

# Annual Management Report of Fund Performance

December 31, 2024

**Beutel Goodman Income Fund**

# Beutel Goodman Income 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](http://www.beutelgoodman.com) or SEDAR+ at [www.sedarplus.ca](http://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.

## Beutel Goodman Managed Funds

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# Beutel Goodman Income Fund

## Management Discussion of Fund Performance

### Investment Objectives and Strategies

This Fund seeks to earn income by investing primarily in fixed income securities of Canadian government and corporate issuers.

To achieve its objectives, the Fund focuses on creating a high-quality portfolio diversified across Government of Canada, Provincial and corporate bonds, which will usually have a credit rating of BBB or higher by a recognized rating agency. The average minimum quality of the fixed income portfolio will be A.

### 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.

### Results of Operations

Over the 12-month period ended December 31, 2024, Beutel Goodman Income Fund (the "Fund"), Class B returned 3.60% versus 4.23% 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. Please refer to the "Annual Compound Returns" in the Past Performance section for the returns of all classes of the Fund. Detailed performance is provided under the heading "Past Performance" in this report.

Inflation has been the dominant investment theme for the past two years and came down to the Bank of Canada's (BoC) target range towards the end of 2024. The unemployment rate in Canada has been rising steadily throughout the year, which provided the BoC leeway to cut its policy rate aggressively in 2024 with a view to stimulating the economy. At the end of 2024, bond markets were pricing in a terminal rate (i.e., the level at which central banks end their cutting cycle) of around 2.75% in Canada. This is significantly lower than terminal rate expectations were at the midpoint of 2024 and reflects how quickly market sentiment can change.

### Key Drivers of Performance

- The Fund's long duration positioning relative to the benchmark contributed to performance amid falling yields.
- Sector allocation contributed to performance as the Fund was overweight corporate bonds amid a tightening of credit spreads.
- Security selection in government bonds detracted from performance as the Fund was overweight long-term provincial bonds which underperformed short- and mid-term provincial bonds.
- Corporate security selection contributed to performance as the selection in energy bonds and financials securities outperformed.

### 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 weightings in federal and municipal government bonds increased over the period.
  - The Fund's weighting in corporate and provincial bonds decreased over the period.

### Recent Developments

Income is the operative word in fixed income and despite recent interest rate cuts by global central banks, yields remain significantly above the lows seen in the early part of this decade. Most relevant to the Fund, we believe the central banks in Canada and the U.S. are likely to continue their easing cycles over the near term, but at a less aggressive pace. This all depends on circumstances, of course; Canada's economic prospects and inflation in the U.S. are two major factors that will likely affect central bank policy in 2025. Credit spreads will also be determined by the macro backdrop. Given the already tight corporate spread levels, we do not believe spreads will tighten much further. As a result, we expect that it will likely be a credit picker's market in 2025.

# Beutel Goodman Income 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.

	Maximum Annual Management Fee Rate %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Class B	0.92	54	46
Class D	0.62	19	81
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 Income 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 B Units

(for the years ended December 31)

\$	2024	2023	2022	2021	2020
<b>Net assets, beginning of year</b>	8.44	8.18	9.52	10.00	9.63
<b>Increase (decrease) from operations</b>					
Total revenue	0.33	0.30	0.25	0.23	0.26
Total expenses	(0.09)	(0.09)	(0.08)	(0.11)	(0.12)
Realized gains (losses) for the year	(0.06)	(0.24)	(0.55)	(0.11)	0.49
Unrealized gains (losses) for the year	0.11	0.47	(0.94)	(0.37)	0.26
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	0.29	0.44	(1.32)	(0.36)	0.89
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	0.24	0.21	0.13	0.12	0.15
From dividends	—	—	—	—	—
From capital gains	—	—	—	0.04	0.38
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.24	0.21	0.13	0.16	0.53
<b>Net assets, end of year <sup>(3)</sup></b>	8.51	8.44	8.18	9.52	10.00

