

Annual Management Report of Fund Performance

December 31, 2025

Beutel Goodman Sustainable Bond Fund

Beutel Goodman Sustainable Bond 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.sedarplus.ca.

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 Sustainable Bond Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to maximize portfolio returns by investing in a diversified portfolio comprised of Canadian dollar denominated debt instruments using a responsible investing approach.

Risk

The risks of investing in this Fund and the suitability of the Fund for investors are discussed in the Prospectus.

Results of Operations

Over the 12-month period ended December 31, 2025, Beutel Goodman Sustainable Bond Fund (the "Fund"), Class I returned 3.26% versus 2.64% for the Fund's benchmark, the FTSE Canada Universe Bond Index. Unlike the benchmark, the Fund's return is net of fees and expenses paid by the Fund. Detailed performance is provided under the heading "Past Performance" in this report.

With inflation near target and the labour market showing signs of improvement, in October the Bank of Canada (BoC) cut its policy rate to 2.25% and held it at that level in December. In total, there were four rate cuts in 2025. The current level is at the lower bound of the BoC's estimated neutral range which it has deemed appropriate to keep inflation near target while providing support to the economy. As a result, the BoC signaled it is approaching the end of the easing cycle. Meanwhile, job growth has been limited over the past year, particularly in trade-exposed sectors, while immigration growth, which was a meaningful tailwind to demand over the past five years, has slowed to zero. These changes have helped the unemployment rate fall toward the end of the year but are also expected to weigh on aggregate demand. During the year, markets grappled with assessing the impact of U.S. tariff policy on international trade and the broader economic backdrop. Trade policy will likely be a key source of potential volatility in 2026, particularly as the Canada-United States-Mexico Agreement ("CUSMA") review approaches.

Global sustainable bond issuance totalled \$189 billion for Q4/2025, up 9.5% vs. the Q4/2024. This brings fiscal year 2025 sustainable bond issuance to \$898 billion, down 6% vs. the \$955 billion issued in 2024.

In 2025, the investment team conducted 117 fixed income engagements that included sustainability-related discussions with the management and/or boards of portfolio companies. These meetings highlight the commitment of all our investment professionals to company engagement, including understanding and integrating ESG into our process.

Key Drivers of Performance

- The Fund's duration positioning relative to the benchmark was accretive during the year due to the portfolio's tactical duration positions amid interest rate volatility.
- Curve positioning added to value due to the portfolio's overweight position in the 10-year part of the curve, which outperformed during the period.
- Sector allocation added value due to the portfolio's overweight position in corporate bonds, which outperformed.
- Security selection in government bonds added slightly to value during the year as mid-term provincials, where the portfolio was overweight, outperformed short- and long-term provincials.
- Corporate security selection was accretive during the year due to the selection of hybrid securities and high-yield bonds.
- The Fund's overweight position in the power generation sector, including companies related to renewable energy and the nuclear renaissance, was accretive during the period.
- Foreign exchange detracted during the year as the U.S. dollar weakened; the Fund's U.S. exposure was approximately 90% hedged. Hedging costs also detracted during the year.

Portfolio Activity

- The portfolio management team (the "team") employs macroeconomic analysis, rigorous bottom-up credit research and proprietary risk-management tools to search for opportunities where the market has mispriced risk and reward. As a by-product of the team's investment process, market performance and general management activity, the following changes occurred in the Fund's portfolio during the reporting period:
 - The Fund's weighting in municipal bonds increased over the period while weightings in provincial government bonds decreased over the period.
 - The Fund's weighting in investment grade corporate bonds increased over the period while weightings in high yield corporate bonds decreased over the period. Where we have added exposure, we have done so selectively and mindful of our sustainability goals.
 - The weight of labelled bonds in the portfolio was down slightly over the year from 31% as of Q4/2024 to 30% as of Q4/ 2025.

Recent Developments

Canada closed off 2025 with policy rates closer to neutral, inflation running near target and the labour market showing early signs of stabilization. The outlook, however, remains sensitive to the durability of domestic growth, ongoing trade uncertainty and fiscal dynamics. For now, expectations for a soft landing remain intact, but the Canadian economy remains vulnerable.

Beutel Goodman Sustainable Bond Fund

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 (if any) 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	0.92	0	100
Class F	0.42	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 Sustainable Bond 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 3 years ended December 31 and for the period from its inception of June 8, 2022 to December 31, 2022. 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)

\$	2025	2024	2023	2022
Net assets, beginning of year	10.33	10.29	9.94	10.00
Increase (decrease) from operations				
Total revenue	0.42	0.43	0.38	0.18
Total expenses	—	—	—	—
Realized gains (losses) for the year	0.11	0.10	(0.05)	(0.01)
Unrealized gains (losses) for the year	(0.20)	—	0.38	(0.05)
Total increase (decrease) from operations ⁽¹⁾	0.33	0.53	0.71	0.12
Distributions to unitholders per unit:				
From net investment income (excluding dividends)	0.42	0.41	0.36	0.18
From dividends	—	—	—	—
From capital gains	0.10	0.06	—	—
From return of capital	—	—	—	—
Total annual distributions ⁽²⁾	0.52	0.47	0.36	0.18
Net assets, end of year ⁽³⁾	10.14	10.33	10.29	9.94

