BEUTEL GOODMAN
Investment Counsel

Interim Management Report of Fund Performance

June 30, 2018

Beutel Goodman Balanced Fund

BEUTEL GOODMAN MANAGED FUNDS

Beutel Goodman **Balanced Fund**

This Interim Management Report of fund performance contains financial highlights but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual or interim financial statements at your request at no cost (contact details on this page) or by visiting our website at **www.beutelgoodman.com** or SEDAR at **www.sedar.com**.

Security holders may also request the investment fund's prospectus, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Beutel Goodman Managed Funds
20 Eglinton Avenue West,
Suite 2000, P.O. Box 2005
Toronto, Ontario M4R 1K8

Telephone: (416) 932-6403
Toll-free: 1-855-247-9954
Fax: (416) 485-8194

www.beutelgoodman.com

Beutel Goodman **Balanced Fund**

Management Discussion of Fund Performance

Investment Objectives and Strategies
This Fund invests in cash and cash equivalents, fixed-income securities and Canadian, U.S. and international equity securities.

The asset mix process is based upon the observation that over longer time years equities have historically generated higher nominal and real rates of return than fixed income assets. The asset mix of the Fund will normally fall within a range of 60% equity and 40% fixed income.

The Fund's advisor uses a value based approach to select equity investments which means the advisor looks for stocks that are undervalued in relation to the asset value or earnings power of the issuer. The Fund's fixed income portfolio is invested in a diversified group of Canadian government and Canadian corporate bonds.

The Fund may invest in derivatives and/or 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 wish to preserve and enhance accumulated capital with less volatility than an all equity portfolio, and higher growth potential than an all bond portfolio. This Fund is appropriate for investors with a low to medium tolerance for risk and a medium-term investment horizon.

Results of Operations
The Beutel Goodman Balanced Fund achieved a positive return in the six months ending June 30, 2018, but underperformed its blended performance benchmark on a relative basis. Underperformance in U.S. equities was the primary detractor over the period, while the fixed income, Canadian and international equity components added value.

The Bank of Canada hiked the overnight rate by 25 basis points in the first quarter and kept the overnight rate unchanged at 1.25% in the second quarter. The Bank believes that economic data is supportive of the Bank's outlook for growth of 2% in the first half of 2018. The Bank noted that while recent data point to some upside for the U.S. economy, ongoing uncertainty about trade policies is dampening global business investment and stresses are developing in some emerging market economies. Changes to the Bank's outlook statement were perceived as hawkish with the removal of the word "cautious" in its approach to removing stimulus, though the phrase was replaced by a "gradual approach" to policy adjustments, guided by incoming data. In particular, the Bank will continue to assess the economy's sensitivity to interest rate movements and the evolution of economic capacity. The Bank also removed the phrase "some monetary accommodation will still be needed to keep inflation on target". Some market analysts are interpreting the change to mean that the Bank is setting the stage for a rate hike in July as inflation is running above the Bank's 2% target.

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%.

Oil prices were volatile throughout the first half of the year. WTI traded as below $60 amid inventory reports and over $74 due to expectations of market undersupply resulting from production declines in Venezuela and the resumption of U.S. sanctions on Iran. An agreement by OPEC for modest output increases strengthened prices, as the market tried to balance itself between growing production in the U.S. and core OPEC countries, and declining production elsewhere in the world. Oil prices were further supported by the U.S.'s push for its allies to cut oil imports from Iran. At the end of the six month period, WTI was $74.15.

With respect to the Canadian equity component's outperformance, added value was mainly attributable to stock performance in the Energy and Consumer sectors. The Fund also benefitted from having a zero weight in Utilities, the worst performing sector in the index. Information Technology and Industrials were a source of weakness relative to the benchmark. The largest contributor to performance came from our holding in Nutrien in Materials. Nutrien announced the sale of a strategic stake in SQM "A" shares at a premium to market, which will be utilized for debt reduction and share buy-backs and also benefitted from an index rebalance in the U.S., as Monsanto was delisted after being acquired by Bayer. In Consumer Staples, Metro was a strong contributor, as the business continues to perform well. The acquisition of Jean Coutu closed in May, with only modest divestitures requested by the Competition Bureau. Across the rest of the portfolio, gains in TD Bank, Magna, Cameco and Canadian Natural Resources made strong contributions to performance. The largest negative contribution to performance was from Bank of Nova Scotia in the Financials sector. Bank of Nova Scotia announced a large acquisition in the second quarter with equity financing that impacted the share price.

