

# Interim Management Report of Fund Performance

June 30, 2019

**Beutel Goodman Balanced Fund**

# Beutel Goodman **Balanced Fund**

This Interim Management Report of fund performance contains financial highlights but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual or interim financial statements at your request at no cost (contact details on this page) or by visiting our website at [www.beutelgoodman.com](http://www.beutelgoodman.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Security holders may also contact us using one of these methods to request the investment fund's prospectus, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Certain portions of this report, including, but not limited to, "Results of Operations" and "Recent Developments", may contain forward-looking statements about the Fund, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and other similar forward-looking expressions. In addition, any statement that may be made 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 forecasts about future events and are inherently subject to, among other things, risks, uncertainties and assumptions which could cause actual events, results, performance or prospects to be incorrect or to differ materially from those expressed in, or implied by, these forward-looking statements.

These risks, uncertainties and assumptions include, but are not limited to, general economic, political and market factors, domestic and international, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. This list of important factors is not exhaustive. Please consider these and other factors carefully before making any investment decisions and avoid placing undue reliance on forward-looking statements. The Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

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# Beutel Goodman Balanced Fund

## Management Discussion of Fund Performance

### Investment Objectives and Strategies

This Fund invests in cash and cash equivalents, fixed-income securities and Canadian, U.S. and international equity securities.

The asset mix process is based upon the observation that over longer time periods equities have historically generated higher nominal and real rates of return than fixed income assets. Normally, the target asset mix will be 60% equity and 40% fixed income.

The Fund's advisor uses a value based approach to select equity investments which means the advisor looks for stocks that are undervalued in relation to the asset value or earnings power of the issuer. The Fund's fixed income portfolio is invested in a diversified group of Canadian government and Canadian corporate bonds.

### Risk

There were no significant changes to the investment objectives or strategies that affected the Fund's overall level of risk during the period. The risks of investing in this Fund and the suitability of the Fund for investors remain as discussed in the Prospectus.

There were no changes to the Fund's risk rating during the reporting period.

### Results of Operations

World equity markets rebounded in the January 1 to June 30, 2019 period, although it wasn't a smooth ride higher. After a sharp correction late last year, U.S. markets rose in the period to deliver one of the best months in 30 years in January, with momentum continuing through April amid rising oil prices, signs the U.S. economy and job market continue to expand solidly, and a perceived dovish U-turn in monetary policy by the U.S. Federal Reserve (the Fed). However, the mood turned somewhat risk-off in by May, amid some weakness in economic data and growing concern that a quick resolution to the U.S.-China trade war was unlikely, before rebounding in June as the prospect of rate cuts buoyed sentiment. As a result, the S&P 500 Index (C\$) rose 13.4% in the period, and as July began, the U.S. economic recovery from the Great Financial Crisis, at 121 months, officially became the longest economic expansion on record. In Canada, equities had an even stronger run in the period, with the S&P/TSX Composite Index posting a return of 16.2%, while international equity markets, as represented by the MSCI EAFE Index (C\$), were up 9.1%. For the first-half 2019 period, the FTSE Canada Universe Bond Index also increased, by 6.5%, on a total-return basis.

Against this backdrop, Beutel Goodman Balanced Fund underperformed its benchmark. Unlike the benchmark, the Fund's return is net of fees and expenses paid by the Fund. Please refer to the "Annual Compound Returns" in the Past Performance section for the returns of all classes of the Fund. At the asset class level, stock selection was the primary driver of relative underperformance within the Canadian, U.S. and international equity components of the portfolio. This was somewhat offset by an underweight position in fixed income, the largest contributor to performance in the period, and an underweight allocation to cash was also a contributor.

Within the Canadian equity component, the top contributors on an absolute-return basis included Toronto-Dominion Bank, Royal Bank of Canada and Brookfield Asset Management Inc. Bank share prices rose as market concerns

