end of the period.

Recent Developments

As we enter 2017, the Portfolio Manager anticipates modest improvement in US and global economic conditions. US GDP growth projections have risen since the presidential election, but the Portfolio Manager believes any fiscal policy changes or other developments will have a greater impact in 2018. We think US GDP growth will improve to roughly 2.1% in 2017 versus 1.50% in 2016, led by steady gains in employment and higher consumer confidence. The global economy appears to be stabilizing but still faces a number of challenging risk factors; we expect global GDP growth of around 3.25% in 2017. We have raised our outlook for oil prices following OPEC's recent production agreement, and we believe headline inflation and inflation expectations will trend higher this year with the rebound in oil prices.

Despite the recent run up in Treasury yields, some signs suggest yields can still move higher; however, we expect a more modest rise going forward. The Portfolio Manager anticipates two additional interest rate hikes this year as the Fed proceeds with the normalization process. It is important, in the view of the Portfolio Manager, to maintain a shorter duration profile given current market conditions. The Portfolio Manager will continue using our flexible investment approach to diversify away from the index and focus on markets and sectors with less interest-rate sensitivity.

Credit trends remain favorable overall. The US profits recession has ended, and there is potential for favorable corporate tax cuts. Firmer US and global growth should allow the current phase of the credit cycle to continue. The Portfolio Manager sees fewer credit defaults in 2017 compared to 2016 as the commodity sectors continue to recover. Relative valuations in the investment grade and high yield sectors have risen; however, given the fundamentals and global demand for yield, we like the additional income and yield these sectors offer. The Portfolio Manager is maintaining selected energy- and commodity-related holdings based on our oil price outlook. Demand for risk assets should remain, but positive, active security selection will be a key performance driver going forward.

The Portfolio Manager believes there is further upside potential in convertible debt. Our allocation has been focused on energy, technology, financials and healthcare. The sectors have experienced some volatility, which could persist into 2017. These pullbacks may offer attractive buying opportunities as policies from the new presidential administration may benefit certain industries.

We believe diversification, yield, liquidity and reduced interest-rate sensitivity are important to navigating the current bond market environment. Our goal is to maximize total return while protecting principal, and we will draw on the flexibility of our multisector strategies to pursue this goal.
und'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.

The Fund's portfolio manager is Loomis, Sayles & Company, L.P. ("**Loomis Sayles**"), an affiliate of the Manager. Loomis Sayles provides portfolio management services to the Fund. Loomis Sayles receives from the Fund a management fee based on assets under management, calculated daily and payable monthly.

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:

	December 31, 2016	December 31, 2015
Management fees	134,307	3,865
Administrative services provided by the Manager	32,590	8,577
Fund expenses absorbed by the Manager	(118,542)	(29,663)

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	58	42

Summary of Investment Portfolio at December 31, 2016

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

Top 25 Holdings	%*
Cash & Cash Equivalents^	4.2
United States Treasury Notes 0.625% Sep 30, 2017	3.5
United States Treasury Notes 0.75% Jan 15, 2017	2.9
United States Treasury Notes 0.625% Aug 31, 2017	2.5
United States Treasury Notes 0.625% Jun 30, 2018	2.4
United States Treasury Notes 0.75% Jan 31, 2018	1.9
Universal Health Services, Inc. 5% Jun 1, 2026	1.8
General Motors Financial Company, Inc. 5.25% Mar 1, 2026	1.4
Alcatel-Lucent USA Inc. 6.45% Mar 15, 2029	1.3
Valeant Pharmaceuticals International Inc. 6.125% Apr 15, 2025	1.3
Societe Generale SA 4.25% Apr 14, 2025	1.1
Energy Transfer Partners LP 4.05% Mar 15, 2025	1.0
Ford Motor Credit Company LLC 4.389% Jan 8, 2026	1.0
HCA Inc. 6.25% Feb 15, 2021	1.0
Royal Bank of Scotland Group PLC 6.125% Dec 15, 2022	1.0
Apple Inc. 1.1% Aug 2, 2019	0.9
Bank of America Corporation 4.25% Oct 22, 2026	0.9
Berkshire Hathaway Finance Corporation 1.3% Aug 15, 2019	0.9
PepsiCo Inc. 1.35% Oct 4, 2019	0.9
Province of Ontario 2% Jan 30, 2019	0.8
Diamond 1 Finance Corp. / Diamond 2 Finance Corp. 6.02% Jun 15,	0.8
Morgan Stanley 5% Nov 24, 2025	0.8
JPMorgan Chase & Co. 4.25% Oct 1, 2027	0.7
Microsoft Corporation	0.6
ABN AMRO Bank NV 4.75% Jul 28, 2025	0.6