### Ratios and Supplemental Data

#### Class B Units

(for the years ended December 31)

	2024	2023	2022	2021	2020
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	1,069	1,165	1,208	1,831	2,222
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	126	138	148	192	222
<b>Management expense ratio <sup>(5)</sup></b>	1.11%	1.11%	1.10%	1.16%	1.20%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	112%	109%	100%	170%	181%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	—	—	—	—	—
<b>Net asset value per unit, end of year</b>	8.51	8.44	8.18	9.52	10.00

### Financial Highlights per unit

#### Class D Units

(for the years ended December 31)

\$	2024	2023	2022	2021	2020
<b>Net assets, beginning of year</b>	10.55	10.23	11.91	12.52	12.05
<b>Increase (decrease) from operations</b>					
Total revenue	0.42	0.37	0.31	0.29	0.33
Total expenses	(0.07)	(0.07)	(0.07)	(0.09)	(0.10)
Realized gains (losses) for the year	(0.07)	(0.30)	(0.66)	(0.14)	0.61
Unrealized gains (losses) for the year	0.10	0.59	(1.34)	(0.47)	0.34
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	0.38	0.59	(1.76)	(0.41)	1.18
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	0.34	0.30	0.23	0.20	0.23
From dividends	—	—	—	—	—
From capital gains	—	—	—	0.04	0.47
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.34	0.30	0.23	0.24	0.70
<b>Net assets, end of year <sup>(3)</sup></b>	10.63	10.55	10.23	11.91	12.52

### Ratios and Supplemental Data

#### Class D Units

(for the years ended December 31)

	2024	2023	2022	2021	2020
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	8,849	10,664	11,974	22,720	29,005
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	832	1,011	1,171	1,907	2,318
<b>Management expense ratio <sup>(5)</sup></b>	0.68%	0.68%	0.69%	0.73%	0.78%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	0.79%	0.79%	0.80%	0.89%	0.89%
<b>Portfolio turnover rate <sup>(7)</sup></b>	112%	109%	100%	170%	181%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	—	—	—	—	—
<b>Net asset value per unit, end of year</b>	10.63	10.55	10.23	11.91	12.52

# Beutel Goodman Income 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 F Units

(for the years ended December 31)

\$	2024	2023	2022	2021	2020
<b>Net assets, beginning of year</b>	8.46	8.20	9.57	10.05	9.69
<b>Increase (decrease) from operations</b>					
Total revenue	0.33	0.30	0.26	0.23	0.26
Total expenses	(0.05)	(0.05)	(0.05)	(0.06)	(0.07)
Realized gains (losses) for the year	(0.06)	(0.24)	(0.65)	(0.11)	0.48
Unrealized gains (losses) for the year	0.12	0.48	(0.41)	(0.34)	0.25
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	0.34	0.49	(0.85)	(0.28)	0.92
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	0.28	0.25	0.21	0.18	0.20
From dividends	—	—	—	—	—
From capital gains	—	—	—	0.04	0.38
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.28	0.25	0.21	0.22	0.58
<b>Net assets, end of year <sup>(3)</sup></b>	8.52	8.46	8.20	9.57	10.05

### Ratios and Supplemental Data

#### Class F Units

(for the years ended December 31)

	2024	2023	2022	2021	2020
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	7,303	7,491	7,812	4,056	4,802
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	857	886	953	424	478
<b>Management expense ratio <sup>(5)</sup></b>	0.58%	0.58%	0.58%	0.62%	0.67%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	112%	109%	100%	170%	181%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	—	—	—	—	—
<b>Net asset value per unit, end of year</b>	8.52	8.46	8.20	9.57	10.05

### Financial Highlights per unit

#### Class I Units

(for the years ended December 31)