about housing exposure propagated by U.S. short-sellers receded from the headlines, while Brookfield benefitted from the declining interest rate backdrop. The company continues to deploy capital effectively, as evidenced by the Oaktree Capital acquisition. Oaktree Capital is a credit management firm with an excellent reputation and strong investment track record. On an absolute basis, SNC-Lavalin Group Inc. was the largest detractor. SNC's stock price declined notably, although it was a relatively small weight in the portfolio. Our initial investment thesis was based on two key components: 1) valuable concession assets, which provide the business model and investors with downside protection or margin of safety, and 2) a profit recovery in its core Engineering and Construction business, which had been severely depressed. Our downside was based on the value of the infrastructure assets – mainly Highway 407 – and this had buttressed the stock price until the most recent operational difficulties. As a result of SNC's ongoing issues, we actively engaged with senior management and the Chair of the Board. We also held discussions with outside consultants who were well-versed with the engineering and legal aspects surrounding SNC-Lavalin to assist us in our analysis of the company. In these discussions, we communicated our concerns and suggestions that could result in more consistent levels of profitability and better free cash generation. We also withheld the proxy vote for 6 of 11 directors, sending a clear message. This was in contrast to ISS's recommendation to vote for the entire slate of SNC-Lavalin's directors, and Beutel Goodman was one of the only institutional investors to do so. While it is disappointing when a business does not live up to our expectations, we closely monitored SNC, voiced our concerns with company management, and voted against status quo. Until recently, the stock had not breached our downside target. When it did, it triggered a full review, which resulted in the position being fully sold.

Within the U.S. equity component of the portfolio, contributors to absolute performance included Ameriprise Financial, Inc. and American Express Company. Ameriprise strengthened in the period amid positive analyst re-ratings and earnings reports, as well as the announced sale of its non-core property & casualty insurance business, which we believe represents a step by the company to limit its exposure to capital-intensive business. American Express rose on positive quarterly results and news that it had extended deals with existing partners Delta Air and Air Canada. Detractors included Halliburton Company and Kellogg Company. Weakness in spending in the U.S. shale industry continued to weigh on Halliburton's revenues. However, with a growing international market and improvement in the U.S. market, we continue to believe the company has upside. Kellogg's share price declined in the period due in part to lowered guidance and announcements of reorganization plans for its European and North American operations. However, the company continues to pay an attractive dividend while also repurchasing stock and we believe it will be rewarded for its efforts to reposition itself for sustainable growth.

Within the international equity component, Compagnie Générale des Établissements Michelin SCA, Gjensidige Forsikring ASA and Carlsberg A/S were notable contributors on an absolute-return basis. Michelin provided a positive trading update in the period that highlighted an increase in sales in a difficult market, with a strong contribution coming from newly acquired businesses. Norwegian insurance company Gjensidige Forsikring ASA advanced on strong earnings, as did Carlsberg, in addition to a 13% increase in the dividend. Despite the stock posting strong performance in the period, we believe it is still trading

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at attractive valuations. Vodafone Group plc and Resona Holdings were among the detractors. Vodafone declined after a weak fiscal third quarter, guidance for lower 2019 earnings, and the Board's decision to cut the dividend by 40% to help hit the lower end of their targeted leverage range in three years. Resona's share price weakened considerably on disappointing earnings results; however, a year-over-year drop in net income was due largely to the decrease in one-off gains associated with the integration of Kansai Mirai Financial Group announced in 2017. We believe that even with a sustainable ROE of 8%, the stock is still trading below its intrinsic value, and in the meantime pays a 3.8% dividend and is building book value at 6% annually.

During the period, we initiated new equity positions in Gardner Denver Holdings Inc. and Suncor Energy Inc. We also added broadly to existing positions. We trimmed positions in Quebecor Inc. and American Express, and completed a number of process-driven one-third sales in the period, as AutoZone Inc., Carlsberg A/S, Air Liquide SA, Gjensidige, Ingersoll-Rand plc, Oracle Corp., Brookfield Asset Management and Canadian Pacific Railway all reached our respective target prices. Following a process-driven one-third sale of Eli Lilly and Co. in the fourth quarter of 2018, we established a new target price, which the stock subsequently surpassed again. As a result, follow a second process-driven one-third sale in the first quarter, we fully sold the position. We also fully exited SNC-Lavalin, IGM Financial Inc. and GEA Group AG, and eliminated the Fund's small position in small-cap equities, as we expect better risk-adjusted returns in both large cap Canadian and U.S. equities.

Performance of the fixed-income component of the portfolio was in line with the benchmark for the period. Duration slightly detracted in the year to date, as the portfolio was short duration amid bond yields generally falling. Sector allocation added value over the period, as despite some concern over trade wars, it has been risk-on for the credit markets for the majority of 2019. Government security selection also added value as the Fund's overweight positions in the provinces of Ontario and Quebec relative to the other provinces has been a positive contributor. Corporate security selection detracted, as higher-quality credit underperformed higher-beta credit due to continued strength in credit market sentiment.

