



Annual Management Report of Fund Performance

December 31, 2018

Beutel Goodman Money Market Fund

Beutel Goodman Money Market Fund

This Annual 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.

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Beutel Goodman Money Market Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to maintain a high level of liquidity by investing in high quality Canadian dollar denominated money market instruments.

The Fund seeks to achieve its objectives by investing in a variety of instruments, such as treasury bills, short-term government and corporate bonds, commercial paper, and deposit receipts of Canadian chartered banks and trust companies having a term to maturity not exceeding one year. The Fund's average term to maturity is less than one year.

Risk

There were no significant changes to the investment objectives or strategies that affected the Fund's overall level of risk during the year. 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

Money market yields increased over the annual period. The 91-day Treasury Bill yields started the period yielding 1.06% at the end of 2017 and finished at 2.03% as at December 31, 2018.

The Bank of Canada (BoC) hiked the overnight rate by 25 basis points three times in the January 1 to December 31, 2018 period, bringing the overnight rate to 1.75%. At the time of the last rate hike in October, the Bank sounded a fairly upbeat tone on the Canadian economy, noting the reduction in trade uncertainty after the USMCA (the U.S. – Mexico – Canada Agreement that replaced NAFTA) was secured will likely increase business investment, and that the Canadian economy was operating close to its potential with the composition of growth more balanced. Fast forward to the Bank's monetary policy release in December and all of the perceived hawkishness was removed. The BoC noted signs had emerged that trade conflicts are weighing more heavily on global demand and growth has slowed in major economies, with the exception of the U.S. For Canada, the major change was the sharp decline in oil prices, which could materially weaken activity in the energy sector. The BoC also cautioned that data suggests there was less momentum for the Canadian economy going into the fourth quarter than previously expected.

The Beutel Goodman Money Market Fund saw its yield increase over the period from 1.28% to 2.10% at December 31, 2018. During the period, the average term decreased from 52 days at December 31, 2017 to 38 days at December 31, 2018, and is shorter than its benchmark, the FTSE Canada 91-Day T-Bill Index.

Relative to its stated investment objectives and strategies, the Fund has maintained its quality and diversification standards.

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

Recent Developments

The normalization of rates by central banks and the withdrawal of extraordinary monetary policy stimulus have led interest rates on a steady march upwards. The Bank of Canada and the U.S. Federal Reserve hiked rates three and four times, respectively, in 2018. Central bank tightening has flattened the yield curve as moves in the administered rates are felt more in the short-end of the curve and the term premium remains compressed. The BoC and the Fed are united in that they are both data dependent, monitoring how consumers and businesses react to higher interest rates and waiting to see if inflation will increase with tight conditions in labour markets and economies that are operating at potential. With both central banks well into their tightening cycles, focus now shifts to when and possibly if they will reach the neutral rate, or r-star (R*), the inflation-adjusted, short-term interest rate that is consistent with full use of economic resources and steady inflation. However this is proving to be a moving target. Both the BoC and the Fed expect to continue to tighten, whereas markets are pricing in chances of less than one hike for each bank for the year. Whichever party proves correct has ramifications for duration positioning and the shape of the yield curve.

Overall, we believe we are late in the economic cycle: central banks have moved short-term rates close to neutral rate levels, yield curves are flat and economic growth is slowing. We do not necessarily believe a recession is imminent; however, the Canadian economy is being strained by the low price of oil and slowing housing market. We are watching the broader impacts of housing and oil carefully.

