



Interim Management Report of Fund Performance

June 30, 2018

Beutel Goodman Money Market Fund

Beutel Goodman **Money Market 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

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Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to maintain a high level of liquidity by investing in high quality Canadian money market instruments such as treasury bills, short-term government and corporate securities and deposit receipts of Canadian chartered banks and trust companies having a term to maturity not exceeding one year.

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 seeking a high degree of liquidity and interest income, with a low tolerance for risk and a short-term investment horizon.

Results of Operations

Money market yields increased over the period. 91-day T-Bill yields started the period yielding 1.06% at December 31, 2017 and finished at 1.26% at June 30, 2018.

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%.

The Beutel Goodman Money Market Fund saw its yield increase over the semi-annual period from 1.28% to 1.59% at June 30, 2018. As at the beginning of the period, the average term remained at 52 days at end of June, and is shorter than its benchmark, the FTSE TMX Canada 91-Day Treasury Bills. The quality of the Fund has remained consistent and only contains securities rated A or R1 (Low) or higher from at least two of S&P, Moody's, DBRS or Fitch.

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

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

Recent Developments

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

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. At the end of the period, our expectation was that the U.S. Federal Reserve will likely hike two more times this year and The Bank of Canada most likely once, possibly twice. In July 2018, the Bank of Canada increased the overnight rate by 25 basis points. 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. We believe 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.

In the near-term, the outlook for U.S. growth remains strong amidst the backdrop of tax reform, regulatory relief and federal fiscal spending. The U.S. economy is operating close to full capacity and the unemployment rate is well through its natural rate. In addition to the upbeat economic environment, other factors that are supportive of higher interest rates include the repatriation of offshore profits, and the Federal Reserve balance sheet unwind. 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. Our 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 our most likely outcome. We

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believe 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 our base case provides a constructive backdrop for credit spreads, we are 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.

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⁾
Money Market Fund	D	0.50
Money Market Fund	F	0.40

(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 \$68,237 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 31.96% 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.

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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 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⁾	10.00	10.00	10.00	10.00	10.00	10.00
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.07	0.09	0.08	0.09	0.12	0.11
Total expenses	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.06	0.07	0.06	0.07	0.10	0.09
Distribution to holders of redeemable units per unit:						
Net interest income	0.07	0.07	0.06	0.07	0.10	0.10
Realized gains on sale of investments	—	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	0.07	0.07	0.06	0.07	0.10	0.10
Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾	10.00	10.00	10.00	10.00	10.00	10.00

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⁾	22,442	21,905	26,765	24,065	20,881	20,328
Number of outstanding redeemable units (000's) ⁽⁵⁾	2,244	2,190	2,676	2,406	2,088	2,033
Management expense ratio ^(6a)	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
Management expense ratio before absorptions ^(6b)	0.67%	0.67%	N/A	N/A	N/A	N/A
Net assets attributable to holders of redeemable units, end of period ⁽⁷⁾	10.00	10.00	10.00	10.00	10.00	10.00

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⁾	10.00	10.00	10.00	10.00	10.00	10.00
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.07	0.10	0.08	0.09	0.12	0.11
Total expenses	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.06	0.08	0.06	0.07	0.10	0.09
Distribution to holders of redeemable units per unit:						
Net interest income	0.07	0.07	0.06	0.07	0.10	0.10
Realized gains on sale of investments	—	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	0.07	0.07	0.06	0.07	0.10	0.10
Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾	10.00	10.00	10.00	10.00	10.00	10.00

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⁾	3,182	3,516	97	114	135	82
Number of outstanding redeemable units (000's) ⁽⁵⁾	318	352	10	11	14	8
Management expense ratio ^(6a)	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%
Management expense ratio before absorptions ^(6b)	0.57%	0.57%	N/A	N/A	N/A	N/A
Net assets attributable to holders of redeemable units, end of period ⁽⁷⁾	10.00	10.00	10.00	10.00	10.00	10.00

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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 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⁾	10.00	10.00	10.00	10.00	10.00	10.00
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.07	0.09	0.08	0.09	0.13	0.12
Total expenses	—	—	—	—	(0.01)	(0.01)
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.07	0.09	0.08	0.09	0.12	0.11
Distribution to holders of redeemable units per unit:						
Net interest income	0.08	0.09	0.08	0.09	0.12	0.11
Realized gains on sale of investments	—	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	0.08	0.09	0.08	0.09	0.12	0.11
Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾	10.00	10.00	10.00	10.00	10.00	10.00

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⁾	165,604	197,697	309,074	40,625	37,031	43,051
Number of outstanding redeemable units (000's) ⁽⁵⁾	16,560	19,768	30,907	4,062	3,703	4,305
Management expense ratio ^(6a)	0.02%	0.02%	0.02%	0.04%	0.06%	0.11%
Management expense ratio before absorptions ^(6b)	0.11%	0.11%	N/A	N/A	N/A	N/A
Net assets attributable to holders of redeemable units, end of period ⁽⁷⁾	10.00	10.00	10.00	10.00	10.00	10.00

