

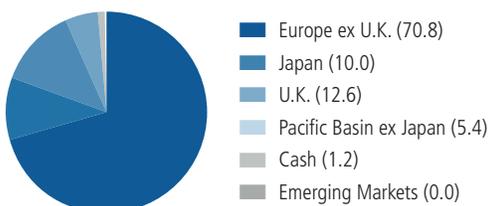
▶ TOP 10 HOLDINGS (%)

MERCK KGAA	4.3
MICHELIN(CGDE)	4.2
KAO CORP	4.0
CARLSBERG AS	3.8
GEA GROUP AG	3.7
TELEFONICA DEUTSCH	3.5
HENKEL AG&CO. KGAA	3.5
KON KPN NV	3.5
BASF SE	3.5
ATEA ASA	3.4

▶ SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)	UNDERWEIGHT/OVERWEIGHT %		
Sector	BG	MSCI EAFE C\$	
Materials	15.7	7.9	7.9
Telecom	11.7	4.1	7.7
Consumer S.	15.4	11.2	4.2
Info. Tech.	8.2	6.3	1.9
Energy	5.3	5.1	0.3
Health Care	9.8	10.6	-0.7
Industrials	12.0	14.4	-2.4
Utilities	0.0	3.3	-3.3
Real Estate	0.0	3.5	-3.5
Consumer D.	7.5	12.2	-4.7
Financials	13.0	21.5	-8.4
Cash	1.2		

▶ REGIONAL WEIGHTS (%)



▶ PERFORMANCE % (ANNUALIZED) TO SEPTEMBER 30, 2017

BG INTERNATIONAL EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	1.18	18.00	12.50	10.08	9.16	10.89	3.20
MSCI EAFE INDEX C\$	1.50	13.49	8.81	8.92	10.08	13.70	3.66
MANAGEMENT EFFECT	-0.33	4.51	3.69	1.15	-0.91	-2.81	-0.46

▶ PERFORMANCE % (ANNUAL) TO SEPTEMBER 30TH

BG INTERNATIONAL EQUITY FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	18.00	7.25	5.39	6.48	18.09
MSCI EAFE INDEX C\$	13.49	4.31	9.15	13.61	29.41
MANAGEMENT EFFECT	4.51	2.94	-3.76	-7.13	-11.32

▶ INVESTMENT STRATEGY

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

▶ INVESTMENT RESULTS

The Beutel Goodman international equity portfolio posted a positive result for the third quarter, slightly behind the MSCI EAFE C\$ Index, which was also positive. Energy was the best performing sector in the index, followed by strong participation from Materials and Information Technology. Consumer Staples, Health Care, and Telecommunications were the more notable laggards.

Encouraging economic news from China continues. Second quarter 2017 growth of 6.9% year-over-year was announced and provided positive sentiment for global markets.

The international equity portfolio underperformed the EAFE Index with positive stock selection outweighed by negative sector selection as the benefit from our overweight in Materials was more than offset by the weakness from our overweights in Telecommunications and Consumer Staples.

In terms of stock selection, the strongest contribution came from the Telecommunications sector. Weakness in NTT Docomo and Vodafone was more than offset by a very strong showing from Telefonica Deutschland, as well as good results from KPN.

The Materials sector was the second largest contributor to stock selection, although most of this came from Norsk Hydro, our best performing stock in the period. BASF also contributed. On the other hand, HeidelbergCement and Akzo Nobel both underperformed the sector's return.

The Energy sector had mixed results, with a very strong showing from TGS-Nopec which chased oil higher, offset somewhat by a weak result from Caltex, one of our new investments in the quarter.

Resona and Deutsche Boerse were the main culprits in weak stock selection within Financials, as the former followed the sector lower, while the latter was hit with poor investor sentiment. Julius Baer offset this somewhat on results that showed healthy asset growth as well as margin expansion.