Detailed performance is provided under the heading "Past Performance" in this report.

## Recent Developments

Looking forward, with recent strength in the equity markets, it has become more difficult – but not impossible – to find new high-quality opportunities trading at deep discounts to intrinsic value relative to this point last year. To us, this represents a sign that overall market expectations are high and valuations, in aggregate, are no longer as attractive as they were. In addition, the strength of the broader equity markets amid escalated trade tensions, slowing global growth, potential easing by central banks and other geopolitical concerns is, in our view, a reason to be cautious. However, while it is harder to find new gems at a discount, we remain positive in our outlook for the portfolio, as the holdings remain attractively valued versus the market and especially versus what we view as the intrinsic value of individual positions. It is rare to have such distortions relative to both fundamental value and relative value, especially given our focus on higher-quality businesses rather than the market (higher returns, cleaner balance sheets, sustainable free cash flow generation etc.). This is what gives

us confidence in our ability to protect capital in down markets and generate positive returns for unit holders over the long term.

On the bond side, we believe that we are getting close to the end of the cycle; the economic expansion in the U.S. has continued into July, making it the longest expansion ever recorded. This recovery may indeed die of old age, but seems to be kept on life support by central banks wanting to prolong the economic cycle and engineer a potentially elusive soft landing. Equity markets and bond markets are currently at odds with each other as to how now-expected Fed rate cuts in the second half of the year will impact the economy. One will ultimately be proven right, leading to a correction in the loser's market. While caution is warranted, we will seek out opportunities to capitalize on, as we believe the risk of recession is less likely than the bond market currently implies.

## Related Party Transactions

Beutel, Goodman & Company Ltd. ("BG") is the Manager, Trustee and Portfolio Advisor to this Fund. The Fund pays a management fee to BG as compensation for its services. The Fund pays a fixed administration fee to BG, which in turn pays certain operating expenses of the Fund. BG as trustee of the Fund earns a fee which is paid by the Manager from the fixed administration fee paid by the Fund.

The Fund did not rely on any recommendation or approval of its Independent Review Committee to proceed with any transaction involving related parties because it did not conduct any related party transactions, except for certain inter-fund trades and the management and administrative fees as described above, as approved by the Independent Review Committee by standing instructions, and subject to regulatory requirements.

**Management Fees:** As Manager, BG is paid a management fee from each class of the Fund based on the average daily net asset value of the particular class. The fee is payable monthly, in arrears, and is calculated at the annualized rate specified for each class of the Fund as set out in the table below. Management fees for Class I units are negotiated and paid directly by the investor, not by the Fund, and, therefore, are not listed.

|         | As a Percentage of Management Fees   |                       |  |
|---------|--------------------------------------|-----------------------|--|
|         | Maximum Annual Management Fee Rate % | Dealer Compensation % | General Administration, Investment Advice and Profit % |
| Class B | 1.75                                 | 58                    | 42   |
| Class D | 1.00                                 | 25                    | 75   |
| Class F | 0.85                                 | 0                     | 100  |

**Administration Fee:** The Manager receives a fixed administration fee to pay certain operating expenses of the Fund. These expenses include audit and legal fees; custodian and transfer agent fees; costs attributable to the issue, redemption and change of units, including the cost of the security holder record-keeping system; expenses incurred in respect of preparing and distributing all regulatory reports; fund accounting and valuation costs; independent review committee fees and filing fees, including those incurred by us. The administration fee may vary by class of units and by Fund.

BG, as trustee of the Fund, earns a fee which is paid by the Manager from the administration fee paid by the Fund.

# Beutel Goodman Balanced Fund

## 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 the 6 month period ended June 30 of the current year and for the past 5 years ended December 31. The December 31 information is derived from the Fund's audited annual financial statements and is provided for each class of units.

