Beutel Goodman American Equity Fund

TOP 10 HOLDINGS (%)

AMERICAN EXPRESS CO	6.5
VERIZON COMMUNICATIONS	6.5
PARKER HANNIFIN CORP	6.3
ORACLE CORP	5.8
INGERSOLL-RAND PLC	5.7
AUTOZONE INC	5.4
AMDOCS LTD	5.2
AMERISOURCE-BERGEN	5.1
AMERIPRISE FINANCIAL	5.1
ELI LILLY & CO	5.0

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**S&P 500 C$**	
Industrials	14.6	10.2	4.4
Telecom	6.5	2.2	4.3
Financials	17.1	14.6	2.4
Materials	4.5	3.0	1.5
Consumer S.	9.7	8.2	1.5
Health Care	15.5	14.5	1.0
Consumer D.	10.3	11.8	-1.5
Energy	3.6	6.1	-2.5
Real Estate	0.0	3.0	-3.0
Utilities	0.0	3.1	-3.1
Info. Tech.	16.2	23.2	-7.0
Cash	2.1		

PERFORMANCE % (ANNUALIZED) TO SEPTEMBER 30, 2017

BG AMERICAN EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	0.04	16.79	16.81	16.37	19.85	21.71	12.12
S&P 500 INDEX C$	0.61	13.04	13.04	14.92	18.63	19.83	9.90
MANAGEMENT EFFECT	**-0.57**	**3.75**	**3.77**	**1.45**	**1.22**	**1.88**	**2.22**

PERFORMANCE % (ANNUAL) TO SEPTEMBER 30TH

BG AMERICAN EQUITY FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	16.79	16.82	15.51	30.92	29.45
S&P 500 INDEX C$	13.04	13.04	18.77	30.48	24.78
MANAGEMENT EFFECT	**3.75**	**3.78**	**-3.26**	**0.44**	**4.67**

INVESTMENT STRATEGY

The Fund seeks long-term enhancement of capital primarily through investments in common stocks and other equity securities of American issuers. The number of stocks held is between 25-50.

INVESTMENT RESULTS

The Beutel Goodman American equity portfolio underperformed the S&P500 C$ Index in the third quarter, but continued to outperform the benchmark on a year to date basis. The Index finished the quarter at all-time highs, primarily driven by the Information Technology and, to a lesser extent, the Energy and Materials sectors. The strong Index returns have most likely been fueled by optimism from the improving economic sentiment and the Trump administration's proposed tax plan. It is yet to be seen whether the tax policy will succeed.

During the third quarter, the U.S. Federal Reserve kept the Federal Funds rate unchanged at a target range of 1-1.25%. In line with market expectations, the Federal Reserve announced that its balance sheet normalization program will commence in October. The Fed believes that near-term risks to the economic outlook appear roughly balanced, but the Committee is monitoring inflation developments closely. The Fed mostly stuck to its cautious language concerning the pace of future rate hikes. The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the Federal Funds rate and that the rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. The Fed maintained its data dependent bent, stating that the actual path of the Federal Funds rate will depend on the economic outlook, as informed by the incoming data. Similar to the Bank of Canada, the Federal Reserve is closely watching economic data in setting the path of its tightening cycle.

The Fund's underperformance for the quarter was primarily due to stock selection. The main detractors for the quarter included AmerisourceBergen in Health Care, Omnicom Group in Consumer Discretionary and Kellogg in Consumer Staples. Further underperformance came from Oracle in Information Technology and Ingersoll-Rand in the Industrials sector. The Financials, Materials and Telecommunication Services sectors provided areas of relative outperformance, the majority being from stock selection. Our Financials holdings, Ameriprise Financial and American Express, provided significant alpha, while LyondellBasell was a positive contributor in the Materials sector. In Telecommunication Services, our high conviction weight in Verizon was a positive contributor. Both Teradyne and Symantec in Information Technology contributed with strong returns. Parker Hannifin, while detracting in the second quarter, was a notable contributor in the third quarter.

Sector weighting effects were neutral for the quarter. The negative effect was primarily due to our underweight in Information Technology, which led the gains in the Index for the quarter. Our underweight in Energy and slight overweight in Consumer Staples also detracted from performance. The largest benefit from sector allocation came from our underweight in Consumer Discretionary, with our overweight positioning in Telecommunications also adding to performance.

PORTFOLIO STRATEGY & ACTIVITY

No new positions were added to the portfolio in the third quarter, although we continued to build positions in newer names **AutoZone** and **Omnicom** and add to **Kellogg** and **AmerisourceBergen** on valuation considerations.

Also during the quarter, a process driven one-third sale in **Baxter** reduced the weight in this name, which continues to be held. **Oracle, Teradyne** and **Ingersoll-Rand** were trimmed on strength.

OUTLOOK

This continues to be a market driven mainly by forces outside of pure bottom up fundamentals. Politics on tax reform potential, macro discussions on Fed tightening timelines on interest rates and global security issues have driven the discussion, but have had what looks to be a very minimal if any impact on stock market performance. The stock market is marching to its own beat, and as the TV market pundits would say, it seems like the machines have taken over.

Given the relatively slow but steady economic recovery thus far, share price returns have run far ahead of revenue growth, leaving the outperformance to be driven by significant margin expansion and/or valuation multiple expansion. Finding new opportunities that meet our high hurdle rate remains a challenge, but has gotten easier as of late. While there are still large swathes of the market that we currently find too expensive relative to fundamental values, we are starting to see wider dispersions in share price performance that are leading to some potential opportunities for the fund down the road. Stocks that face near term headwinds have tended to deviate further from their intrinsic values, while richer multiple "can't miss" stocks have tended to garner even richer multiples. The list of potential great franchises that meet our high and strict investment guidelines and return thresholds is growing. For the first time in over a year, we will likely be adding more stocks than subtracting in the near future.

Given recent portfolio actions, our sector weights shifted slightly in the quarter. Due to the trimming of our holding in Teradyne on valuation, our exposure to the Information Technology sector decreased slightly in the quarter, and we are now further underweight the sector. The addition to our weights in Omnicom and Autozone, as we continued to build up these newer investments, has greatly increased our Consumer Discretionary weighting – from 0% at the end of last year to over 10% currently. Our sector weights continue to reflect bottom-up fundamentals, rather than specific investment calls on sectors.

Disclosure Notes

Investment returns are expressed in Canadian dollars unless otherwise noted, gross of investment management fees and net of operating expenses for Beutel Goodman funds. Returns are time weighted and annualized for periods greater than one year. Client returns may vary due to cash flow timing and client-specific constraints.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit values and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The I class units of the Short Term Bond Fund were not offered under a prospectus for the period since performance inception to October 4, 2010 (the prospectus start date). The I class units of the Global Dividend Fund were not offered under a prospectus for the period since performance inception to September 14, 2010 (the prospectus start date). Please see the related product profiles for the inception dates of these funds. The I class units of the Global Equity Fund were not offered under a prospectus for the period since its 1995 performance inception to July 6, 2011 (the prospectus start date). Performance for each of these Funds is combined to include both of these periods. The expenses of these Funds would have been higher during these periods had these Funds been subject to additional regulatory requirements applicable to a fund whose units are offered under a prospectus.

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