



Interim Management Report of Fund Performance

June 30, 2019

Beutel Goodman Small Cap Fund

Beutel Goodman Small Cap 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 or SEDAR at 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.

Beutel Goodman Managed Funds

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Beutel Goodman Small Cap Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

The Fund seeks long-term capital appreciation primarily through investments in common shares and other equity securities of smaller capitalization Canadian issuers.

To achieve its objectives, the Fund seeks the best economic value in the market regardless of what sector the issuer operates in. The strategy focuses on purchasing companies which qualify as smaller capitalization based on industry benchmarks, at discounts to their business value.

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

Canadian equities had a strong January 1 to June 30, 2019 period, with the S&P/TSX Small Cap Index posting a return of 10.4%. Optimism around potential progress in U.S.-China trade talks along with increasingly dovish central bank language suggesting lower interest rates supported market sentiment. Global growth concerns were also a theme during the period, as evidenced by the drop in 10-year Government of Canada bond yields from a high of 2.03% on January 18 to a low of 1.42% on June 18 and the 10.2% gain in gold for the period. Index performance was led by the Consumer Discretionary and Materials sectors while Energy remained weak.

Against this backdrop, Beutel Goodman Small Cap Fund's performance was considerably ahead of its benchmark. Unlike the index, 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. On a relative basis, the main contributors were stock selection and an overweight in Industrials, as well as weighting effects in Energy and Financials. Consumer Discretionary, Materials and Consumer Staples were the weakest areas of the portfolio versus the index.

At the individual security level, WestJet Airlines Ltd., Badger Daylighting Ltd. and Alamos Gold Inc. were the main contributors to performance on an absolute-return basis. On May 13, WestJet signed a definitive agreement to be acquired by Onex at \$31 per share cash, a 65% premium to the share price. This in our view recognizes a fair price for the underlying value of the asset. Badger continues to operate efficiently in Canada and is growing its vacuum truck fleet in the U.S. at an annual rate of 15%. The company reported strong results and reached our target price during the period, generating a process-driven partial sale. Alamos Gold posted a total return of 61.3% during the first six months of 2019 after weak performance, like many gold stocks, in 2018. Using its strong balance sheet and access to capital, Alamos has strategically diversified its operations into Canada and has several growth opportunities both here and in Turkey.

The largest detractor from portfolio performance in the period was Uni-Select Inc., which sold-off in the period, mainly due to weak results and a soft 2019 outlook caused by margin compression in its FinishMaster business, a distributor of automotive paints. In our opinion, margins should improve through better execution. The company is undergoing a strategic review process, which will likely generate value over time. NuVista also detracted, as concerns about condensate pricing due to oil sands production curtailments and declining oil prices hampered NuVista's stock price. We believe condensate pricing should remain structurally advantaged vs light oil and that NuVista is currently undervalued. Pinnacle Renewable is facing the risk of elevated costs as a result of feedstock issues in Western Canada. While pellet contracting continues to be better than expected and utilities continue to enter into long-term contracts, the stock has been weak, reflecting margin pressure.

During the period, we initiated one new position, Richelieu Hardware Ltd., and added to our existing position in AG Growth International. We also undertook two process-driven partial sales in Badger and WestJet.

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

Recent Developments

The expectation of monetary easing continues to propel equity markets higher. Most key central banks, including the U.S. Federal Reserve (the Fed) and the European Central Bank, are signalling that rate cuts may be required to mitigate the economic risks caused by tariffs. China also announced new stimulus measures to support its economy. Rates in Canada are in a holding pattern for now, following the recent strong inflation data, although bond markets appear to be pricing in one or potentially two rate cuts. In the U.S., the S&P 500 Index traded at all-time highs, driven by the Fed's dovish signal and the 20%+ year-to-date returns in the Information Technology sector. The S&P/TSX Small Cap Index has not yet surpassed its high in December 2017, but is close.