The U.S equity component's underperformance for the quarter 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.

Beutel Goodman **Balanced Fund**

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.

The international equity component outperformed the EAFE Index over the period. Positive effects from a large underweight in Financials outweighed the detraction from an overweight in Telecommunications. The Financials sector was the strongest positive contributor over the period, with Deutsche Boerse and DBS as strong contributors. DBS rallied on strong results and a special dividend announcement. Deutsche Boerse was trimmed after hitting its target and the remainder of the position was sold on risk reward. In Consumer Staples, Kao and FamilyMart were lead contributors, while Carlsberg and Unilever also outperformed. In Energy, TGS-Nopec posted a very strong return on the back of its results and was the lead contributor over the period. These positive effects were slightly offset by negative selection in Industrials and Materials. In Industrials, GEA and IMI detracted on disappointing results. Weak results continued to weigh on GEA's stock price, despite news that both the CEO and CFO would be replaced, mostly due to pressure from activists and other investors. In Materials, HeidelbergCement posted results which were softer than expectations, and weakness continued later in the period, following its Capital Markets Day, in which it gave what some considered to be a muted longer-term forecast.

For the six month period ending June 30, 2018, the FTSE TMX Canada Universe Bond Index increased by 0.61% on a total return basis. The Corporate and Federal sectors outperformed the Index, returning 0.70% and 0.67% respectively. The Provincial sector underperformed the Index, returning 0.49%.

The fixed income component outperformed the FTSE TMX Canada Bond Universe Index for the period. Government security selection added value, mainly attributable to our overweight position in the western provinces of Alberta and BC, which outperformed their eastern counterparts (mainly Ontario and Quebec). A short duration position added value as interest rates across the curve rose over the period. In addition, the Fund benefitted from the relative outperformance of corporates, both versus provincials, as well as the Fund's corporates versus other corporate sectors.

Relative to its stated investment objectives and strategies, the Balanced Fund maintained its quality and diversification standards, and stayed within the limits of its allowable exposures to each underlying asset class. The overall asset mix reflects the Fund manager's view that equities will outperform fixed income.

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.

With respect to fixed income, the path of interest rates in the near term will likely be determined by the pace and magnitude of the withdrawal of monetary policy stimulus by the major central banks. This withdrawal is repricing yield curves and leading global interest rates higher. Additionally, central bank tightening has flattened the yield curve as moves in the administered rates are felt more in the short-end of the curve. Both the Bank of Canada and the U.S. Federal Reserve 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 following the strong conditions in the labour markets and the underlying economies. The portfolio manager expects that the U.S. Federal Reserve will likely hike two more times this year and The Bank of Canada most likely once, possibly twice. The Bank of Canada is likely to keep its overnight rate 50 basis points lower than that of the U.S. Federal Reserve in an effort to dampen any appreciation of the Canadian dollar. As we are late in this economic cycle, the bond markets will naturally start looking towards predicting the next recession. The yield curve generally moves from flat to inverted to then steep as expectations shift. Key in this analysis is determination of the terminal rate, the rate at which the central bank stops tightening. The portfolio manager believes that the next recession will be caused not by a bubble bursting such as the great financial crisis, but that it will be a more "normal" recession caused mostly by the central banks overtightening, thereby squeezing economic growth.