Sector Allocation	%*
Corporate Bonds	66.2
Treasuries	13.9
Cash & Cash Equivalents	3.2
Asset Backed Securities	2.9
Financials	2.6
Health Care	1.7
Information Technology	1.6
Consumer Staples	1.4
Industrials	1.2
Energy	1.1
Convertible Bonds	1.0
Municipal Government Bonds	0.9
Utilities	0.8
Consumer Discretionary	0.6
Telecommunication Services	0.5
Materials	0.4
Total	100.0

Asset Allocation	% of Net Assets1
Fixed Income	85.9
Equity	10.1
Cash & Cash Equivalents^	3.2
Preferred Share	0.8
Total	100.0

Geographic Allocation	%*
United States	80.3
United Kingdom	3.6
Cash & Cash Equivalents	3.2
Netherlands	3.0
Canada	2.8
Luxembourg	1.2
France	1.1
Mexico	0.9
Bermuda	0.7
Spain	0.5
Ireland	0.5
Argentina	0.5
Austria	0.5
Singapore	0.4
Jersey	0.3
Cayman Islands	0.3
Israel	0.2
Total	100.0

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

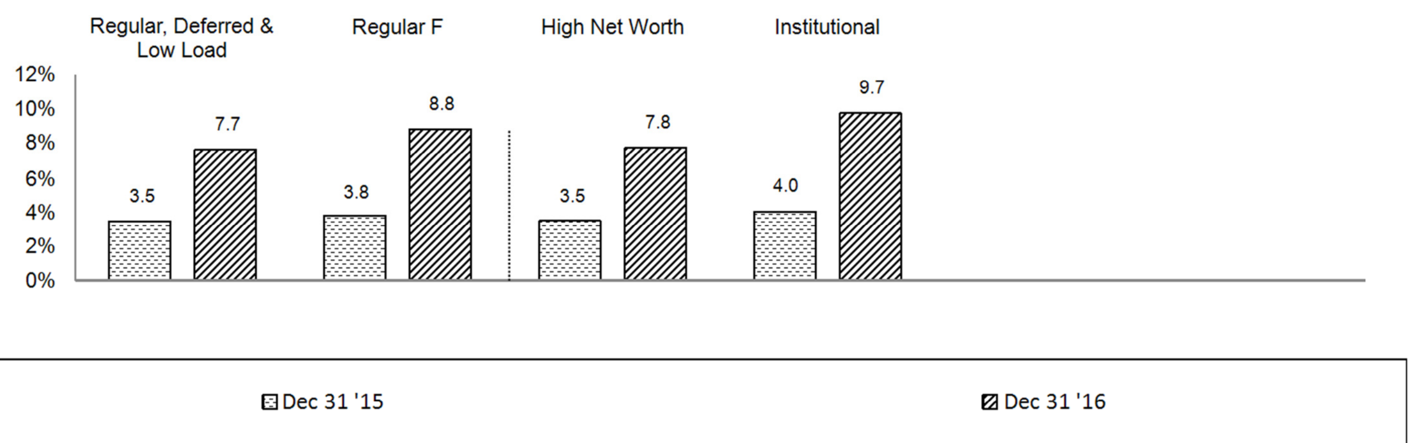
^Including other working capital.

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.



Annual Compound Returns

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

Series[1]	1 year	3 year	5 year	Since Inception[3]
Series A	7.7%			8.7%
Series F	8.8%			9.9%
Series H	7.8%			8.8%
Series I	9.7%			10.8%

	1 year	3 year	5 year	Since Inception[3]
Return of Benchmark[2]	3.5%			6.1%

1 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.

