Beutel Goodman **Canadian Dividend Fund**

BEUTEL GOODMAN Investment Counsel

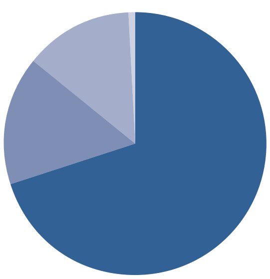
Top 10 Holdings (%)

TORONTO DOMINION BK	9.70
ROYAL BANK CDA	9.40
BANK OF NOVA SCOTIA	7.00
SUN LIFE FNCL INC	5.10
VERIZON COMMUNICATIONS	4.80
ROGERS COMMUNICATIONS	4.70
L'AIR LIQUIDE	4.70
POWER FINANCIAL CORP	4.60
NUTRIEN LTD	4.40
MAGNA INTL INC	4.20

Sector Weights vs Benchmark

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**S&P/TSX**	
Health Care	8.42	1.20	7.2
Consumer S.	10.24	3.60	6.6
Financials	40.44	34.79	5.7
Telecom	9.56	4.58	5.0
Consumer D.	9.96	5.50	4.5
Utilities	1.92	3.73	-1.8
Materials	9.04	11.52	-2.5
Real Estate	0.00	3.04	-3.0
Info. Tech.	0.00	3.79	-3.8
Industrials	4.37	9.71	-5.3
Energy	5.62	18.54	-12.9
Cash	0.71		
Currency Forward	-0.31		

Asset Mix



Performance % (ANNUALIZED) to March 31, 2018

BG Canadian Dividend Fund	Current Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Portfolio	-2.83	4.05	12.03	8.51	9.09	11.72	9.45
S&P/TSX Index	-4.52	1.71	9.84	4.07	4.78	6.93	4.47
Management Effect	**1.69**	**2.34**	**2.19**	**4.44**	**4.31**	**4.79**	**4.98**

Performance % (ANNUAL) to March 31, 2018

BG Canadian Dividend Fund	2018	2017	2016	2015	2014
Total Portfolio	4.05	20.63	1.80	10.84	22.90
S&P/TSX Index	1.71	18.62	-6.57	6.93	15.97
Management Effect	**2.34**	**2.01**	**8.37**	**3.91**	**6.93**

Investment Strategy

The Fund's objective is to achieve a balance between high dividend income and capital growth by investing mainly in a diversified portfolio of blue-chip Canadian common stocks and in high-yield preferred stocks and interest-bearing securities. The Fund may also invest in foreign issues.

Market Overview

After hitting all-time highs in January, following strong economic reports across the globe, the S&P/TSX Composite had a difficult first quarter, ending with a total return of -4.5%. A global selloff in February was the low point in the quarter after interest rate and inflation fears drove profit taking in equities. The index recovered somewhat from its lows, but remained volatile in March as a potential trade war between the U.S. and China worried markets. In addition, weakness in the U.S. tech sector after Facebook's data privacy issue and possible regulations on social media firms weighed on markets. The S&P/TSX Composite continues to reflect concerns surrounding NAFTA negotiations, increased protectionism and weak Canadian oil prices.

Global growth may be showing initial signs of slowing, despite the International Monetary Fund (IMF) raising its global growth forecast for 2018 and 2019 to 3.9% (up from 3.7%) in January. Canada's Q4 2017 annualized GDP growth of 1.7% decelerated from that seen in the first half of 2017. Steady global GDP improvement throughout 2017 has moderated so far in 2018, as evidenced by recent preliminary PMIs for Europe and Japan. Euro-area economic sentiment, although at 3 year highs, has begun to fall due to tariff talk from the U.S., political issues in Germany, and Brexit concerns.

The Fund outperformed the S&P/TSX Composite for the first quarter of 2018 due to strong stock selection effects.

Energy added the most value during the quarter, due to both positive stock selection and weighting effects. Cenovus and Canadian Natural Resources declined for the quarter due to wide heavy oil differentials. Although tightening, the differential remains higher than average due to capacity constraints and a lack of locomotive availability. A lack of exposure to Enbridge added to relative outperformance, as it declined over 16% over the period.

Consumer Discretionary also added relative value during the quarter. Omnicom was the top contributor to performance within the sector, gaining 3.5% in Canadian dollar terms, as the entire group benefitted following better results from industry peers, Publicis and Interpublic. Magna was also a contributor. Canadian Tire continued to outperform after a strong 2017, with all three retail banners posting good comparative same-store-sales growth.

In Financials, stock selection was strong. Sun Life Financial was the top contributor in the sector, reporting strong quarterly results, benefitting from strength in the U.S. business. TD Bank outperformed the sector following a solid quarterly results announcement. Power Financial was the largest detractor during the quarter, declining 6.6%. Royal Bank of Canada and CIBC detracted from performance, the latter due to concerns around their greater than average exposure to Canadian retail.

The Telecommunications Services sector detracted, driven by stock selection effects. Despite being a top contributor to performance in 2017, and after a good Q4 and positive 2018 guidance, Rogers was weak in the quarter due to concerns over heightened competition from Shaw, lack of a dividend increase and general profit taking on the name.

Industrials was an area of relative underperformance in the portfolio, primarily due to stock selection effects. Parker Hannifin performed well last year, but the stock participated more than others in the market correction, despite fundamentals remaining strong. Finning felt some pressure due to perceived risks following President Trump's proposed tariff announcements.

USD currency hedging detracted from performance for the quarter.

At the end of the quarter, the yield on the portfolio was 3.4% versus a yield for the S&P/TSX Composite of 3.1%.

Portfolio Strategy and Activity

In the first quarter of 2018 we initiated a new position in **GlaxoSmithKline** (GSK). GSK is one of the largest pharmaceutical companies in the world, with a long history of creating innovative medicines across many therapeutic areas. GSK has solid margins, low capex intensity, strong free cash flow generation, and high return on invested capital. The business mix is also highly diversified on a geographic basis, with strong presence in all major markets.

We increased our holding in **Metro,** as the stock offered an attractive upside. To fund our purchases, we trimmed **Parker-Hannifin, Verizon** and **Unilever**. We also eliminated our holding in **Thomson Reuters**.

Outlook

The weak Canadian equity market narrative continues: performance significantly lags other major market returns around the world primarily due to poor Energy sector returns. The implication is that the Bank of Canada will stay cautious, diverging from the Fed, which is on a path to raise rates as the economic outlook strengthens. Most central banks outside of North America remain accommodative, although the Bank of England has suggested a possible rate hike in May.

Uncertainties surrounding NAFTA negotiations, tariff and protectionist measures, in addition to signs of slowing growth and weak Canadian oil prices appear to be discounted, and current Canadian valuations are attractive. In fact, multiple compression outweighed reasonably positive earnings revisions for the S&P/TSX Composite during the quarter, while the valuation discount versus the S&P500 is currently quite large. With the global macro-economic backdrop remaining supportive and robust earnings results from our holdings, we remain confident in our portfolio positioning.

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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