While Canadian growth is expected to moderate after a robust 2017, it will likely be held up by a strong U.S. economy and by relatively robust and stable crude oil prices. While there is no doubt that the Canadian economy is currently running at full capacity, there are a few areas of concern for the economic forecast. As the Bank of Canada has repeatedly warned, consumer indebtedness is at very high levels. While a slowdown in the housing market will likely not lead to a rash of foreclosures in Canada as it did in the U.S., it will likely constrain consumer spending as mortgage payments take up a greater share of the consumers' wallet. The portfolio manager's base case is for the continuation of trends of relatively strong growth, steadily increasing inflation and gradual central bank tightening. However, the outbreak of a global trade war has entered into the most likely outcome. The portfolio manager believes that NAFTA will not be abrogated outright, but negotiations will slow and be dragged out with the backdrop of elections in Mexico and the U.S. A tit-for-tat trade war, however, is a real risk to markets, especially as we do not believe that the risk is being fully priced in. A full on trade war will likely lead to a decline in growth, supply chain disruptions, declines in business and consumer confidence, inflation, and a lower Canadian dollar. While this base case provides a constructive backdrop for credit spreads, the portfolio manager is mindful of the overall tightness of spreads currently, as credit metrics are deteriorating and leverage is creeping up, and of the potential harm to certain sectors from a trade war.

Beutel Goodman **Balanced Fund**

The fixed income component is positioned short duration versus the benchmark. The portfolio manager believes that as central banks have adjusted their biases to removing monetary policy stimulus, both through hiking interest rates and tapering QE and balance sheets, interest rates will likely increase in accordance. The Canadian bond market has fully priced in a full tightening cycle by the Bank of Canada, in line with our expectations, so there are no opportunities for rates to increase significantly in the short-end of the curve. The Fund is positioned for the yield curve to continue to flatten, as is reflective of tightening cycles. The Fund is overweight corporate bonds and is maintaining a defensive and safe haven positioning. The Fund is underweight Government of Canada bonds and is slightly underweight provincial bonds.

With respect to equities, the current backdrop has been one of uncertainty due to heightened global trade tensions. In the potential event that a trade war escalates further and is sustained, 80 years of trade liberalization and efficiency gains could be lost, tariffs could increase considerably and trade could decline. Extreme protectionism would result in economic losses as global trade slows. To date, the situation is fluid, with plenty of uncertainty, fueling fears in the market.

The portfolio manager's bottom-up, stock-specific process identifies valuation opportunities in companies with resilient business models. Downside protection is ingrained in the process and mitigates risk, as stocks trading at a premium to business value are sold. When a tangible risk causes a material change in the fundamentals of a business, the portfolio manager's process requires a full review of the position. Owning a diversified group of high quality companies gives confidence in the ability to capture upside potential and protect from downside risks.

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 (%)[1]
Balanced Fund	B	1.75
Balanced Fund	D	1.00
Balanced Fund	F	0.85

(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 $1,934,138 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 32.03% 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
Balanced Fund	$1,311,205	$2,038,628	$1,488,313

Beutel Goodman **Balanced 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 B Units

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

$	June 2018	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	12.61	12.12	11.50	11.66	11.39	10.32
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.06	0.11	0.10	0.12	0.13	0.12
Total Dividend Revenue	0.14	0.22	0.25	0.22	0.23	0.19
Total revenue	0.20	0.33	0.35	0.34	0.36	0.31
Total expenses	(0.14)	(0.28)	(0.26)	(0.33)	(0.34)	(0.19)
Realized gains (losses) for the period	0.43	0.61	0.45	0.39	0.58	0.47
Unrealized gains (losses) for the period	(0.39)	0.40	0.44	(0.17)	0.13	1.16
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.10	1.06	0.98	0.23	0.73	1.75
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.02	0.03	0.03	0.07	0.10	0.13
Net dividend income	0.05	0.07	0.09	0.04	0.05	0.06
Net investment income	0.07	0.10	0.12	0.11	0.15	0.19
Realized gains on sale of investments	–	0.51	0.19	0.36	0.40	0.28
Total distribution to holders of redeemable units (3)	0.07	0.61	0.31	0.47	0.55	0.47
Net assets attributable to holders of redeemable units, end of period (4)	12.62	12.61	12.12	11.50	11.66	11.39

