



# Interim Management Report of Fund Performance

June 30, 2018

**Beutel Goodman American Equity Fund**



# Beutel Goodman American Equity 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 request the investment fund's prospectus, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

## **Beutel Goodman Managed Funds**

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# Beutel Goodman American Equity Fund

## Management Discussion of Fund Performance

### Investment Objectives and Strategies

This Fund invests in common shares and other equity securities of established American issuers.

The Fund's advisor selects equity securities from a universe of potential candidates whose management have consistently demonstrated a commitment to create shareholder value without undue financial leverage. A value approach is applied, and research is directed to identify stocks which can be purchased at a reasonable price by analyzing relative valuation measures such as the issuer's price/earnings, price/cash flow and price/book value relative to its own history, the overall market and to its sustainable earnings growth rate.

The Fund may invest in underlying Funds from time to time. Please refer to the Simplified Prospectus for additional information.

The fundamental investment objective of the Fund cannot be changed without the approval of a majority of the investors who own units in the Fund.

### Risk

The risks of investing in this Fund remain as discussed in the Prospectus.

This Fund continues to be suitable for investors who seek long-term capital appreciation in American issuers with a medium tolerance for risk and a long-term investment horizon.

### Results of Operations

The Beutel Goodman American Equity Fund underperformed the S&P500 C\$ Index on a net of fees basis for the six month period ending June 30, 2018. The S&P500 C\$ had a positive return of 7.8% during the period, driven by the Information Technology, Energy and Consumer Discretionary sectors. Momentum driven names, including Apple, Facebook, Microsoft, Alphabet, Amazon and Netflix, were the greatest contributors to index performance. Defensive sectors, Telecommunications and Consumer Staples, were the largest laggards, with negative performance over the period.

The U.S. Federal Reserve hiked the federal funds rate by 25 basis points in the first quarter and another 25 basis points in the second quarter to a target range of 1.75-2%. The Fed believes that the labour market has continued to strengthen and that economic activity has been rising at a solid rate. The Fed expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labour market conditions, and inflation near the symmetric 2% objective over the medium term. The Fed removed the phrase that the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. That phrase had been in place since rate hikes started in December 2015. In the press conference, Chair Powell stated that the sentence was removed because a year from now the funds rate should be at where the Fed thinks that the neutral rate will be -2.75%.

The topical theme over the period was the prospect of a global trade war, as it looks like we are moving from rhetoric and negotiation posturing to a full blown trade war. As President Trump's approval rating seems to be improving the tougher he gets on trade, it is likely that this is not just bluster, but the real deal. The trade rumblings came against a backdrop of relatively strong economic data, especially out of the U.S., with the Federal Reserve Board of Atlanta GDPNow indicator showing U.S. Q2/18 GDP is tracking at 4.1%. The economic

backdrop provides credibility for the central banks to continue tightening monetary policy, albeit at a gradual and data dependent pace. On the negative side, the Trump Administration launched a volley of trade shots during the second quarter, which elicited return fire from the countries impacted.

Underperformance for the period was primarily the result of stock selection, with additional negative attribution from an underweight position in Information Technology and overweights in Telecommunications, Consumer Staples and Industrials. Specific contributors to weak performance were software providers Oracle and Symantec in the Information Technology space following intra-quarter earnings and corporate communication that dampened near term visibility (despite both reporting solid earnings and cash flow). Parker Hannifin and Flowserve also detracted from results. Consumer names Campbell Soup and Harley-Davidson underperformed over the period. Campbell Soup lowered its full year earnings outlook following the announcement of weakness in its Fresh business and unanticipated challenges in its newly acquired snacks business, Snyder Lance. News of the removal of Campbell's CEO also pressured the shares. Harley-Davidson shares continued to struggle, with negative price action influenced by the company's plan to move some production for non-U.S. demand overseas in response to proposed European tariff announcements.

In the first half of the year, the Fund added three new names. Amgen was a pioneer in the establishment of the biologics industry and the company now holds a collection of diversified, long-tail assets that generate high returns and sustainable free cash flow. Downside protection is buoyed by a stellar balance sheet and a management team which is aligned with shareholders. Comcast is the largest cable company in the U.S., as well as a major owner of sizeable media assets including NBC and Universal Studios. The company consistently returns the majority of its steady and growing stream of free cash flow to shareholders via a growing dividend and steady share repurchases. The stock currently offers a high dividend yield coupled with an attractive valuation. Flowserve is a Texas-based pure-play global leader in the manufacture and aftermarket service of flow control systems- pumps, valves and seals. Much of the equipment is application-specific, and integral to the movement and control of fluids in their customers' critical processes. Supported by a conservative, safe balance sheet, high annual cash return to shareholders and no history of value destroying acquisitions, Flowserve offers a strong investment opportunity. We continued to add to newer positions Harley-Davidson and AmerisourceBergen. We also added to American Express and Symantec at attractive valuations.