### Financial Highlights per unit

#### Class B Units

(for the period ended June 30, 2019 and years ended December 31)

| \$   | June 2019 | 2018   | 2017   | 2016   | 2015   | 2014   |
|--|-----------|--------|--------|--------|--------|--------|
| <b>Net assets, beginning of period</b>                         | 11.37     | 12.61  | 12.12  | 11.50  | 11.66  | 11.39  |
| <b>Increase (decrease) from operations</b>                     |           |        |        |        |        |        |
| Total revenue  | 0.19      | 0.36   | 0.33   | 0.35   | 0.34   | 0.36   |
| Total expenses   | (0.14)    | (0.28) | (0.28) | (0.26) | (0.33) | (0.34) |
| Realized gains (losses) for the period                         | 0.23      | 0.66   | 0.61   | 0.45   | 0.39   | 0.58   |
| Unrealized gains (losses) for the period                       | 0.59      | (1.32) | 0.40   | 0.44   | (0.17) | 0.13   |
| <b>Total increase (decrease) from operations<sup>(1)</sup></b> | 0.87      | (0.58) | 1.06   | 0.98   | 0.23   | 0.73   |
| <b>Distributions to unitholders per unit:</b>                  |           |        |        |        |        |        |
| From net investment income (excluding dividends)               | 0.05      | 0.07   | 0.03   | 0.03   | 0.07   | 0.10   |
| From dividends   | 0.03      | 0.04   | 0.07   | 0.09   | 0.04   | 0.05   |
| From capital gains   | –         | 0.59   | 0.51   | 0.19   | 0.36   | 0.40   |
| From return of capital   | –         | –      | –      | –      | –      | –      |
| <b>Total period distributions<sup>(2)</sup></b>                | 0.08      | 0.70   | 0.61   | 0.31   | 0.47   | 0.55   |
| <b>Net assets, end of period<sup>(3)</sup></b>                 | 12.16     | 11.37  | 12.61  | 12.12  | 11.50  | 11.66  |

### Ratios and Supplemental Data

#### Class B Units

(for the period ended June 30, 2019 and years ended December 31)

|   | June 2019 | 2018   | 2017   | 2016   | 2015   | 2014   |
|---|-----------|--------|--------|--------|--------|--------|
| <b>Total net asset value (\$) (000's)<sup>(4)</sup></b>                     | 77,706    | 72,226 | 60,575 | 28,230 | 21,294 | 14,244 |
| <b>Number of outstanding units (000's)<sup>(4)</sup></b>                    | 6,391     | 6,354  | 4,803  | 2,329  | 1,852  | 1,222  |
| <b>Management expense ratio<sup>(5)</sup></b>                               | 2.05%     | 2.04%  | 2.02%  | 2.03%  | 2.03%  | 1.99%  |
| <b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b> | N/A       | N/A    | N/A    | N/A    | N/A    | N/A    |
| <b>Portfolio turnover rate<sup>(7)</sup></b>                                | 36%       | 93%    | 105%   | 76%    | 61%    | 61%    |
| <b>Trading expense ratio (%)<sup>(8)</sup></b>                              | 0.04%     | 0.06%  | 0.05%  | 0.04%  | 0.06%  | 0.08%  |
| <b>Net asset value per unit, end of period</b>                              | 12.16     | 11.37  | 12.61  | 12.12  | 11.50  | 11.66  |

### Financial Highlights per unit

#### Class D Units

(for the period ended June 30, 2019 and years ended December 31)

| \$   | June 2019 | 2018   | 2017   | 2016   | 2015   | 2014   |
|--|-----------|--------|--------|--------|--------|--------|
| <b>Net assets, beginning of period</b>                         | 19.04     | 21.09  | 20.22  | 19.15  | 19.38  | 18.89  |
| <b>Increase (decrease) from operations</b>                     |           |        |        |        |        |        |
| Total revenue  | 0.33      | 0.61   | 0.56   | 0.59   | 0.57   | 0.60   |
| Total expenses   | (0.14)    | (0.28) | (0.28) | (0.26) | (0.32) | (0.33) |
| Realized gains (losses) for the period                         | 0.38      | 1.11   | 1.02   | 0.74   | 0.67   | 0.94   |
| Unrealized gains (losses) for the period                       | 1.00      | (2.18) | 0.69   | 0.67   | (0.36) | 0.20   |
| <b>Total increase (decrease) from operations<sup>(1)</sup></b> | 1.57      | (0.74) | 1.99   | 1.74   | 0.56   | 1.41   |
| <b>Distributions to unitholders per unit:</b>                  |           |        |        |        |        |        |
| From net investment income (excluding dividends)               | 0.13      | 0.20   | 0.09   | 0.08   | 0.20   | 0.24   |
| From dividends   | 0.08      | 0.12   | 0.19   | 0.25   | 0.11   | 0.11   |
| From capital gains   | –         | 0.99   | 0.86   | 0.32   | 0.59   | 0.66   |
| From return of capital   | –         | –      | –      | –      | –      | –      |
| <b>Total period distributions<sup>(2)</sup></b>                | 0.21      | 1.31   | 1.14   | 0.65   | 0.90   | 1.01   |
| <b>Net assets, end of period<sup>(3)</sup></b>                 | 20.37     | 19.04  | 21.09  | 20.22  | 19.15  | 19.38  |