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 D	0.50	36	64
Class F	0.40	0	100

Beutel Goodman **Money Market Fund**

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 Money Market 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 past 5 years ended December 31. This information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights per unit

Class D Units

(for the years ended December 31)

\$	2018	2017	2016	2015	2014
Net assets, beginning of year	10.00	10.00	10.00	10.00	10.00
Increase (decrease) from operations					
Total Interest Revenue	0.16	0.09	0.08	0.09	0.12
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total increase (decrease) from operations ⁽¹⁾	0.14	0.07	0.06	0.07	0.10
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.15	0.07	0.06	0.07	0.10
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.15	0.07	0.06	0.07	0.10
Net assets, end of year ⁽³⁾	10.00	10.00	10.00	10.00	10.00

Ratios and Supplemental Data

Class D Units

(for the years ended December 31)

	2018	2017	2016	2015	2014
Total net asset value (\$) (000's) ⁽⁴⁾	19,824	21,905	26,765	24,065	20,881
Number of outstanding units (000's) ⁽⁴⁾	1,982	2,190	2,676	2,406	2,088
Management expense ratio ⁽⁵⁾	0.22%	0.22%	0.22%	0.22%	0.22%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.67%	0.67%	N/A	N/A	N/A
Net asset value per unit, end of year	10.00	10.00	10.00	10.00	10.00

Financial Highlights per unit

Class F Units

(for the years ended December 31)

\$	2018	2017	2016	2015	2014
Net assets, beginning of year	10.00	10.00	10.00	10.00	10.00
Increase (decrease) from operations					
Total Interest Revenue	0.17	0.10	0.08	0.09	0.12
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total increase (decrease) from operations ⁽¹⁾	0.15	0.08	0.06	0.07	0.10
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.15	0.07	0.06	0.07	0.10
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.15	0.07	0.06	0.07	0.10
Net assets, end of year ⁽³⁾	10.00	10.00	10.00	10.00	10.00

Ratios and Supplemental Data

Class F Units

(for the years ended December 31)

	2018	2017	2016	2015	2014
Total net asset value (\$) (000's) ⁽⁴⁾	5,970	3,516	97	114	135
Number of outstanding units (000's) ⁽⁴⁾	597	352	10	11	14
Management expense ratio ⁽⁵⁾	0.23%	0.23%	0.23%	0.23%	0.23%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.57%	0.57%	N/A	N/A	N/A
Net asset value per unit, end of year	10.00	10.00	10.00	10.00	10.00

Beutel Goodman Money Market 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 past 5 years ended December 31. This information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights per unit

Class I Units

(for the years ended December 31)

\$	2018	2017	2016	2015	2014
Net assets, beginning of year	10.00	10.00	10.00	10.00	10.00
Increase (decrease) from operations					
Total Interest Revenue	0.16	0.09	0.08	0.09	0.13
Total expenses	—	—	—	—	(0.01)
Total increase (decrease) from operations ⁽¹⁾	0.16	0.09	0.08	0.09	0.12
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.17	0.09	0.08	0.09	0.12
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.17	0.09	0.08	0.09	0.12
Net assets, end of year ⁽³⁾	10.00	10.00	10.00	10.00	10.00

Ratios and Supplemental Data

Class I Units

(for the years ended December 31)

	2018	2017	2016	2015	2014
Total net asset value (\$) (000's) ⁽⁴⁾	214,022	197,697	309,074	40,625	37,031
Number of outstanding units (000's) ⁽⁴⁾	21,402	19,768	30,907	4,062	3,703
Management expense ratio ⁽⁵⁾	0.02%	0.02%	0.02%	0.04%	0.06%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.11%	0.11%	N/A	N/A	N/A
Net asset value per unit, end of year	10.00	10.00	10.00	10.00	10.00

Beutel Goodman Money Market 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 year.
- (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 year end of the year shown.
- (5) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year.
- (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.

Past Performance

The performance returns below:

- are calculated as of **December 31** in each 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.**

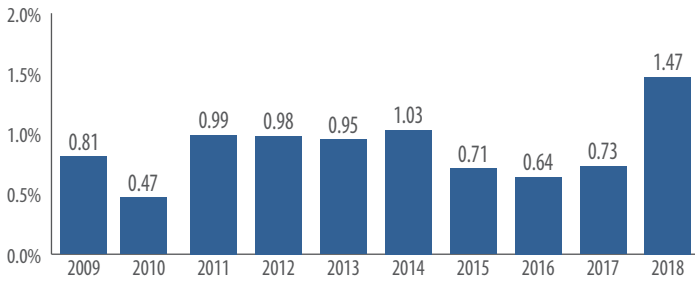
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Money Market Fund