To fund the new names, the Fund exited positions in Baxter, Teradyne, and United Technologies. Baxter and Teradyne had eclipsed newly revised upside targets with updated risk-reward profiles and valuations deemed unfavourable for the Fund. United Technologies also went through our target, at which time the entire position was sold. The Fund also trimmed positions in Baxter, Wells-Fargo, LyondellBasell, Merck, Ingersoll-Rand, Oracle, Amdocs, and JP Morgan to better align the weights with their respective return profiles.

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

### Recent Developments

There have been no changes to the Fund's Manager for the review period.

The growth and momentum aura that has driven market volatility early in the period continued into the second quarter, with downtrodden value stocks subjected to escalating investor anxiety, while overvalued growth stocks

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marched higher with increasing exuberance. Share price reaction to news flow around each of these groups was often exaggerated in both directions causing the spread between growth and value indices to widen to unprecedented levels. Consequently, as value investors attracted with high conviction to out of favour names, this market environment has been particularly difficult, with little forgiveness being extended to high quality franchises where negative sentiment has moved to the forefront. However, where there are challenges, there are often opportunities and new doors will open. These opportunities enabled the portfolio manager to once again demonstrate the value of its process as investments in Baxter, United Technologies, and Teradyne, which had eclipsed prior targets (with the pre-requisite one-third sale), were re-evaluated and subsequently exited as new names were added to the Fund. These new names, Amgen, Comcast, and Flowserve, reside in entirely different parts of the economy (Health Care, Communications, and Industrials) but share qualities that are consistent with the portfolio manager's affinity for high quality franchises with above average margins and returns and free cash flow that finds its way back to shareholders.

As a result of these changes, sector exposures changed slightly compared to the prior period. Overweight positions in Health Care and Consumer Discretionary expanded further with the additions of Amgen and Comcast, while the complete sale of Teradyne and trims in Oracle and Amdocs further reduced the Fund's underweight exposure to Information Technology. Other sectors where we continue to be overweight include Consumer Staples, Industrials, and Telecommunication Services. Positions such as Kellogg, Parker Hannifin and Verizon are among the Fund's highest conviction names in these areas. As always, sector weights continue to reflect bottom-up fundamentals, rather than specific investment calls on sectors.

All of the Fund's holdings in the portfolio continue to generate free cash flow, have strong balance sheets and capital allocation policies that the portfolio manager feels strike the right balance between corporate needs and shareholder returns. High quality business models and company-specific catalysts factor into attractive risk/reward profiles and, importantly, downside protection. The portfolio continues to incorporate a high concentration of companies with under-levered balance sheets and managements that are well aligned with shareholders, which the portfolio manager expects will continue to lead to positive corporate actions like share buy-backs, dividend increases and value-enhancing deals.

## Related Party Transactions

Beutel, Goodman & Company Ltd. is the Portfolio Advisor to this 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, as approved by the Independent Review Committee by standing instructions, and subject to regulatory requirements.

## Fees and Expenses

The following table lists the fees and expenses that you may have to pay if you invest in the Beutel Goodman Managed Funds. You may have to pay some of these fees and expenses directly. The Funds pay the other fees and expenses. This will reduce the value of your investment in a Fund.

**Management Fees:** We are entitled to a management fee from each class of each 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 each Fund below. Management fees for Class I units are negotiated and paid directly by the investor, not by the Fund, and, therefore, are not listed.

Fund	Class	Management Fees (%) <sup>(1)</sup>
American Equity Fund	B	1.85
American Equity Fund	D	1.25
American Equity Fund	F	0.90

(1) Excludes GST/HST where applicable.

We may reduce our management fee for certain large investors who have substantial holdings in units of a Fund. To accomplish this, we reduce the management fee we charge to the Fund and the Fund pays out the difference to these investors as a special distribution. This is called a management fee distribution. We calculate and accrue the reduction daily and distribute it quarterly. The distribution is reinvested on behalf of such unitholders in additional units of the same class of the Fund. Management fee reductions for a unitholder may be increased at any time, but may only be decreased after at least 60 days' prior written notice has been given to such unitholder.