Health Care was a source of underperformance as Smith & Nephew's good showing was not enough to offset weakness from Merck KGaA, which lagged due to the results in its Performance Materials segment, as well as a muted Investor Day towards the end of the quarter.

Stock selection was quite weak within Information Technology. Atea lagged after posting results that included a very weak showing from Denmark. The company has initiated a cost-out initiative and is confident that Denmark will be stabilized before year end. Spectris was also weak after disappointing with weaker than expected margins.

▶ PORTFOLIO STRATEGY & ACTIVITY

In the third quarter of 2017, the international equity portfolio initiated three new positions:

Based in the United Kingdom, **Smiths Group** is a diversified industrial conglomerate with leading niche positions in infusion pumps used in healthcare settings, high performance seals used in chemical plants and refineries, and sensors and software used to detect threats from explosives, weapons, and chemicals at airports and other high risk areas. Smiths Group offers a fairly defensive mix of high-recurring revenue businesses with attractive margins, while the stock itself trades at a highly appealing multiple.

Roche is widely recognized as one of the strongest and most innovative pharmaceutical companies in the world. Given the quality of the franchise and below-average valuation, Roche offers a very attractive risk-reward proposition.

As the supplier of close to one-third of Australian transport fuel, **Caltex** is well positioned to leverage the strong and stable cash flows of its supply business to reinvest into the leading retail footprint of service stations, while returning the majority of free cash flow to shareholders.

We only added to one position during the quarter, Healthcare company **Smith & Nephew**, which was new to the portfolio last quarter. To fund our new positions and the aforementioned addition, we sold the balance of our position in **Bayer** due to our disappointment with management's pursuit of Monsanto and the detrimental impact to the balance sheet. We also performed a small trim on **Merck KGaA**, given the larger position size. Additional funds were created from process-driven trims in **Konecranes** and **Richemont**.

▶ OUTLOOK

Since the start of 2017, global economic growth has steadily improved and consistently run slightly ahead of market expectations. By now, most economists are expecting global GDP growth to reach 3% in 2017 and continue to grow at that pace in 2018. What surprised the market was that almost all the major economies, both in developed and emerging countries, have recovered to a synchronised growth, albeit at a slowish level. Europe and Japan continue to deliver positive surprises. China has steadied its growth trajectory and added to the business confidence of the broad region of Asia Pacific. Inflation, showing signs of picking up across many markets, is still at a low level globally. Seeing the economic strength, more central banks are moving towards an uncharted path of normalization after the unprecedented massive quantitative easing. Yet, the actual tightening, especially from the ECB and the BoJ, won't happen for some time.

In short, we are looking at a steady global growth environment with a few small pockets of weakness. The overall market valuations don't look that exciting, but we are finding a good number of stocks that have been completely mispriced and steadily refreshing the portfolio with these sustainably high cash generative businesses. We feel comfortable that this portfolio will do well in a global growth environment, while the strong balance sheets and relative valuations of the investments will help protect the downside.

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.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any

such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

FTSE TMX Global Debt Capital Markets Inc ("FTDCM"), FTSE International Limited ("FTSE"), the London Stock Exchange Group companies (the "Exchange") or TSX INC. ("TSX" and together with FTDCM, FTSE and the Exchange, the "Licensor Parties"). The Licensor Parties make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the relevant Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSEDCM and all copyright in the Index values and constituent lists vests in FTDCM. The Licensor Parties shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Licensor Parties shall not be under any obligation to advise any person of any error therein. "TMX" is a trade mark of TSX Inc. and is used under licence. "FTSE®" is a trade mark of the FTSE International Limited and is used by FTDCM under licence".

The index information contained in this document has been obtained from sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such.

This document does not constitute an offer to buy or sell any securities, products or services and should not be construed as specific investment advice. All opinions and estimates expressed in this document are as of the time of its publication and are subject to change. No use of the Beutel Goodman name or any information contained in this report may be copied or redistributed without the prior written approval of Beutel, Goodman & Company Ltd.