\$	2024	2023	2022	2021	2020
<b>Net assets, beginning of year</b>	10.79	10.46	12.20	12.82	12.35
<b>Increase (decrease) from operations</b>					
Total revenue	0.43	0.38	0.32	0.30	0.33
Total expenses	—	—	—	—	—
Realized gains (losses) for the year	(0.06)	(0.31)	(0.73)	(0.15)	0.62
Unrealized gains (losses) for the year	0.24	0.66	(1.01)	(0.44)	0.33
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	0.61	0.73	(1.42)	(0.29)	1.28
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	0.42	0.38	0.32	0.30	0.34
From dividends	—	—	—	—	—
From capital gains	—	—	—	0.05	0.48
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.42	0.38	0.32	0.35	0.82
<b>Net assets, end of year <sup>(3)</sup></b>	10.87	10.79	10.46	12.20	12.82

### Ratios and Supplemental Data

#### Class I Units

(for the years ended December 31)

	2024	2023	2022	2021	2020
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	1,432,428	1,156,840	1,035,771	1,221,008	1,095,502
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	131,824	107,228	99,051	100,112	85,455
<b>Management expense ratio <sup>(5)</sup></b>	0.03%	0.03%	0.03%	0.03%	0.03%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	0.11%	0.11%	0.11%	0.11%	0.11%
<b>Portfolio turnover rate <sup>(7)</sup></b>	112%	109%	100%	170%	181%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	—	—	—	—	—
<b>Net asset value per unit, end of year</b>	10.87	10.79	10.46	12.20	12.82

# Beutel Goodman Income 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.**

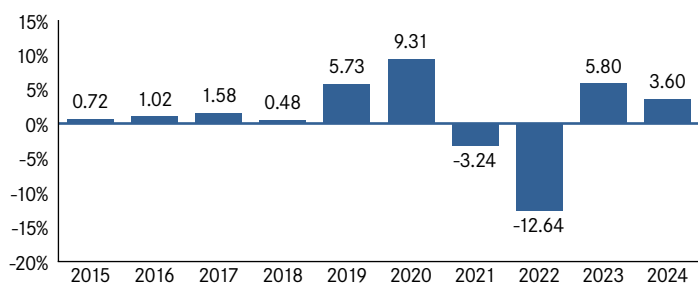
**Please remember that the past performance of the Fund is not an accurate prediction of future returns.**

# Beutel Goodman Income Fund

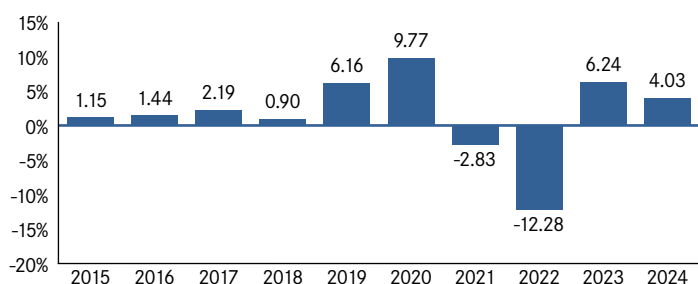
## Year-by-Year Returns

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.

