

Beutel Goodman Global Dividend Fund

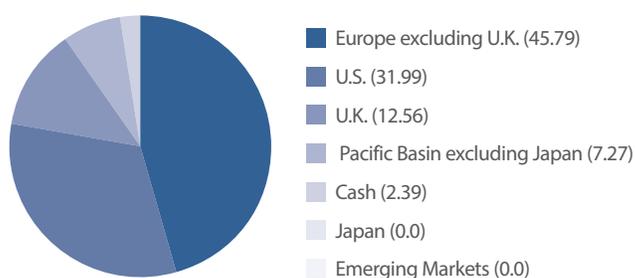
Top 10 Holdings (%)

LYONDELLBASELL	5.70
CALTEX AUSTRALIA	5.00
VERIZON COMMUNICATIONS	4.80
ATEA ASA	4.80
VODAFONE GROUP	4.60
IMI	4.20
OMNICOM GROUP INC	4.10
KON KPN NV	4.10
KELLOGG CO	4.10
CAMPBELL SOUP CO	4.00

Sector Weights vs Benchmark

Sector	SECTOR WEIGHTS (%)		UNDERWEIGHT/OVERWEIGHT %
	BG	MSCI World C\$	
Telecom	16.04	2.77	13.3
Materials	15.68	5.25	10.4
Industrials	15.79	11.62	4.2
Energy	8.66	6.32	2.3
Consumer S.	11.18	9.04	2.2
Consumer D.	10.23	12.26	-2.0
Utilities	0.00	2.97	-3.0
Real Estate	0.00	3.11	-3.1
Health Care	7.25	11.76	-4.5
Financials	7.98	18.10	-10.1
Info. Tech.	4.79	16.80	-12.0
Cash	2.39		

Regional Weights (%)



Performance % (ANNUALIZED) to December 31, 2017

BG Global Dividend Fund	Current Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Portfolio	4.78	19.24	14.98	14.59	10.95	13.52	8.37
MSCI World Index C\$	5.70	14.15	9.12	12.08	12.67	16.89	7.55
Management Effect	-0.92	5.09	5.86	2.51	-1.72	-3.38	0.82

Performance % (ANNUAL) to December 31, 2017

BG Global Dividend Fund	2017	2016	2015	2014	2013
Total Portfolio	19.24	10.87	13.81	0.70	24.43
MSCI World Index C\$	14.15	4.29	18.27	14.46	35.42
Management Effect	5.09	6.58	-4.46	-13.76	-10.99

Investment Strategy

The Fund is a global equity portfolio whose primary objective is to provide investors with a high and growing level of dividend income, combined with lower long-term volatility. The companies selected have an attractive return potential relative to downside risk and have the potential to provide a growing stream of dividend income and capital appreciation.

Investment Results

The Beutel Goodman global dividend portfolio posted a positive return for the fourth quarter, but underperformed the MSCI World C\$ Index. In the index, the Information Technology, Materials and Consumer Discretionary sectors led returns, while defensive sectors Telecommunications, Health Care and Utilities lagged. On a regional basis, the Pacific region led returns, with both Japan and Australia posting strong performance. The U.S. and UK also outperformed over the period, while Europe ex-UK underperformed.

Global growth appears both robust and broad based. The latest Euro area manufacturing PMI was reported at the highest level it has been since inception, driven by stronger global demand. Although low, inflation in the region has shown signs of upward movement. Growth forecasts by the ECB for the area have been increased to 2.4% and 2.3% for 2017 and 2018 respectively. As well, the UK economy is showing solid expansion, despite Brexit concerns. Japan's economic outlook also continues to strengthen, with Q3 GDP expanding by 2.5%.

During the fourth quarter, the U.S. Federal Reserve hiked the Federal Funds rate by 25 basis points to a target range of 1.25-1.5%. The Fed believes that the labour market has continued to strengthen and that economic activity has been rising at a solid rate. Inflation remains a thorn in the central bank's side, as the Fed noted that on a 12-month basis, both overall inflation and inflation ex-food and energy have declined and are running below 2%.

The portfolio underperformed in the quarter due to both sector allocation and stock selection. With respect to sector allocation, positive effects from an overweight in Materials, underweight in Health Care and lack of exposure to Utilities were more than offset by negative effects from an overweight in Telecommunications and underweight in Information Technology.

In terms of stock selection, the largest detraction came from Consumer Discretionary. Michelin underperformed, giving back some of its very strong prior period performance. Newer holding Omnicom underperformed the sector over the period as well.

Stock selection in Industrials was negative, as underperformance from Smiths Group following its results more than offset the modest IMI rally, which pushed higher related to the positive sentiment for its end-market exposures.

Materials was a source of underperformance, as strong performance from LyondellBasell was not enough to offset the weakness from Akzo Nobel, Air Liquide, and BASF, which lagged the strong mining rally.

Our two holdings within Energy both underperformed the oil-led rally, as neither Caltex nor TGS-NOPEC benefit directly from changes in the oil price.

Offsetting some of the negative selection effects were positive effects from selection in Financials and Telecommunications. In Financials, DBS drove the majority of the outperformance as investors gained comfort that the oil and gas loan issues are behind them. In Telecommunications, strong returns from Vodafone and Verizon more than offset poor performance from Telefonica Deutschland, which gave back a sizeable portion of its year-to-date outperformance.

Portfolio Strategy & Activity

In Q4 2017 the global dividend portfolio initiated two new positions: **Campbell Soup** and **Harley-Davidson**. Contrary to the name, Campbell Soup owns many food brands other than soup, although soup drives about 1/3 of sales for the company. Harley-Davidson is focused on being the best motorcycle company in the world. The company sells about 260,000 bikes a year, with 4 manufacturing plants in the U.S. and several assembly plants overseas, and boasts a 50% market share in the U.S.

The portfolio added to its newer investments in **Caltex**, **Omnicom** and **Smiths Group**, as these newer positions continue to offer very attractive return opportunities. We also added to our position in **Vodafone** in the quarter.

During the quarter, a process driven one-third sale was completed in **DBS Group**. **Telefonica Deutschland** was trimmed and we exited positions in **Deutsche Boerse** and **Kao Corporation** on risk/reward considerations.

Outlook

Global equity markets rallied strongly in the year of 2017 and reached multi-year highs across many countries. The surprisingly synchronized global economic growth was the key reason behind the strong market movements. While no major economies are expected to grow at a particularly fast speed, all of them continue to show positive signs of improving growth momentum. In the U.S., the much anticipated tax reform seems within reach and may further strengthen business and investment confidence. In Europe, domestic consumption and construction show strong potential to catch up, after the EU political environment improved through the last two years. In Japan, inflation has finally showed up as a result of the record high employment and rekindled hope of triggering a new business investment cycle. China looks poised to return to the growth path the government charted out after its recent policy meetings. Even the Brexit-troubled UK has maintained a decent GDP growth outlook. Overall, global growth is likely to be robust and broad-based in 2018.

On the other hand, monetary policy and financial conditions are expected to get tighter, as central banks in developed countries are turning away from their quantitative easing programs and entering a tapering phase. It's unpredictable whether the tapering process will have a visible impact on the real economy or the equity markets in the near term, however, the long term impact is even less clear.

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.

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