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
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	21.09	20.22	19.15	19.38	18.89	16.97
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.10	0.18	0.17	0.19	0.21	0.19
Total Dividend Revenue	0.23	0.38	0.42	0.38	0.39	0.32
Total revenue	0.33	0.56	0.59	0.57	0.60	0.51
Total expenses	(0.14)	(0.28)	(0.26)	(0.32)	(0.33)	(0.19)
Realized gains (losses) for the period	0.72	1.02	0.74	0.67	0.94	0.72
Unrealized gains (losses) for the period	(0.68)	0.69	0.67	(0.36)	0.20	1.83
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.23	1.99	1.74	0.56	1.41	2.87
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.06	0.09	0.08	0.20	0.24	0.23
Net dividend income	0.13	0.19	0.25	0.11	0.11	0.11
Net investment income	0.19	0.28	0.33	0.31	0.35	0.34
Realized gains on sale of investments	–	0.86	0.32	0.59	0.66	0.47
Total distribution to holders of redeemable units (3)	0.19	1.14	0.65	0.90	1.01	0.81
Net assets attributable to holders of redeemable units, end of period (4)	21.12	21.09	20.22	19.15	19.38	18.89

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
Total net asset attributable to holders of redeemable units ($) (000's) (5)	71,941	60,575	28,230	21,294	14,244	6,147
Number of outstanding redeemable units (000's) (5)	5,701	4,803	2,329	1,852	1,222	540
Management expense ratio (6a)	2.04%	2.02%	2.03%	2.03%	1.99%	2.01%
Management expense ratio before absorptions (6b)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	60%	105%	76%	61%	61%	51%
Trading expense ratio (%) (8)	0.06%	0.05%	0.04%	0.06%	0.08%	0.09%
Net assets attributable to holders of redeemable units, end of period (9)	12.62	12.61	12.12	11.50	11.66	11.39

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
Total net asset attributable to holders of redeemable units ($) (000's) (5)	216,718	203,151	166,136	143,296	112,436	65,963
Number of outstanding redeemable units (000's) (5)	10,261	9,631	8,216	7,482	5,801	3,492
Management expense ratio (6a)	1.20%	1.20%	1.20%	1.20%	1.20%	1.21%
Management expense ratio before absorptions (6b)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	60%	105%	76%	61%	61%	51%
Trading expense ratio (%) (8)	0.06%	0.05%	0.04%	0.06%	0.08%	0.09%
Net assets attributable to holders of redeemable units, end of period (9)	21.12	21.09	20.22	19.15	19.38	18.89

Beutel Goodman **Balanced 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
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	12.80	12.30	11.67	11.83	11.54	10.39
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.06	0.11	0.10	0.12	0.13	0.12
Total Dividend Revenue	0.14	0.23	0.25	0.23	0.24	0.18
Total revenue	0.20	0.34	0.35	0.35	0.37	0.30
Total expenses	(0.08)	(0.16)	(0.15)	(0.18)	(0.19)	(0.10)
Realized gains (losses) for the period	0.44	0.62	0.47	0.38	0.57	0.52
Unrealized gains (losses) for the period	(0.40)	0.33	0.45	(0.29)	0.04	1.32
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.16	1.13	1.12	0.26	0.79	2.04
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.04	0.07	0.06	0.14	0.17	0.16
Net dividend income	0.09	0.15	0.17	0.08	0.08	0.07
Net investment income	0.13	0.22	0.23	0.22	0.25	0.23
Realized gains on sale of investments	–	0.52	0.20	0.36	0.40	0.28
Total distribution to holders of redeemable units (3)	0.13	0.74	0.43	0.58	0.65	0.51
Net assets attributable to holders of redeemable units, end of period (4)	12.81	12.80	12.30	11.67	11.83	11.54

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
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	21.95	21.05	19.95	20.21	19.69	17.71
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.10	0.19	0.17	0.20	0.22	0.20
Total Dividend Revenue	0.24	0.39	0.44	0.40	0.41	0.34
Total revenue	0.34	0.58	0.61	0.60	0.63	0.54
Total expenses	(0.03)	(0.05)	(0.05)	(0.04)	(0.06)	(0.03)
Realized gains (losses) for the period	0.76	1.06	0.76	0.73	0.99	0.72
Unrealized gains (losses) for the period	(0.73)	0.74	0.66	(0.35)	0.25	1.83
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.34	2.33	1.98	0.94	1.81	3.06
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.10	0.17	0.15	0.36	0.40	0.38
Net dividend income	0.22	0.37	0.43	0.20	0.19	0.18
Net investment income	0.32	0.54	0.58	0.56	0.59	0.56
Realized gains on sale of investments	–	0.90	0.34	0.62	0.69	0.49
Total distribution to holders of redeemable units (3)	0.32	1.44	0.92	1.18	1.28	1.05
Net assets attributable to holders of redeemable units, end of period (4)	21.98	21.95	21.05	19.95	20.21	19.69