### Ratios and Supplemental Data

#### Class D Units

(for the period ended June 30, 2019 and years ended December 31)

|   | June 2019 | 2018    | 2017    | 2016    | 2015    | 2014    |
|---|-----------|---------|---------|---------|---------|---------|
| <b>Total net asset value (\$) (000's)<sup>(4)</sup></b>                     | 203,116   | 201,745 | 203,151 | 166,136 | 143,296 | 112,436 |
| <b>Number of outstanding units (000's)<sup>(4)</sup></b>                    | 9,971     | 10,596  | 9,631   | 8,216   | 7,482   | 5,801   |
| <b>Management expense ratio<sup>(5)</sup></b>                               | 1.20%     | 1.20%   | 1.20%   | 1.20%   | 1.20%   | 1.20%   |
| <b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b> | N/A       | N/A     | N/A     | N/A     | N/A     | N/A     |
| <b>Portfolio turnover rate<sup>(7)</sup></b>                                | 36%       | 93%     | 105%    | 76%     | 61%     | 61%     |
| <b>Trading expense ratio (%)<sup>(8)</sup></b>                              | 0.04%     | 0.06%   | 0.05%   | 0.04%   | 0.06%   | 0.08%   |
| <b>Net asset value per unit, end of period</b>                              | 20.37     | 19.04   | 21.09   | 20.22   | 19.15   | 19.38   |

# Beutel Goodman Balanced Fund

## 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 the 6 month period ended June 30 of the current year and for the past 5 years ended December 31. The December 31 information is derived from the Fund's audited annual financial statements and is provided for each class of units.

### Financial Highlights per unit

#### Class F Units

(for the period ended June 30, 2019 and years ended December 31)

| \$   | June 2019 | 2018   | 2017   | 2016   | 2015   | 2014   |
|--|-----------|--------|--------|--------|--------|--------|
| <b>Net assets, beginning of period</b>                         | 11.54     | 12.80  | 12.30  | 11.67  | 11.83  | 11.54  |
| <b>Increase (decrease) from operations</b>                     |           |        |        |        |        |        |
| Total revenue  | 0.20      | 0.38   | 0.34   | 0.35   | 0.35   | 0.37   |
| Total expenses   | (0.08)    | (0.16) | (0.16) | (0.15) | (0.18) | (0.19) |
| Realized gains (losses) for the period                         | 0.23      | 0.66   | 0.62   | 0.47   | 0.38   | 0.57   |
| Unrealized gains (losses) for the period                       | 0.57      | (1.40) | 0.33   | 0.45   | (0.29) | 0.04   |
| <b>Total increase (decrease) from operations<sup>(1)</sup></b> | 0.92      | (0.52) | 1.13   | 1.12   | 0.26   | 0.79   |
| <b>Distributions to unitholders per unit:</b>                  |           |        |        |        |        |        |
| From net investment income (excluding dividends)               | 0.09      | 0.14   | 0.07   | 0.06   | 0.14   | 0.17   |
| From dividends   | 0.05      | 0.09   | 0.15   | 0.17   | 0.08   | 0.08   |
| From capital gains   | –         | 0.60   | 0.52   | 0.20   | 0.36   | 0.40   |
| From return of capital   | –         | –      | –      | –      | –      | –      |
| <b>Total period distributions<sup>(2)</sup></b>                | 0.14      | 0.83   | 0.74   | 0.43   | 0.58   | 0.65   |
| <b>Net assets, end of period<sup>(3)</sup></b>                 | 12.34     | 11.54  | 12.80  | 12.30  | 11.67  | 11.83  |