We may waive our management fee in certain circumstances.

The Fund paid the Manager management fees, inclusive of HST and net of absorptions, a total of \$2,714,068 for the period ending June 30, 2018. The management fee for each class of unit is calculated as a percentage of its net asset value as of the close of business on each business day. The Fund's management fees were used by the Manager to pay costs for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services. The Manager also used the management fees to fund commission payments and other dealer compensation (collectively called "distribution-related costs") to registered dealers and brokers and financial consultants for units of the Fund bought and held by investors, which amounted to 26.55% of total management fees paid by the Fund to the Manager in 2017.

**Operating Expenses:** The Manager pays 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. In return, the Fund pays the Manager a fixed administration fee. The administration fee may vary by class of units and by Fund.

Please refer to the Financial Highlights section for the MERs of the classes of units.

## Commissions

Commissions paid to brokers for portfolio transactions were as follows:

Fund	June 2018	2017	2016
American Equity Fund	\$300,433	\$818,016	\$434,126

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## 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 for Class B Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	22.05	21.16	19.42	18.23	15.98	11.82
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.25	0.48	0.63	0.45	0.40	0.28
Total revenue	0.25	0.48	0.63	0.45	0.40	0.28
Total expenses	(0.27)	(0.56)	(0.52)	(0.54)	(0.49)	(0.24)
Realized gains (losses) for the period	0.74	2.37	1.42	1.80	2.30	0.73
Unrealized gains (losses) for the period	(1.06)	(0.08)	0.92	0.75	1.63	3.35
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.34)	2.21	2.45	2.46	3.84	4.12
<b>Distribution to holders of redeemable units per unit:</b>						
<b>Net interest income (excluding dividend)</b>	–	–	–	–	–	–
<b>Net dividend income</b>	–	–	0.14	–	0.01	0.20
<b>Net investment income</b>	–	–	0.14	–	0.01	0.20
<b>Realized gains on sale of investments</b>	–	1.66	0.61	1.48	1.46	0.18
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	–	1.66	0.75	1.48	1.47	0.38
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	21.72	22.05	21.16	19.42	18.23	15.98

### Ratios and Supplemental Data for Class B Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Total net asset attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	90,957	97,107	53,042	43,843	29,672	16,785
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	4,187	4,405	2,506	2,258	1,627	1,050
<b>Management expense ratio <sup>(6a)</sup></b>	2.17%	2.17%	2.17%	2.18%	2.14%	2.18%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	13%	37%	24%	39%	38%	24%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.04%	0.06%	0.05%	0.07%	0.08%	0.12%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	21.72	22.05	21.16	19.42	18.23	15.98

### Financial Highlights for Class D Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	15.24	14.56	13.35	12.52	10.95	8.06
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.17	0.33	0.43	0.31	0.27	0.19
Total revenue	0.17	0.33	0.43	0.31	0.27	0.19
Total expenses	(0.13)	(0.27)	(0.26)	(0.26)	(0.24)	(0.12)
Realized gains (losses) for the period	0.51	1.66	0.99	1.24	1.60	0.47
Unrealized gains (losses) for the period	(0.73)	0.03	0.67	0.53	1.06	2.45
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.18)	1.75	1.83	1.82	2.69	2.99
<b>Distribution to holders of redeemable units per unit:</b>						
<b>Net interest income (excluding dividend)</b>	–	–	–	–	–	–
<b>Net dividend income</b>	–	0.04	0.18	0.07	0.07	0.01
<b>Net investment income</b>	–	0.04	0.18	0.07	0.07	0.01
<b>Realized gains on sale of investments</b>	–	1.15	0.42	1.02	1.00	0.12
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	–	1.19	0.60	1.09	1.07	0.13
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	15.06	15.24	14.56	13.35	12.52	10.95

### Ratios and Supplemental Data for Class D Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Total net asset attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	141,628	156,798	128,919	106,897	76,674	46,462
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	9,403	10,291	8,853	8,009	6,126	4,243
<b>Management expense ratio <sup>(6a)</sup></b>	1.50%	1.50%	1.50%	1.50%	1.47%	1.47%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	13%	37%	24%	39%	38%	24%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.04%	0.06%	0.05%	0.07%	0.08%	0.12%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	15.06	15.24	14.56	13.35	12.52	10.95

