

Beutel Goodman Global Equity Fund

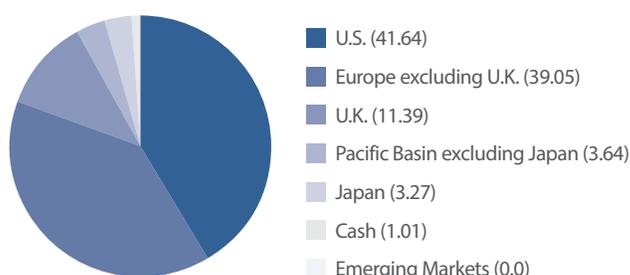
Top 10 Holdings (%)

AUTOZONE INC	3.50
KELLOGG CO	3.40
AMERISOURCE-BERGEN	3.40
VODAFONE GROUP	3.30
KAO CORP	3.30
MERCK KGAA	3.30
GEA GROUP AG	3.20
SOFTWARE AG	3.20
ROCHE HLDGS AG	3.10
KON KPN NV	3.10

Sector Weights vs Benchmark

Sector	SECTOR WEIGHTS (%)		UNDERWEIGHT/OVERWEIGHT %
	BG	MSCI World C\$	
Telecom	11.05	2.77	8.3
Materials	9.71	5.25	4.5
Consumer S.	13.13	9.04	4.1
Health Care	15.08	11.76	3.3
Consumer D.	14.31	12.26	2.0
Industrials	11.41	11.62	-0.2
Energy	4.09	6.32	-2.2
Utilities	0.00	2.97	-3.0
Real Estate	0.00	3.11	-3.1
Info. Tech.	11.78	16.80	-5.0
Financials	8.42	18.10	-9.7
Cash	1.01		

Regional Weights (%)



Performance % (ANNUALIZED) to December 31, 2017

BG Global Equity Fund	Current Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Portfolio	5.94	20.25	14.65	14.29	12.45	16.25	8.64
MSCI World Index C\$	5.70	14.15	9.12	12.08	12.67	16.89	7.55
Management Effect	0.24	6.10	5.53	2.21	-0.22	-0.64	1.09

Performance % (ANNUAL) to December 31, 2017

BG Global Equity Fund	2017	2016	2015	2014	2013
Total Portfolio	20.25	9.30	13.59	7.09	32.80
MSCI World Index C\$	14.15	4.29	18.27	14.46	35.42
Management Effect	6.10	5.01	-4.68	-7.37	-2.62

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 posted a positive return for the fourth quarter and outperformed 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 quarter, Shinzo Abe was re-elected as Prime Minister of Japan with a supermajority, which propelled the Japanese market higher due to his favourable view on continued stimulus.

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 slightly outperformed in the quarter due to stock selection. Sector allocation effects were slightly negative, with positive effects from an overweight in Materials and lack of exposure to Utilities offset by negative effects from an overweight in Telecommunications.

In terms of stock selection, the strongest contribution came from Financials. U.S. Financials holdings contributed significantly, with all three hitting their targets over the period. Selection was positive in Telecommunications, with strong returns from Vodafone and Verizon, which more than offset poor performance from Telefonica Deutschland.

The Consumer Staples sector was also a positive contributor to stock selection. Kao posted very strong returns, while Carlsberg also contributed nicely. Our holding in Kellogg also outperformed over the period.

These positive selection effects were slightly offset by negative stock selection in Information Technology. Oracle was weak following disappointing results and Symantec declined after reporting results and lowering forward guidance.

Portfolio Strategy & Activity

In Q4 2017 the global portfolio initiated three new positions: Campbell Soup, Harley-Davidson and WPP. 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.

WPP is one of the world's largest advertising agencies. The company helps large corporations and organizations with creating brand, planning and executing advertising campaigns, as well as managing public relations.

The portfolio added to its newer investments in AmerisourceBergen, Omnicom, and Caltex, as these newer positions continue to offer very attractive return opportunities. We also added to Akzo Nobel, Kellogg, Luxottica Group, and Merck KGaA. The quarter was very busy for process-driven trims, which saw the fund trim American Express, Ameriprise Financial and DBS Group. AutoZone, Kao and Konecranes were trimmed on strength during the quarter.

We sold the balance of our holdings in JPMorgan, Richemont, Deutsche Boerse, Symantec and Norsk Hydro, all of which we felt offered less upside.

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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