### Ratios and Supplemental Data

#### Class F Units

(for the period ended June 30, 2019 and years ended December 31)

|   | June 2019 | 2018   | 2017   | 2016   | 2015  | 2014  |
|---|-----------|--------|--------|--------|-------|-------|
| <b>Total net asset value (\$ (000's)<sup>(4)</sup></b>                      | 57,643    | 49,064 | 37,294 | 11,148 | 7,335 | 4,334 |
| <b>Number of outstanding units (000's)<sup>(4)</sup></b>                    | 4,671     | 4,252  | 2,913  | 906    | 629   | 366   |
| <b>Management expense ratio<sup>(5)</sup></b>                               | 1.06%     | 1.05%  | 1.05%  | 1.06%  | 1.05% | 1.04% |
| <b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b> | N/A       | N/A    | N/A    | N/A    | N/A   | N/A   |
| <b>Portfolio turnover rate<sup>(7)</sup></b>                                | 36%       | 93%    | 105%   | 76%    | 61%   | 61%   |
| <b>Trading expense ratio (%)<sup>(8)</sup></b>                              | 0.04%     | 0.06%  | 0.05%  | 0.04%  | 0.06% | 0.08% |
| <b>Net asset value per unit, end of period</b>                              | 12.34     | 11.54  | 12.80  | 12.30  | 11.67 | 11.83 |

### Financial Highlights per unit

#### Class I Units

(for the period ended June 30, 2019 and years ended December 31)

| \$   | June 2019 | 2018   | 2017   | 2016   | 2015   | 2014   |
|--|-----------|--------|--------|--------|--------|--------|
| <b>Net assets, beginning of period</b>                         | 19.80     | 21.95  | 21.05  | 19.95  | 20.21  | 19.69  |
| <b>Increase (decrease) from operations</b>                     |           |        |        |        |        |        |
| Total revenue  | 0.34      | 0.64   | 0.58   | 0.61   | 0.60   | 0.63   |
| Total expenses   | (0.03)    | (0.05) | (0.05) | (0.05) | (0.04) | (0.06) |
| Realized gains (losses) for the period                         | 0.39      | 1.14   | 1.06   | 0.76   | 0.73   | 0.99   |
| Unrealized gains (losses) for the period                       | 1.03      | (2.26) | 0.74   | 0.66   | (0.35) | 0.25   |
| <b>Total increase (decrease) from operations<sup>(1)</sup></b> | 1.73      | (0.53) | 2.33   | 1.98   | 0.94   | 1.81   |
| <b>Distributions to unitholders per unit:</b>                  |           |        |        |        |        |        |
| From net investment income (excluding dividends)               | 0.22      | 0.37   | 0.17   | 0.15   | 0.36   | 0.40   |
| From dividends   | 0.12      | 0.22   | 0.37   | 0.43   | 0.20   | 0.19   |
| From capital gains   | –         | 1.03   | 0.90   | 0.34   | 0.62   | 0.69   |
| From return of capital   | –         | –      | –      | –      | –      | –      |
| <b>Total period distributions<sup>(2)</sup></b>                | 0.34      | 1.62   | 1.44   | 0.92   | 1.18   | 1.28   |
| <b>Net assets, end of period<sup>(3)</sup></b>                 | 21.18     | 19.80  | 21.95  | 21.05  | 19.95  | 20.21  |

### Ratios and Supplemental Data

#### Class I Units

(for the period ended June 30, 2019 and years ended December 31)

|   | June 2019 | 2018      | 2017      | 2016      | 2015      | 2014      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Total net asset value (\$ (000's)<sup>(4)</sup></b>                      | 3,751,634 | 3,546,662 | 3,890,752 | 3,498,150 | 3,424,755 | 3,356,090 |
| <b>Number of outstanding units (000's)<sup>(4)</sup></b>                    | 177,139   | 179,135   | 177,219   | 166,146   | 171,628   | 166,077   |
| <b>Management expense ratio<sup>(5)</sup></b>                               | 0.07%     | 0.07%     | 0.07%     | 0.07%     | 0.07%     | 0.07%     |
| <b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b> | 0.11%     | 0.11%     | 0.11%     | N/A       | N/A       | N/A       |
| <b>Portfolio turnover rate<sup>(7)</sup></b>                                | 36%       | 93%       | 105%      | 76%       | 61%       | 61%       |
| <b>Trading expense ratio (%)<sup>(8)</sup></b>                              | 0.04%     | 0.06%     | 0.05%     | 0.04%     | 0.06%     | 0.08%     |
| <b>Net asset value per unit, end of period</b>                              | 21.18     | 19.80     | 21.95     | 21.05     | 19.95     | 20.21     |