Over the last 12 months, we initiated several process-driven trims in the Fund. Our methodical process of purchasing stocks we believe are trading at a significant discount to intrinsic value, coupled with our strict sell discipline keeps our focus on the preservation of capital. This process has led to our largest overweights, relative to the Index, being in the Industrials, Consumer Discretionary and Financials sectors, while Materials and Energy remain our largest underweights.

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.

Beutel Goodman Small Cap Fund

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.

	Maximum Annual Management Fee Rate %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Class B	1.95	52	48
Class D	1.25	20	80
Class F	1.00	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 Small Cap 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
Net assets, beginning of period	10.48	14.57	13.62	11.38	11.66	10.68
Increase (decrease) from operations						
Total revenue	0.10	0.22	0.20	0.17	0.26	0.22
Total expenses	(0.13)	(0.32)	(0.34)	(0.30)	(0.33)	(0.34)
Realized gains (losses) for the period	0.31	1.45	0.55	0.65	0.33	0.52
Unrealized gains (losses) for the period	1.39	(4.09)	0.51	1.60	(0.42)	0.55
Total increase (decrease) from operations⁽¹⁾	1.67	(2.74)	0.92	2.12	(0.16)	0.95
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	1.33	0.01	—	0.16	—
From return of capital	—	—	—	—	—	—
Total period distributions⁽²⁾	—	1.33	0.01	—	0.16	—
Net assets, end of period⁽³⁾	12.13	10.48	14.57	13.62	11.38	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
Total net asset value (\$ (000's)⁽⁴⁾	5,677	5,306	6,717	5,354	4,428	4,695
Number of outstanding units (000's)⁽⁴⁾	468	506	461	393	389	403
Management expense ratio⁽⁵⁾	2.28%	2.29%	2.29%	2.29%	2.29%	2.20%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	1%	12%	16%	23%	23%	19%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.06%	0.07%	0.12%	0.06%	0.09%
Net asset value per unit, end of period	12.13	10.48	14.57	13.62	11.38	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
Net assets, beginning of period	21.88	30.19	28.03	23.22	23.76	21.67
Increase (decrease) from operations						
Total revenue	0.23	0.45	0.41	0.36	0.52	0.44
Total expenses	(0.18)	(0.43)	(0.45)	(0.40)	(0.43)	(0.44)
Realized gains (losses) for the period	0.64	3.05	1.17	1.29	0.75	1.01
Unrealized gains (losses) for the period	2.91	(8.43)	1.06	3.51	(0.81)	1.36
Total increase (decrease) from operations⁽¹⁾	3.60	(5.36)	2.19	4.76	0.03	2.37
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	—	—	—	—	0.01	—
From dividends	—	—	0.03	—	0.14	0.08
From capital gains	—	2.77	0.01	—	0.34	—
From return of capital	—	—	—	—	—	—
Total period distributions⁽²⁾	—	2.77	0.04	—	0.49	0.08
Net assets, end of period⁽³⁾	25.44	21.88	30.19	28.03	23.22	23.76

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
Total net asset value (\$ (000's)⁽⁴⁾	57,407	52,289	76,395	72,046	64,117	72,063
Number of outstanding units (000's)⁽⁴⁾	2,257	2,390	2,531	2,570	2,761	3,033
Management expense ratio⁽⁵⁾	1.50%	1.50%	1.50%	1.49%	1.49%	1.47%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	1%	12%	16%	23%	23%	19%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.06%	0.07%	0.12%	0.06%	0.09%
Net asset value per unit, end of period	25.44	21.88	30.19	28.03	23.22	23.76

Beutel Goodman Small Cap 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
Net assets, beginning of period	22.31	30.75	28.61	23.67	24.28	22.21
Increase (decrease) from operations						
Total revenue	0.23	0.46	0.43	0.36	0.55	0.46
Total expenses	(0.16)	(0.36)	(0.38)	(0.35)	(0.36)	(0.39)
Realized gains (losses) for the period	0.66	3.08	1.18	1.55	0.48	0.99
Unrealized gains (losses) for the period	2.94	(8.45)	0.91	3.26	(1.04)	0.99
Total increase (decrease) from operations⁽¹⁾	3.67	(5.27)	2.14	4.82	(0.37)	2.05
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	—	—	—	—	0.02	—
From dividends	—	0.05	0.18	0.05	0.25	0.21
From capital gains	—	2.83	0.01	—	0.34	—
From return of capital	—	—	—	—	—	—
Total period distributions⁽²⁾	—	2.88	0.19	0.05	0.61	0.21
Net assets, end of period⁽³⁾	25.97	22.31	30.75	28.61	23.67	24.28