# Beutel Goodman American Equity 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 for Class F Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	15.43	14.78	13.54	12.71	11.12	8.19
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.17	0.33	0.43	0.32	0.28	0.20
Total revenue	0.17	0.33	0.43	0.32	0.28	0.20
Total expenses	(0.11)	(0.23)	(0.22)	(0.21)	(0.20)	(0.10)
Realized gains (losses) for the period	0.53	1.68	1.01	1.21	1.63	0.60
Unrealized gains (losses) for the period	(0.74)	(0.09)	0.65	0.54	1.12	2.61
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.15)	1.69	1.87	1.86	2.83	3.31
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	–	–	–	–	–	–
Net dividend income	–	0.13	0.24	0.13	0.11	0.22
Net investment income	–	0.13	0.24	0.13	0.11	0.22
Realized gains on sale of investments	–	1.17	0.43	1.04	1.03	0.12
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	–	1.30	0.67	1.17	1.14	0.34
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	15.28	15.43	14.78	13.54	12.71	11.12

### Ratios and Supplemental Data for Class F Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Total net asset attributable to holders of redeemable units (\$)(000's) <sup>(5)</sup></b>	152,140	158,075	72,157	54,805	35,693	16,987
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	9,954	10,245	4,883	4,047	2,809	1,528
<b>Management expense ratio <sup>(6a)</sup></b>	1.10%	1.11%	1.10%	1.10%	1.10%	1.11%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	13%	37%	24%	39%	38%	24%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.04%	0.06%	0.05%	0.07%	0.08%	0.12%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	15.28	15.43	14.78	13.54	12.71	11.12

### Financial Highlights for Class I Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	16.62	15.88	14.53	13.62	11.89	8.71
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.19	0.36	0.47	0.34	0.30	0.21
Total revenue	0.19	0.36	0.47	0.34	0.30	0.21
Total expenses	(0.03)	(0.07)	(0.09)	(0.07)	(0.06)	(0.03)
Realized gains (losses) for the period	0.54	1.81	1.08	1.39	1.72	0.46
Unrealized gains (losses) for the period	(0.76)	0.07	0.74	0.62	1.11	2.84
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.06)	2.17	2.20	2.28	3.07	3.48
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	–	–	–	–	–	–
Net dividend income	–	0.28	0.39	0.28	0.22	0.27
Net investment income	–	0.28	0.39	0.28	0.22	0.27
Realized gains on sale of investments	–	1.27	0.46	1.13	1.11	0.13
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	–	1.55	0.85	1.41	1.33	0.40
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	16.54	16.62	15.88	14.53	13.62	11.89

### Ratios and Supplemental Data for Class I Units

(for the period ended June 30, 2018 and years ended December 31)

\$	June 2018	2017	2016	2015	2014	2013
<b>Total net asset attributable to holders of redeemable units (\$)(000's) <sup>(5)</sup></b>	979,572	984,877	787,418	675,737	531,249	402,763
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	59,211	59,275	49,576	46,502	38,993	33,860
<b>Management expense ratio <sup>(6a)</sup></b>	0.07%	0.07%	0.11%	0.11%	0.11%	0.11%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	0.11%	0.11%	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	13%	37%	24%	39%	38%	24%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.04%	0.06%	0.05%	0.07%	0.08%	0.12%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	16.54	16.62	15.88	14.53	13.62	11.89

# Beutel Goodman American Equity Fund

- (1) The information for each December 2017, 2016, 2015, 2014 and 2013 is derived from the Fund's annual audited financial statements prepared in accordance with IFRS. The information for June 2018 is derived from the Fund's unaudited statements prepared in accordance with IFRS.
- (2) Net assets attributable to holders of redeemable units per unit and distributions to holders of redeemable units per unit are based on the actual number of redeemable units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the weighted average number of redeemable units outstanding for the relevant class over the fiscal period.
- (3) Distributions were paid in cash or automatically reinvested in additional redeemable units of the Fund.
- (4) This is not a reconciliation of the beginning and ending net assets per redeemable unit.
- (5) This information is provided as at period end of the period shown.
- (6a) 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 net asset value during the period.
- (6b) The Manager may have absorbed some of the fund expenses. If this had occurred, the management fee ratio before any such absorption is listed. The Manager may terminate the absorption at any time, at its discretion. It is not known when such 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 purchases or sales divided by the average value of the portfolio securities of the fund 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.
- (9) For the period ended June 2018 and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, the information provided for processing unitholder transactions is consistent with the information provided for reporting purposes. The information for December 31, 2017, 2016, 2015, 2014 and 2013 is derived from the Fund's annual audited financial statements in accordance with IFRS. The information for June 2018 is derived from the Fund's unaudited financial statements in accordance with IFRS.