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
Total net asset attributable to holders of redeemable units ($) (000's) (5)	47,316	37,294	11,148	7,335	4,334	1,638
Number of outstanding redeemable units (000's) (5)	3,693	2,913	906	629	366	142
Management expense ratio (6a)	1.05%	1.05%	1.06%	1.05%	1.04%	1.07%
Management expense ratio before absorptions (6b)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	60%	105%	76%	61%	61%	51%
Trading expense ratio (%) (8)	0.06%	0.05%	0.04%	0.06%	0.08%	0.09%
Net assets attributable to holders of redeemable units, end of period (9)	12.81	12.80	12.30	11.67	11.83	11.54

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
Total net asset attributable to holders of redeemable units ($) (000's) (5)	3,905,730	3,890,752	3,498,150	3,424,755	3,356,090	3,209,050
Number of outstanding redeemable units (000's) (5)	177,679	177,219	166,146	171,628	166,077	162,921
Management expense ratio (6a)	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
Management expense ratio before absorptions (6b)	0.11%	0.11%	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	60%	105%	76%	61%	61%	51%
Trading expense ratio (%) (8)	0.06%	0.05%	0.04%	0.06%	0.08%	0.09%
Net assets attributable to holders of redeemable units, end of period (9)	21.98	21.95	21.05	19.95	20.21	19.69

Beutel Goodman **Balanced 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 in 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:

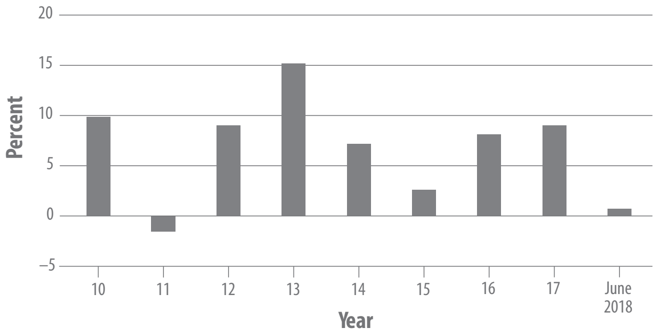
- are calculated as of **December 31** in each year and for the **first 6 months** of the current year;
- assume **all distributions** made by the Fund **are reinvested** to purchase additional redeemable units; and
- show the returns of the particular class of the Fund after any applicable management 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.