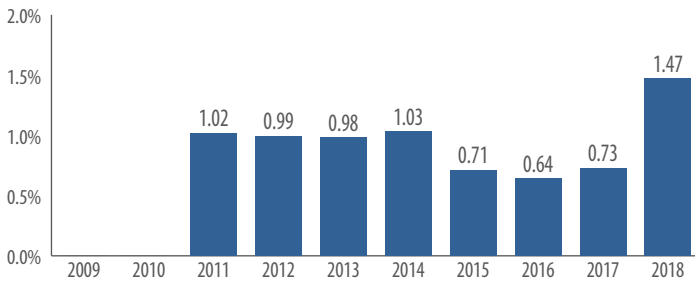
Year-by-Year Returns

The bar chart indicates the Fund's annual performance for each of the year's shown and illustrates 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 would have grown or decreased by the last day of each financial year.

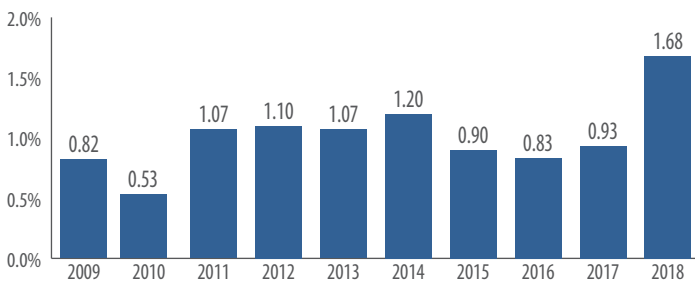
Class D



Class F



Class I



Beutel Goodman Money Market Fund

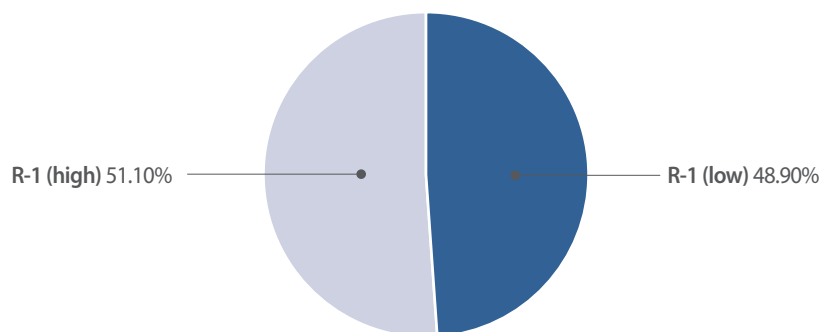
Summary of Investment Portfolio

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 Holdings

Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets	Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Union Gas Limited	2.250	14-Jan-19	10.41	9. Inter Pipeline (Corridor) Inc.	2.225	11-Jan-19	6.25
2. Royal Bank of Canada	2.172	21-Jan-19	10.40	10. TransCanada PipeLines Limited	2.099	4-Jan-19	6.23
3. Canadian Imperial Bank of Commerce	2.173	5-Feb-19	10.39	11. Greater Toronto Airports Authority	2.009	7-Jan-19	6.22
4. Firstbank	2.169	19-Feb-19	10.37	12. Bank of Nova Scotia	2.161	22-Feb-19	6.01
5. Énergir Inc.	2.110	11-Feb-19	10.18	13. Enbridge Pipelines Inc.	2.207	7-Jan-19	5.86
6. Government of Canada	1.644	21-Mar-19	9.37	14. TransCanada PipeLines Limited	2.240	5-Mar-19	4.15
7. Toronto-Dominion Bank	2.141	11-Mar-19	9.13	15. Hydro One Inc.	2.162	22-Jan-19	3.33
8. Hydro One Inc.	2.298	28-Feb-19	7.05	16. Government of Canada	1.633	7-Mar-19	1.37

Quality Mix





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