## Past Performance

The past performance of each class of units of a Fund, if the class has been in continuous existence and offered to the public for at least 12 months (at the date of this document), is explained under the Year-by-Year Returns heading found on the next page.

The performance returns in all cases:

- 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 redeemable 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.**

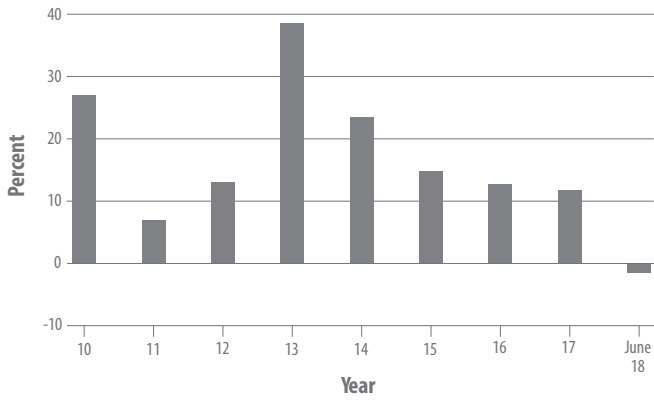
**Please remember that the past performance of the Fund is not an accurate prediction of future returns.**



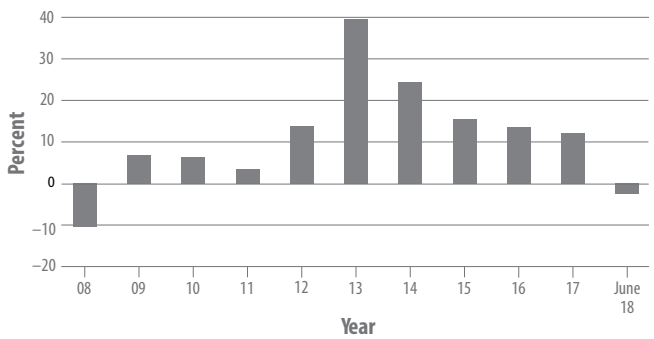
# Beutel Goodman American Equity Fund

## Year-by-Year Returns

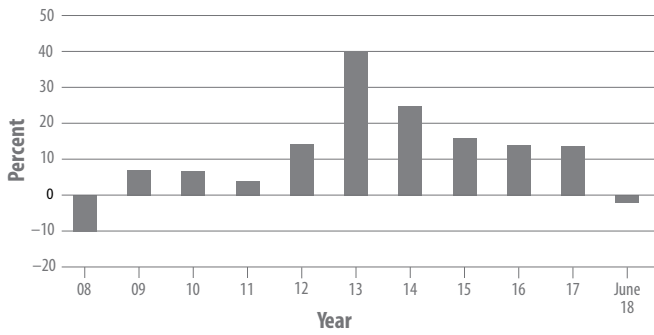
### Class B



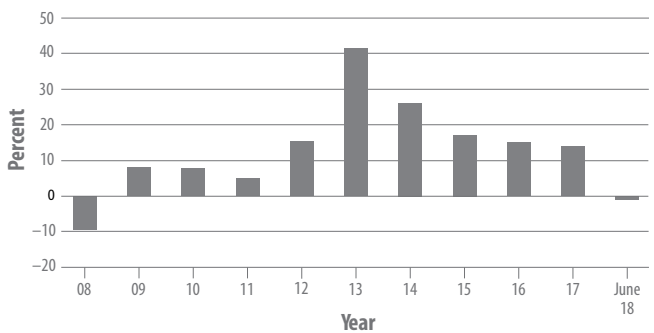
### Class D



### Class F



### Class I



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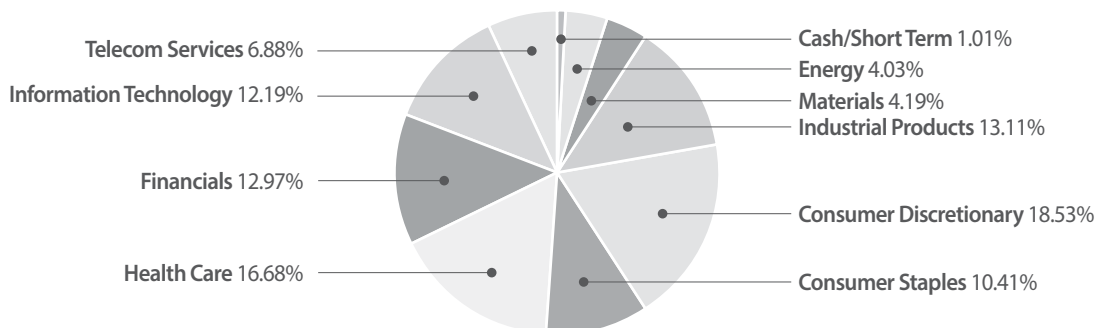
## Summary of Investment Portfolio