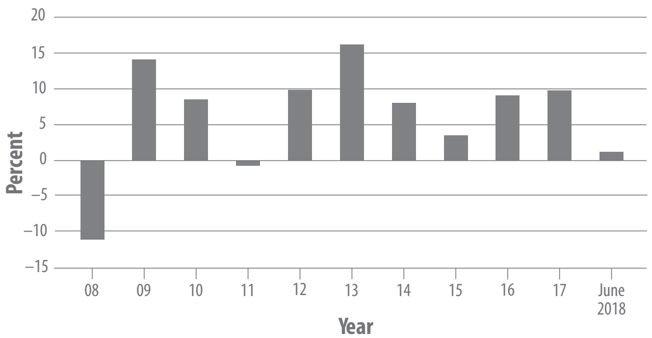
Beutel Goodman **Balanced Fund**

Year-by-Year Returns

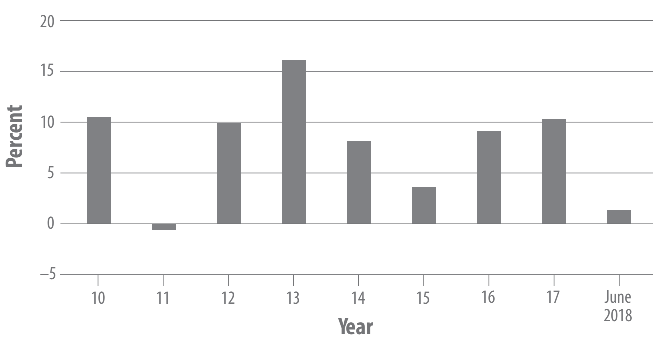
Class B



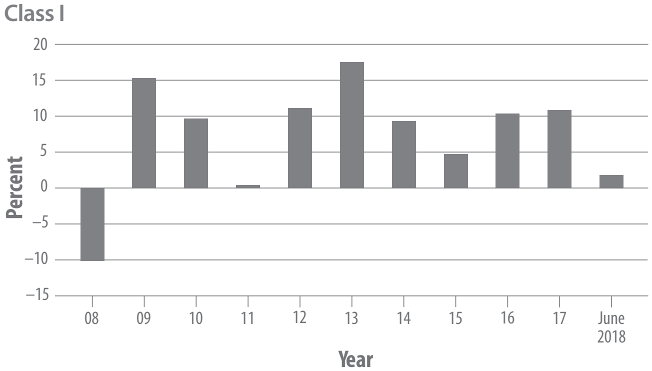
Class D



Class F



Class I



Beutel Goodman **Balanced Fund**

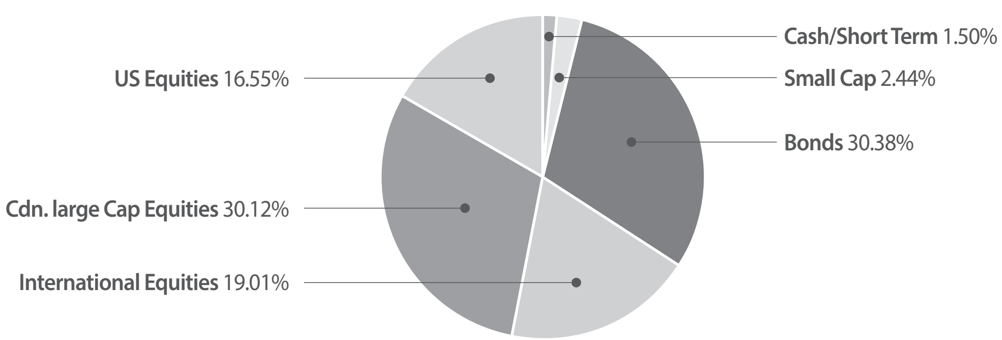
Summary of Investment Portfolio

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.	Royal Bank of Canada			2.98
2.	The Toronto-Dominion Bank			2.96
3.	Rogers Communications Inc., Class B			2.16
4.	Canadian Government Bond	2.750%	1-Dec-48	1.83
5.	Magna International Inc.			1.61
6.	Bank of Nova Scotia			1.50
7.	Nutrien Ltd.			1.49
8.	Brookfield Asset Management Inc.			1.46
9.	Metro Inc., Class A			1.37
10.	Canadian Natural Resources Ltd.			1.36
11.	Province of Ontario	2.900%	2-Jun-28	1.26
12.	Verizon Communications Inc.			1.15
13.	Province of Ontario	2.600%	2-Jun-25	1.09
14.	Canadian National Railway Co.			1.07
15.	Canadian Tire Corp Ltd., Class A			1.05
16.	Bank of Montreal			1.02
17.	Province of Alberta	2.900%	1-Dec-28	0.97
18.	AutoZone Inc.			0.95
19.	Province of Quebec	2.750%	1-Sep-28	0.94
20.	The Toronto-Dominion Bank	2.045%	8-Mar-21	0.94
21.	Canadian Government Bond	2.000%	1-Jun-28	0.92
22.	AmerisourceBergen Corp.			0.91
23.	American Express Co.			0.87
24.	Eli Lilly & Co.			0.87
25.	Kellogg Co.			0.87

Asset Mix



Beutel Goodman **Balanced Fund**

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 Balanced 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 or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Company Ltd. at mutualfunds@beutelgoodman.com.

Beutel Goodman
Investment Counsel

Beutel, Goodman & Company Ltd.
20 Eglinton Avenue West, Suite 2000
P.O. Box 2005, Toronto, Ontario
M4R 1K8

Telephone: (416) 932-6403
Toll-free: 1-855-247-9954
Fax: (416) 485-8194

E-mail: mutualfunds@beutelgoodman.com

www.beutelgoodman.com