# Beutel Goodman Balanced Fund

- (1) Net asset value per unit and distributions to unitholders per unit are based on the actual number of units outstanding for the relevant class at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding for the relevant class over the fiscal period.
- (2) Distributions were paid in cash or automatically reinvested in additional units of the Fund.
- (3) This is not a reconciliation of the beginning and ending net assets per unit.
- (4) This information is provided as at period end of the period shown.
- (5) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (6) The Manager may have waived or absorbed some of the fund expenses. If this had occurred, the management fee ratio before any such waiver or absorption is listed. The Manager may terminate the waiver or absorption at any time, at its discretion. It is not known when such waivers or absorptions will be terminated.
- (7) The Fund's portfolio turnover rate indicates how actively 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 fiscal year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate equals the lesser of the costs of purchases and proceeds of sales of portfolio securities for the year divided by the average value of the portfolio securities of the Fund calculated on a monthly basis, excluding short-term securities.
- (8) The trading expense ratio represents total commissions and other portfolio transaction costs disclosed in the Statements of Comprehensive Income expressed as an annualized percentage of daily average net asset value of the Fund during the period.

## Past Performance

The performance returns below:

- are calculated as of **December 31** in each year and for the **first 6 months** of the current year;
- assume **all distributions** made by the Fund **are reinvested** to purchase additional units; and
- show the returns of the particular class of the Fund after any applicable management fees and operating expenses have been deducted, **but are not reduced by any redemption charges, optional charges or income taxes payable by you that would have reduced returns on performance.**

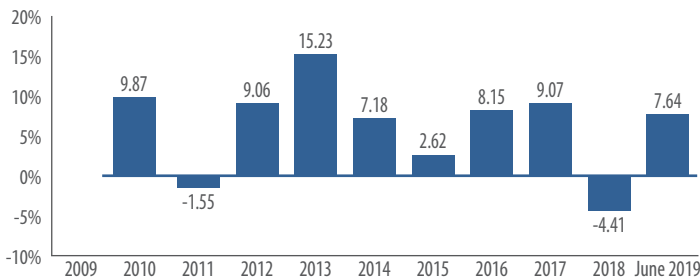
**Please remember that the past performance of the Fund is not an accurate prediction of future returns.**

# Beutel Goodman Balanced Fund

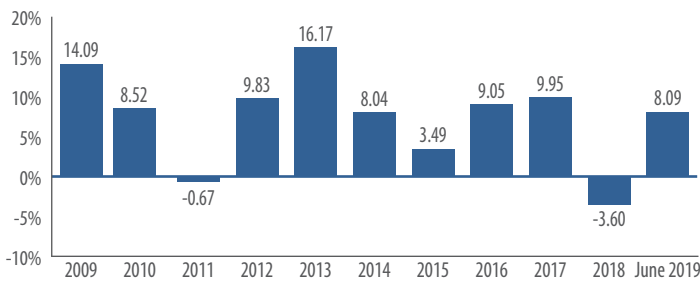
## Year-by-Year Returns

The bar chart indicates the Fund's annual performance for each of the year's shown and for the current 6 month period, illustrating how the Fund's performance has changed from year to year. The bar chart shows in percentage terms how much an investment made on the first day of each financial year or period would have grown or decreased by the last day of each financial year or period.