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	% of Net Assets	Issuer Name	% of Net Assets
1. Verizon Communications Inc.	6.88	14. Halliburton Co.	4.03
2. AutoZone Inc.	5.71	15. Ameriprise Financial Inc.	3.98
3. AmerisourceBergen Corp.	5.47	16. Comcast Corp.	3.54
4. Parker-Hannifin Corp.	5.24	17. Amgen Inc.	3.47
5. Eli Lilly & Co.	5.24	18. Campbell Soup Co.	3.02
6. Omnicom Group Inc.	5.23	19. Symantec Corp.	2.71
7. American Express Co.	5.23	20. Flowserve Corp.	2.31
8. Oracle Corp.	5.22	21. The Procter & Gamble Co.	2.17
9. Kellogg Co.	5.21	22. JPMorgan Chase & Co.	2.13
10. Ingersoll-Rand PLC	4.51	23. Wells Fargo & Co.	1.63
11. Amdocs Ltd.	4.25	24. Merck & Co Inc.	1.59
12. LyondellBasell Industries NV	4.19	25. Allegion PLC	1.06
13. Harley-Davidson Inc.	4.06		

### Asset Mix



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## Other Material Information

**Classes of Units:** Each of the Funds in the Beutel Goodman family of Funds issues Class B, Class D (formerly Class A), Class F and Class I units, with the exception of the Beutel Goodman Fundamental Canadian Equity Fund, Beutel Goodman Global Dividend Fund and Beutel Goodman Short Term Bond Fund, which issue only Class B, Class F and Class I units. Expenses of each class are tracked separately and a separate net asset is calculated for each class.

The Beutel Goodman American Equity Fund is available in 4 classes of units: Class B, Class D (formerly Class A), Class F and Class I.

Each Fund may issue an unlimited number of classes of units and may issue an unlimited number of units of each class. The different classes of units of a Fund represent an interest in the same portfolio investments of the Fund.

**Class B Units:** for retail investors investing a minimum of \$5,000 in a Fund through authorized third-party dealers;

**Class D\* Units:** for retail investors investing a minimum of \$5,000 in a Fund;

**Class F Units:** for investors investing a minimum of \$5,000 in a Fund, who are enrolled in a dealer-sponsored fee-for-service or wrap program (where various mutual funds are bundled together) who are subject to a periodic asset-based fee, rather than commissions on each transaction, or any other investors for whom we do not incur distribution costs; and

**Class I Units:** for investors who have invested a minimum of \$500,000 in a Fund and who have entered into an investment management agreement with us, and for our employees (or employees of our affiliates). At our discretion, we may waive the investment minimum.

\* Class A units distributed under prior simplified prospectuses have been renamed "Class D" units as of August 13, 2010.

## Additional Information

### Independent Review Committee

Beutel Goodman Managed Funds Inc., the former Manager of the Beutel Goodman Managed Funds, appointed an Independent Review Committee ("IRC") on May 1, 2007, for each of its public mutual Funds in accordance with the Canadian Securities Administrators' National Instrument 81-107. This Instrument has been designed to promote investor protection in mutual funds. Effective January 1, 2013, as the result of the amalgamation between Beutel Goodman Managed Funds Inc. and Beutel, Goodman & Company Ltd., Beutel, Goodman & Company Ltd. is the Manager of the Beutel Goodman Managed Funds. The IRC actively assumed its role and responsibilities on November 1, 2007. The IRC oversees conflict of interest matters that may arise out of the management of each of the Funds by providing its recommendations or approvals, as required, to the Manager on how these conflicts may be fairly resolved. The IRC for each of the Beutel Goodman Managed Funds consists of three industry professionals, none of whom have an interest in the Funds or Beutel, Goodman & Company Ltd. outside of their roles as members of the IRC. The IRC 2017 Report to Unitholders is available on the Beutel Goodman Managed Funds' website at [www.beutelgoodman.com](http://www.beutelgoodman.com) or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Company Ltd. at [mutualfunds@beutelgoodman.com](mailto:mutualfunds@beutelgoodman.com).



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