Ratios and Supplemental Data

Class I Units

(for the years ended December 31)

	2025	2024	2023	2022
Total net asset value (\$) (000's) ⁽⁴⁾	1,429	1,271	1,167	809
Number of outstanding units (000's) ⁽⁴⁾	141	123	113	81
Management expense ratio ⁽⁵⁾	0.05%	0.05%	0.05%	0.05%
Management expense ratio before waivers or absorptions ⁽⁶⁾	—	—	—	—
Portfolio turnover rate ⁽⁷⁾	98%	110%	159%	54%
Trading expense ratio (%) ⁽⁸⁾	—	—	—	—
Net asset value per unit, end of year	10.14	10.33	10.29	9.94

Beutel Goodman Sustainable Bond 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.
- (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 year.

Past Performance

The performance returns below:

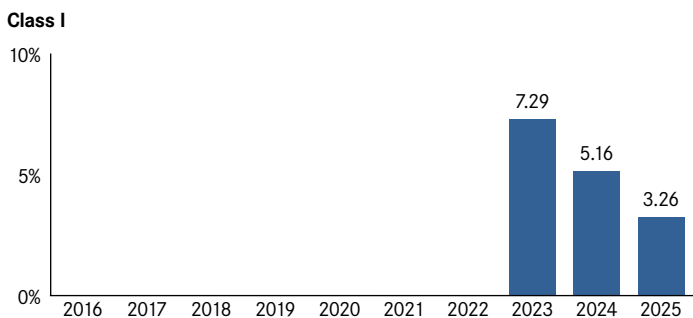
- are calculated as of **December 31** in each year;
- assume **all distributions** made by the Fund are **reinvested** to purchase additional units; and
- show the returns of the particular class of the Fund after any applicable management fees and operating expenses have been deducted, **but are not 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 Sustainable Bond 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.



Annual Compound Returns

The following table shows the Fund's historical annual compound total returns for each of the periods indicated ended on December 31, 2025 and since its inception of June 8, 2022, as compared to the performance of the FTSE Canada Universe Bond Index.*

Class I	Since Inception	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Sustainable Bond Fund	4.72	–	5.22	3.26
FTSE Canada Universe Bond Index	4.06	–	4.51	2.64

* The FTSE Canada Universe Bond Index is designed to reflect the Canadian bond market.

The Fund was not a reporting issuer for the period since its inception of June 8, 2022 to May XX, 2026. The expenses of the Fund would have been higher during such period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer. The Manager obtained exemptive relief on behalf of the Fund to permit the disclosure of performance data of the units of the Fund relating to the period prior to when the Fund was a reporting issuer. With respect to any MRFP, the financial statements of the Fund for such period are posted on the Manager's website and are available to investors upon request.

A discussion of the relative performance of the Fund is under the Results of Operations section of this report.

Beutel Goodman Sustainable Bond 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	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Canadian Government Bond	3.500	1-Mar-34	5.19
2. First Nations Finance Authority	4.100	1-Jun-34	4.95
3. Province of Quebec	3.900	22-Nov-32	3.59
4. Farm Credit Corp.	3.770	15-Jan-26	3.35
5. Province of Ontario	3.500	2-Jun-43	3.15
6. Province of Quebec	4.000	1-Sep-35	2.75
7. Stonlasec8 Indigenous Holdings LP	4.520	11-Jul-55	2.35
8. Canadian Government Bond	3.250	1-Dec-35	2.21
9. South Coast British Columbia Transportation Authority	2.650	29-Oct-50	2.07
10. Province of Ontario	4.100	4-Mar-33	1.96
11. OMERS Realty Corp.	4.960	10-Feb-31	1.93
12. Province of Ontario	1.900	2-Dec-51	1.88
13. Pembina Pipeline Corp.	5.020	12-Jan-32	1.84
14. Canadian Western Bank	5.940	22-Dec-32	1.84
15. Province of Ontario	4.700	2-Jun-37	1.78
16. Province of Alberta	3.100	1-Jun-50	1.74
17. Province of British Columbia	2.950	18-Jun-50	1.74
18. City of Toronto	4.500	11-Mar-55	1.68
19. Province of Quebec	3.500	1-Dec-45	1.55
20. 407 International Inc.	6.470	27-Jul-29	1.55
21. Province of Alberta	3.950	1-Jun-35	1.49
22. Canadian Government Bond	5.000	1-Jun-37	1.44
23. Brookfield Renewable Partners ULC	5.290	28-Oct-33	1.42
24. Canadian Government Bond	3.250	1-Jun-35	1.39
25. Northland Power Inc.	9.250	30-Jun-83	1.31

Asset Mix



● Municipal Bonds	5.26%
● Provincial Bonds	24.60%
● Federal Bonds	19.96%
● Corporate Bonds	46.44%
● Derivatives	0.05%
● Cash/Cash Equivalents	3.69%



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