2 The Loomis Sayles Strategic Monthly Income Fund's benchmark is comprised of 10% S&P 500 TR Index (CAD), 65% Bloomberg Barclays US Government/Credit Bond Index (CAD), and 25% Bloomberg Barclays Global High Yield Index (CAD). The S&P 500 TR Index (CAD) is a market-capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market, including reinvested dividends, and is converted to Canadian dollar performance. The Bloomberg Barclays US Government/Credit Bond Index (CAD) is a broad-based flagship benchmark that measures the performance of investment grade, US dollar-denominated, fixed-rate Treasuries, government related and corporate securities, and is converted to Canadian dollar performance. The Bloomberg Barclays Global High Yield Index (CAD) is a multi-currency flagship measure of the global high yield debt market representing a union of the US High Yield, Pan-European High Yield, and Emerging Markets Hard Currency High Yield Indices, and is converted to Canadian dollar performance.

3 Annual compound returns since inception for all classes and series are from the Inception Date.

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	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Net assets, beginning of year	10.14	10.00	10.18	10.00
Increase (decrease) from operations:				
Total revenue	0.36	0.12	0.37	0.12
Total expenses (excluding distributions)	(0.22)	-	(0.11)	-
Realized gains (losses) for the year	0.32	0.04	0.32	0.02
Unrealized gains (losses) for the year	(0.07)	0.24	(0.02)	0.34
Total increase (decrease) from operations [2]	0.39	0.40	0.56	0.48
Distributions:				
From net investment income (excluding dividends)	(0.29)	(0.10)	(0.29)	(0.10)
From dividends	-	-	-	-
From capital gains	(0.52)	(0.10)	(0.52)	(0.10)
Return of capital	(0.04)	-	(0.04)	-
Total distributions	(0.85)	(0.20)	(0.85)	(0.20)
Net assets, end of year *	10.06	10.14	10.21	10.18

	Series H		Series I	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Net assets, beginning of year	10.15	10.00	10.20	10.00
Increase (decrease) from operations:				
Total revenue	0.37	0.11	0.36	0.11
Total expenses (excluding distributions)	(0.21)	-	(0.02)	-
Realized gains (losses) for the year	(0.13)	0.08	0.67	0.10
Unrealized gains (losses) for the year	0.07	0.19	(0.04)	0.19
Total increase (decrease) from operations [2]	0.10	0.38	0.97	0.40
Distributions:				
From net investment income (excluding dividends)	(0.29)	(0.10)	(0.29)	(0.10)
From dividends	-	-	-	-
From capital gains	(0.52)	(0.10)	(0.53)	(0.10)
Return of capital	(0.04)	-	(0.04)	-
Total distributions	(0.85)	(0.20)	(0.86)	(0.20)
Net assets, end of year *	10.07	10.15	10.32	10.20

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

Ratios and Supplemental Data [1]

	Series A		Series F	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Total net asset value ($)	6,856,442	921,943	15,710,905	843,358
Number of units outstanding	681,590	90,883	1,539,429	82,883
Management expense ratio (%) [2]	2.11	2.12	1.01	1.04
Management expense ratio before waivers or absorptions (%) [2]	2.40	2.49	1.29	1.41
Trading expense ratio (%) [3]	-	0.02	-	0.02
Portfolio turnover rate (%) [4]	48.94	15.85	48.94	15.85
Net asset value per unit ($)	10.06	10.14	10.21	10.18

	Series H		Series I	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Total net asset value ($)	924,136	47,266	29,919,596	27,262,183
Number of units outstanding	91,756	4,658	2,899,427	2,672,697
Management expense ratio (%) [2]	2.02	1.99	0.17	0.17
Management expense ratio before waivers or absorptions (%) [2]	2.31	2.36	0.46	0.54
Trading expense ratio (%) [3]	-	0.02	-	0.02
Portfolio turnover rate (%) [4]	48.94	15.85	48.94	15.85
Net asset value per unit ($)	10.07	10.15	10.32	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 December 31, 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.

[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 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.