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
Total net asset value (\$) (000's)⁽⁴⁾	16,202	14,218	21,092	12,595	8,322	6,164
Number of outstanding units (000's)⁽⁴⁾	624	637	686	440	352	254
Management expense ratio⁽⁵⁾	1.22%	1.21%	1.19%	1.20%	1.21%	1.19%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	1%	12%	16%	23%	23%	19%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.06%	0.07%	0.12%	0.06%	0.09%
Net asset value per unit, end of period	25.97	22.31	30.75	28.61	23.67	24.28

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
Net assets, beginning of period	23.40	32.43	30.12	24.87	25.50	23.31
Increase (decrease) from operations						
Total revenue	0.24	0.49	0.45	0.38	0.56	0.48
Total expenses	(0.01)	(0.04)	(0.05)	(0.06)	(0.03)	(0.04)
Realized gains (losses) for the period	0.69	3.29	1.26	1.39	0.78	1.12
Unrealized gains (losses) for the period	3.16	(9.16)	1.16	3.74	(0.92)	1.18
Total increase (decrease) from operations⁽¹⁾	4.08	(5.42)	2.82	5.45	0.39	2.74
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	—	—	—	—	0.03	—
From dividends	—	0.44	0.49	0.31	0.51	0.46
From capital gains	—	3.02	0.01	—	0.37	—
From return of capital	—	—	—	—	—	—
Total period distributions⁽²⁾	—	3.46	0.50	0.31	0.91	0.46
Net assets, end of period⁽³⁾	27.40	23.40	32.43	30.12	24.87	25.50

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
Total net asset value (\$) (000's)⁽⁴⁾	467,191	441,367	584,215	558,265	493,636	527,137
Number of outstanding units (000's)⁽⁴⁾	17,052	18,860	18,017	18,536	19,850	20,673
Management expense ratio⁽⁵⁾	0.07%	0.07%	0.07%	0.11%	0.11%	0.11%
Management expense ratio before waivers or absorptions⁽⁶⁾	0.11%	0.11%	0.11%	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	1%	12%	16%	23%	23%	19%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.06%	0.07%	0.12%	0.06%	0.09%
Net asset value per unit, end of period	27.40	23.40	32.43	30.12	24.87	25.50

Beutel Goodman Small Cap 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.**

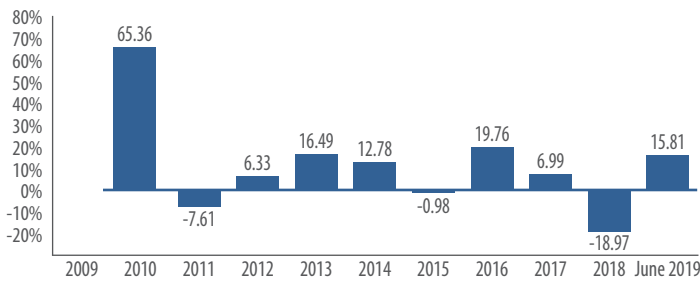
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Small Cap Fund

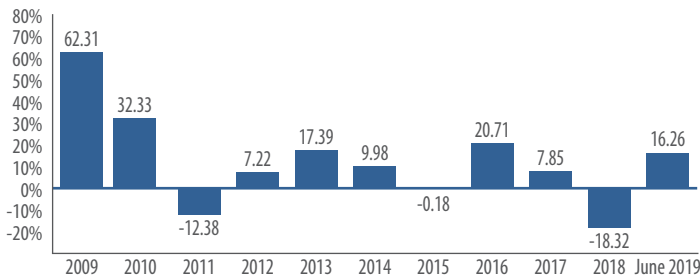
Year-by-Year Returns

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.