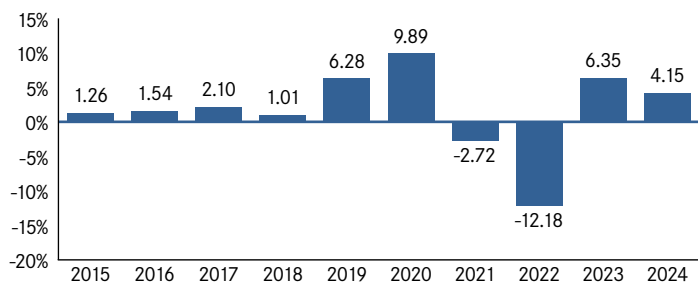
### Class B



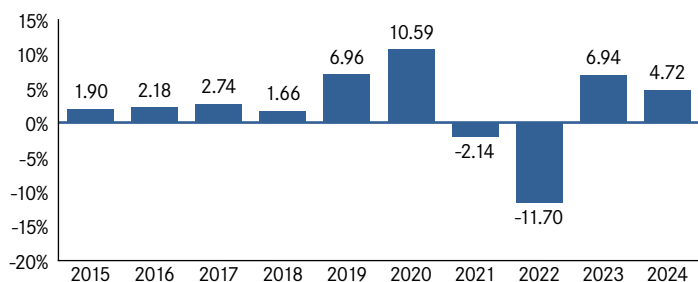
### Class D



### Class F



### Class I



## 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, 2024, as compared to the performance of the FTSE Canada Universe Bond Index.\*

Class B	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	1.07	0.25	-1.44	3.60
FTSE Canada Universe Bond Index	1.98	0.79	-0.60	4.23

Class D	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	1.49	0.67	-1.03	4.03
FTSE Canada Universe Bond Index	1.98	0.79	-0.60	4.23

Class F	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	1.60	0.79	-0.92	4.15
FTSE Canada Universe Bond Index	1.98	0.79	-0.60	4.23

Class I	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	2.21	1.36	-0.37	4.72
FTSE Canada Universe Bond Index	1.98	0.79	-0.60	4.23

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

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



# Beutel Goodman Income Fund

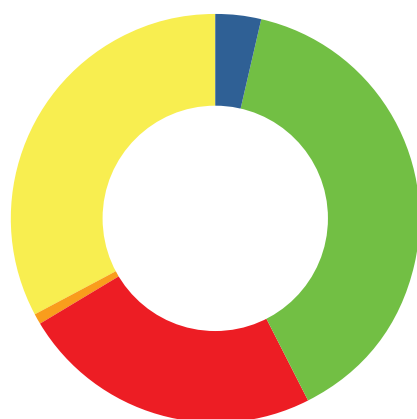
## Summary of Investment Portfolio

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
1. Canadian Government Bond	3.000	1-Jun-34	6.48
2. Canadian Government Bond	3.250	1-Dec-34	5.46
3. Province of Ontario	4.700	2-Jun-37	3.53
4. Government of Canada	3.138	12-Mar-25	3.34
5. Province of Quebec	4.450	1-Sep-34	2.56
6. Province of Ontario	1.900	2-Dec-51	2.36
7. Canadian Government Bond	0.500	1-Dec-30	2.06
8. Province of Ontario	3.800	2-Dec-34	1.78
9. Toronto-Dominion Bank/The	5.491	8-Sep-28	1.73
10. Province of Ontario	3.500	2-Jun-43	1.69
11. Canadian Government Bond	3.250	1-Dec-33	1.69
12. Royal Bank of Canada	5.235	2-Nov-26	1.68
13. Royal Bank of Canada	4.632	1-May-28	1.58
14. Canadian Government Bond	5.000	1-Jun-37	1.50
15. Province of Quebec	3.500	1-Dec-45	1.49
16. Province of Ontario	1.050	8-Sep-27	1.46
17. Province of Ontario	3.450	2-Jun-45	1.35
18. Bank of Montreal	5.039	29-May-28	1.31
19. Toronto-Dominion Bank/The	4.344	27-Jan-26	1.30
20. Province of Quebec	3.100	1-Dec-51	1.26
21. Province of Alberta	3.100	1-Jun-50	1.21
22. Province of British Columbia	4.150	18-Jun-34	1.15
23. Canadian Government Bond	3.500	1-Mar-34	1.07
24. Canadian Imperial Bank of Commerce	5.000	7-Dec-26	1.03
25. Province of Ontario	4.150	2-Jun-34	1.03

### Asset Mix



● Cash/Cash Equivalents	3.71%
● Corporate Bonds	38.97%
● Federal Bonds	23.71%
● Municipal Bonds	1.01%
● Provincial Bonds	32.60%



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