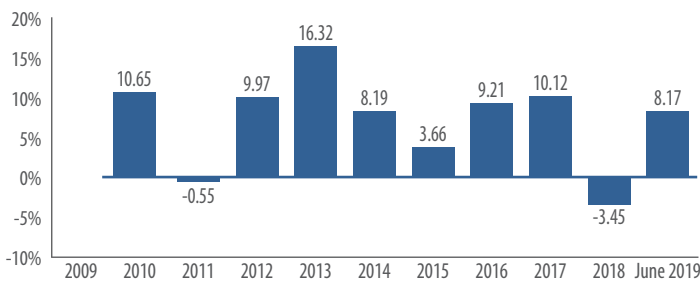
### Class B



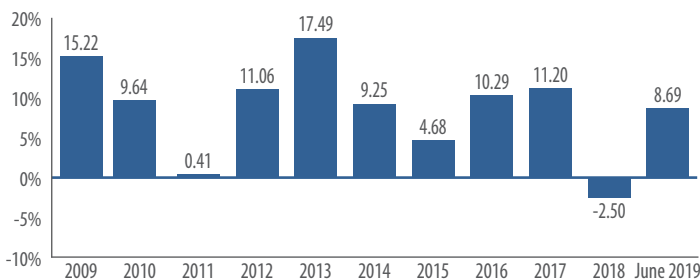
### Class D



### Class F



### Class I





# Beutel Goodman Balanced Fund

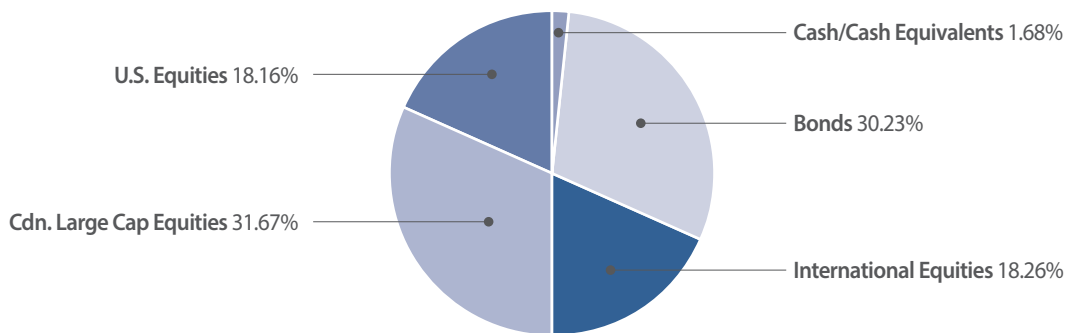
## Summary of Investment Portfolio

The following information may change due to the ongoing portfolio transactions of the Fund. More current information regarding the holdings of the Fund may be obtained on our website at [www.beutelgoodman.com](http://www.beutelgoodman.com).

### Summary of Top 25 Holdings

| Issuer Name                          | Coupon Rate (%) | Maturity Date | % of Net Assets | Issuer Name                            | Coupon Rate (%) | Maturity Date | % of Net Assets |
|--------------------------------------|-----------------|---------------|-----------------|--|-----------------|---------------|-----------------|
| 1. Royal Bank of Canada              |                 |               | 3.10            | 14. Bank of Montreal                   |                 |               | 1.10            |
| 2. The Toronto-Dominion Bank         |                 |               | 2.94            | 15. Verizon Communications Inc.        |                 |               | 1.09            |
| 3. Rogers Communications Inc.        |                 |               | 2.65            | 16. Canadian Tire Corp Ltd., Class A   |                 |               | 1.06            |
| 4. Province of Ontario               | 2.400           | 2-Jun-26      | 2.17            | 17. Open Text Corp.                    |                 |               | 1.05            |
| 5. Canadian Government Bond          | 2.250           | 1-Jun-29      | 1.89            | 18. Canadian National Railway Co.      |                 |               | 1.04            |
| 6. Metro Inc., Class A               |                 |               | 1.68            | 19. Omnicom Group Inc.                 |                 |               | 1.00            |
| 7. Nutrien Ltd.                      |                 |               | 1.60            | 20. Canadian Government Bond           | 2.750           | 1-Dec-48      | 0.99            |
| 8. Magna International Inc.          |                 |               | 1.52            | 21. AmerisourceBergen Corp.            |                 |               | 0.94            |
| 9. Canadian Natural Resources Ltd.   |                 |               | 1.48            | 22. Province of Ontario                | 2.700           | 2-Jun-29      | 0.92            |
| 10. Province of Ontario              | 2.600           | 2-Jun-25      | 1.39            | 23. American Express Co.               |                 |               | 0.92            |
| 11. Bank of Nova Scotia              |                 |               | 1.39            | 24. Parker Hannifin Corp.              |                 |               | 0.92            |
| 12. Sun Life Financial Inc.          |                 |               | 1.33            | 25. Canadian Imperial Bank of Commerce | 2.040           | 21-Mar-22     | 0.87            |
| 13. Brookfield Asset Management Inc. |                 |               | 1.22            |  |                 |               |                 |

### Asset Mix





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