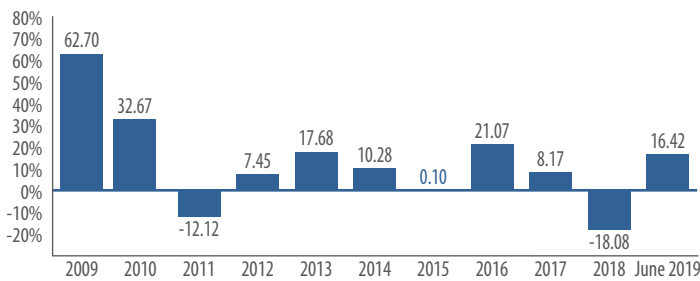
Class B



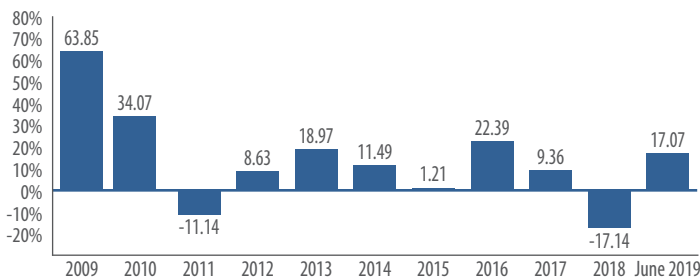
Class D



Class F



Class I



Beutel Goodman Small Cap Fund

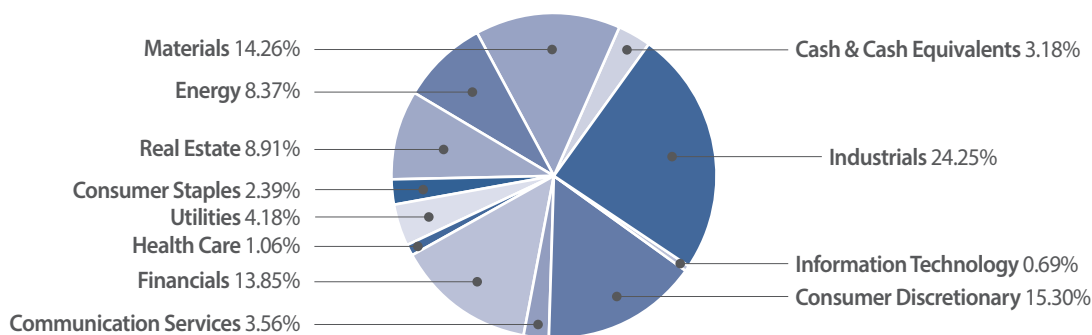
Summary of Investment Portfolio

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.

Summary of Top 25 Holdings

Issuer Name	% of Net Assets	Issuer Name	% of Net Assets
1. Equitable Group Inc.	6.88	14. Winpak Ltd.	2.43
2. Colliers International Group Inc.	6.35	15. Lundin Mining Corp.	2.40
3. WestJet Airlines Ltd.	5.64	16. Maple Leaf Foods Inc.	2.39
4. Aritzia Inc.	5.28	17. AG Growth International Inc.	2.23
5. iA Financial Corp Inc.	4.86	18. ATS Automation Tooling Systems Inc.	2.11
6. Badger Daylighting Ltd.	4.74	19. Canadian Western Bank	2.10
7. Alamos Gold Inc.	4.45	20. Real Matters Inc.	2.03
8. Linamar Corp.	4.38	21. GDI Integrated Facility Services Inc.	1.97
9. Superior Plus Corp.	4.17	22. Major Drilling Group International Inc.	1.79
10. Quebecor Inc., Class B	3.55	23. Toromont Industries Ltd.	1.68
11. Intertape Polymer Group Inc.	3.18	24. Paramount Resources Ltd., Class A	1.62
12. FirstService Corp.	2.55	25. Wajax Corp.	1.47
13. Uni-Select Inc.	2.46		

Asset Mix





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