

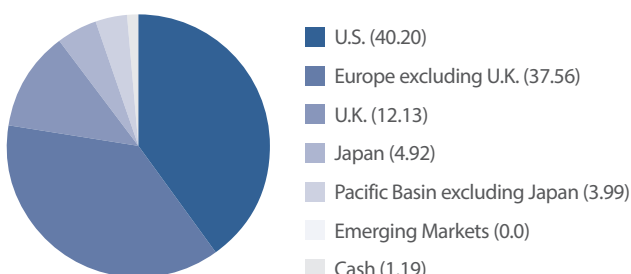
Top 10 Holdings (%)

KELLOGG CO	3.40
KAO CORP	3.30
AMERISOURCE-BERGEN	3.30
SOFTWARE AG	3.10
MERCK KGAA	3.00
VODAFONE GROUP	3.00
LUXOTTICA GROUP	3.00
GEA GROUP AG	2.90
ROCHE HLDGS AG	2.90
AUTOZONE INC	2.90

Sector Weights vs Benchmark

Sector	SECTOR WEIGHTS (%)		UNDERWEIGHT/OVERWEIGHT %
	BG	MSCI World C\$	
Telecom	11.70	2.66	9.0
Consumer S.	13.25	8.67	4.6
Materials	9.13	5.08	4.1
Health Care	14.96	11.72	3.2
Consumer D.	14.51	12.66	1.9
Industrials	10.70	11.64	-0.9
Energy	4.15	6.06	-1.9
Utilities	0.00	2.96	-3.0
Real Estate	0.00	3.01	-3.0
Info. Tech.	11.71	17.61	-5.9
Financials	8.71	17.93	-9.2
Cash	1.19		

Regional Weights (%)



Performance % (ANNUALIZED) to March 31, 2018

BG Global Equity Fund	Current Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Portfolio	-0.97	8.88	16.80	9.65	10.45	14.20	8.74
MSCI World Index C\$	1.58	9.86	13.80	8.54	11.68	15.05	8.32
Management Effect	-2.55	-0.99	3.01	1.11	-1.23	-0.85	0.42

Performance % (ANNUAL) to March 31, 2018

BG Global Equity Fund	2018	2017	2016	2015	2014
Total Portfolio	8.88	25.31	-3.37	12.88	30.54
MSCI World Index C\$	9.86	17.89	-1.26	21.65	29.58
Management Effect	-0.98	7.42	-2.11	-8.77	0.96

Investment Strategy

The Fund seeks long-term enhancement of capital primarily through investments in common stocks and other equity securities outside of Canada. The number of stocks held is between 40-70.

Investment Results

The Beutel Goodman global equity portfolio underperformed the MSCI World C\$ Index in the first quarter. Within the index, the Information Technology and Consumer Discretionary sectors led returns, while Telecommunications, Energy and Consumer Staples lagged. On a regional basis, Japan outperformed, followed by the U.S. and Europe ex-UK, while the UK and the Pacific region ex-Japan underperformed.

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% in January, up from 3.7%. 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.

During the first quarter, the U.S. Federal Reserve hiked the Federal Funds rate by 25 basis points, to a target range of 1.5-1.75%. This was new Fed Chair Jerome Powell's first meeting and it did not represent a significant change versus the Janet Yellen Federal Reserve. The Fed believes that the labour market has continued to strengthen and that economic activity has been rising at a moderate rate.

The portfolio slightly underperformed in the quarter due to both sector allocation and stock selection. Sector allocation effects were negative, primarily due to an overweight position in Telecommunications and an underweight position in Information Technology.

In terms of stock selection, the largest detractors over the period were in our Industrials holdings. GEA and IMI both detracted with disappointing results, and Parker Hannifin declined after strong gains in 2017.

Selection in Consumer Discretionary detracted, in spite of positive contributions from Luxottica, Omnicom and Michelin, as newer positions Harley-Davidson and WPP underperformed on negative sentiment, the latter also hurt by sluggish growth numbers. AutoZone also underperformed after reporting results that disappointed market expectations of higher same-store sales growth due to the harsh winter.

These negative effects were slightly offset by positive stock selection in Consumer Staples. Kao and Henkel were the clear lead contributors, while Carlsberg also outperformed.

Portfolio Strategy and Activity

In Q1 2018 the global equity portfolio initiated one new position. NTT Docomo is a pure-play wireless service operator in Japan. The company, which is the market leader with a market share of 46%, has a big lead on its competitors in rolling out an LTE-network. The company trades for less than book value and offers a dividend yield that is at a record spread to a typical income proxy.

In addition, the portfolio added to its newer investments in Harley-Davidson, WPP plc, and Caltex and took the opportunity to add to American Express and Ameriprise Financial at attractive valuations.

In order to fund these additions and the aforementioned new holding, we initiated a process driven trim in Atea, and trimmed our positions in Air Liquide, AutoZone, Julius Baer, Kao and LyondellBasell on risk/reward considerations.

There were no full sales during the quarter.

Outlook

After hitting record highs in 2017, global markets have seen a broad based correction in the first quarter of 2018. The downturn didn't come as a huge surprise, as valuations were starting to look stretched in some of the more speculative areas of the market.

The economic data points were largely as expected in Q1. Strong employment and low inflation rates were the highlights across most major economies. The U.S. Federal Reserve is set on a path to raising short-term interest rates throughout 2018. With major central banks around the world echoing that message (though likely differing in execution), a picture of global monetary tightening has formed quickly. Fixed income markets have responded quickly. Equity markets have as well.

In the U.S., the market dynamic that has been in place for years has changed. The "buy any dip" mentality, given ultra-low volatility, an improving economic backdrop globally, high liquidity, and still very low interest rate levels, is not the main playbook anymore. Volatility has increased, and we have taken a few hits to the psyche in terms of the perfect economic backdrop (via trade war threats and challenges to "can't miss" business models for tech giants like Facebook and, very late in the quarter, Amazon). That said, the movie ending is still the same. Growth and momentum stocks continued to hold or gain their strength, while value stocks continued to trap investors. The gap between the S&P 500 or Nasdaq index performance for the last 12-months versus the Russell 1000 Value Index clearly shows that.

High quality business models and company-specific catalysts factor into attractive risk/reward profiles and, importantly, downside protection. The portfolio continues to incorporate a high concentration of companies with under-levered balance sheets and managements that are well aligned with shareholders, which we expect will continue to lead to positive corporate actions like share buy-backs, dividend increases and value-enhancing deals.

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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