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- (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) 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:

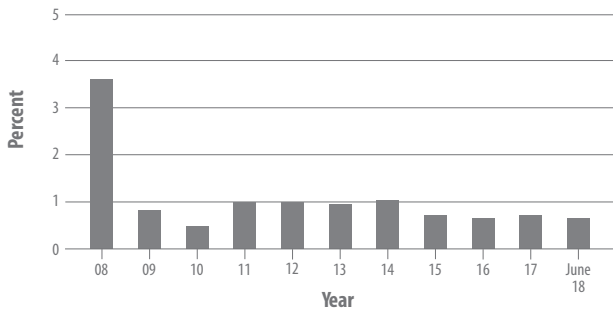
- are calculated as of **December 31** in each year and for the **first 6 months** of the current year;
- assume **all distributions** made by the Fund are **reinvested** to purchase additional redeemable units; and
- show the returns of the particular class of the Fund after any applicable management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

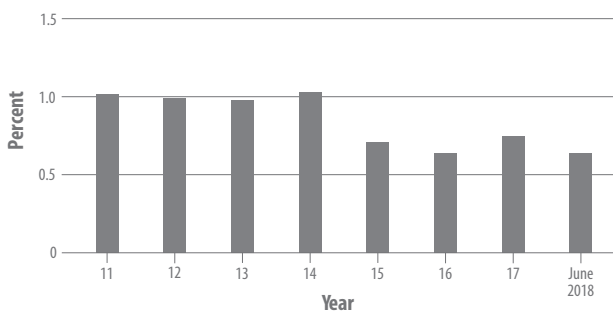
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Year-by-Year Returns

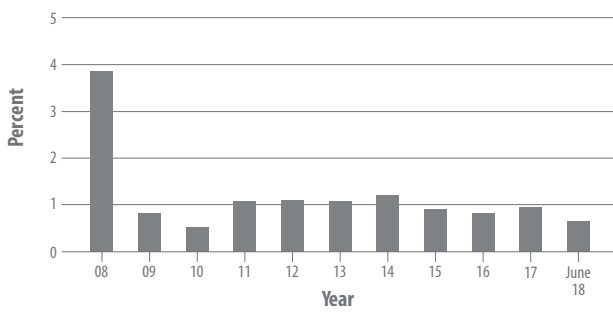
Class D



Class F



Class I



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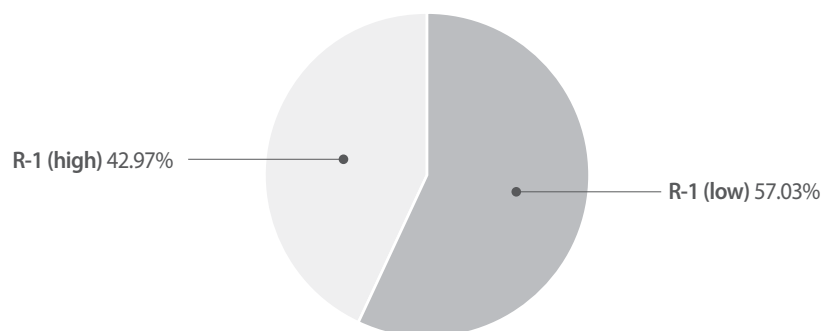
Summary of Investment Portfolio

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.

Summary of Top Holdings

Issuer Name	Coupon Rate	Maturity Date	% of Net Assets	Issuer Name	Coupon Rate	Maturity Date	% of Net Assets
1. Canadian Imperial Bank of Commerce	1.610%	31-Aug-18	9.38	8. Bank of Nova Scotia	1.590%	31-Aug-18	7.81
2. Toronto-Dominion Bank	1.621%	13-Sep-18	9.37	9. Firstbank	1.600%	28-Aug-18	7.81
3. Inter Pipeline Inc.	1.741%	7-Aug-18	9.37	10. Royal Bank of Canada	1.629%	3-Aug-18	7.81
4. TransCanada Pipelines Ltd.	1.740%	18-Sep-18	9.37	11. Greater Toronto Airports Authority	1.678%	13-Jul-18	7.81
5. AltaLink LP	1.731%	29-Aug-18	8.27	12. Énergir Inc.	1.599%	1-Aug-18	2.35
6. Enbridge Pipelines Inc.	1.781%	6-Jul-18	7.84	13. Government of Canada	1.205%	20-Sep-18	1.45
7. Hydro One Inc.	1.599%	30-Aug-18	7.82	14. Government of Canada	1.253%	4-Oct-18	1.19

Quality Mix



Beutel Goodman Money Market 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 Money Market Fund is available in 3 classes of units: 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 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.



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