



Annual Management Report of Fund Performance

December 31, 2017

Beutel Goodman Money Market Fund

Beutel Goodman **Money Market Fund**

This Annual Management Report of fund performance contains financial highlights but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual or interim financial statements at your request at no cost (contact details on this page) or by visiting our website at www.beutelgoodman.com or SEDAR at www.sedar.com.

Security holders may also request the investment fund's prospectus, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Beutel Goodman Managed Funds

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Beutel Goodman Money Market Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to maintain a high level of liquidity by investing in high quality Canadian money market instruments such as treasury bills, short-term government and corporate securities and deposit receipts of Canadian chartered banks and trust companies having a term to maturity not exceeding one year.

The fundamental investment objective of the Fund cannot be changed without the approval of a majority of the investors who own units in the Fund.

Risk

The risks of investing in this Fund remain as discussed in the Prospectus.

This Fund continues to be suitable for investors seeking a high degree of liquidity and interest income, with a low tolerance for risk and a short-term investment horizon.

Results of Operations

Money market yields increased over the annual period. 91-day T-Bill yields started the period yielding 0.45% at the end of 2016 and finished at 1.06% as of December 31, 2017.

During 2017, yields in Canada and the U.S. increased across the curve by 47 and 17 basis points, respectively. As central banks tightened monetary policy and the U.S. Federal Reserve started to unwind its balance sheet, markets took their cue more from economic data than from central bank extraordinary stimulus. Global growth was buoyant, global PMIs trended higher, the Canadian and U.S. labour markets were robust, and consumer spending was resilient. The one piece of economic data that continued to disappoint was the lack of wage growth and inflation. While 2016 was all about headline risk (Brexit, Trump election), for the most part markets ignored the headlines in 2017. The concern that the euro zone would lay the seeds of its own destruction dissipated as the numerous European elections failed to deliver victories for the far right, euro skeptic parties. While failing to deliver a new health care bill, the Trump Administration was successful in getting its tax reform passed and threats of government sequestration and breaching the debt ceiling were kicked down the road into 2018. The U.S. Federal Reserve followed through on hiking the Federal Funds rate three times, in line with their projections, and commencing the unwind of their balance sheet. The Bank of Canada moved from being on hold, to increasing the overnight rate back to 1.0% and essentially removing the extraordinary monetary policy stimulus put in place in 2015 in response to the oil shock, to being on hold again and then embarking on a slow, data dependent hiking cycle.

After hiking the overnight rate twice during the third quarter, effectively removing the 50 basis points of emergency monetary policy stimulus, the Bank of Canada turned dovish during the fourth quarter and remained on hold. The Bank became cautious about the effect of the tightening on consumer debt and spending, uncertainty regarding NAFTA, and the appreciation of the Canadian dollar. In its latest monetary policy release, the Bank highlighted strong employment growth and some improvement in wages that have supported robust consumer spending in the third quarter. On the cautionary side, the Bank stated that despite rising employment and participation rates, other indicators point to ongoing – albeit diminishing – slack in the labour market. Business investment has remained strong and public infrastructure

spending is becoming more evident in the data. Exports disappointed the Bank during third quarter, but they expect that export growth will resume as foreign demand strengthens. The Bank maintains that the global outlook remains subject to considerable uncertainty, notably about geopolitical developments and trade policies. On the inflation front, the Bank noted that inflation has been slightly higher than anticipated and will continue to run high in the short term buoyed by temporary factors such as gasoline prices and the continued absorption of economic slack. The Bank's outlook statement was fairly dovish as the Bank stated that while higher interest rates will likely be required over time, the Governing Council will continue to be cautious, guided by incoming data in assessing the economy's sensitivity to interest rates, the evolution of economic capacity, and the dynamics of both wage growth and inflation.

The Beutel Goodman Money Market Fund saw its yield increase over the annual period from 0.72% to 1.28% at December 31, 2017. The average term was decreased from 79 days to 52 days at the end of December, and is shorter than its benchmark, the 91-day T-Bill.

Relative to its stated investment objectives and strategies, the Fund has maintained its quality and diversification standards.

Detailed performance is provided under the heading "Past Performance" in this report.

Recent Developments

Both the Bank of Canada and the U.S. Federal Reserve are united in that they are both data dependent, monitoring how consumers and businesses react to higher interest rates and waiting to see if inflation will increase following the strong conditions in the labour markets and the underlying economies.

The outlook for U.S. growth remains bright, especially with the likely passage of U.S. tax reform. Financial conditions (low Treasury yields, narrower credit spreads, weaker U.S. Trade Weighted Dollar and higher equity markets) have eased and historically have foreshadowed faster growth. While Canadian growth is expected to moderate after a robust first half of 2017, it will likely be held up by a strong U.S. economy and the recent strength in crude oil prices. While there is no doubt that the Canadian economy is strong and that the slack in the economy is being used up, there are a few areas of concern for the economic forecast. A significant amount of the strong growth has been led by the services sector and not by manufacturing, nor by the export sectors that the Bank of Canada had expected to benefit from a lower Canadian dollar. As the Bank of Canada has repeatedly warned, consumer indebtedness is at very high levels. While a slowdown in the housing market will likely not lead to a rash of foreclosures in Canada as it did in the U.S., it will likely constrain consumer spending as mortgage payments take up a greater share of the consumers' wallet. There remains concern that anti-trade and "Buy America" policies, as well as differences in carbon regulations and corporate taxes, could also disadvantage Canadian industry versus that of the U.S. These uncertainties are holding back business investment in Canada. After increasing the overnight rate back to 1.0% and essentially removing the extraordinary monetary policy stimulus put in place in 2015 in response to the oil shock, the Bank of Canada is embarking on a tightening cycle. The Canadian bond market has priced in more than two rate hikes by the Bank through to the end of 2018. The portfolio manager's base case is for the continuation of trends of relatively strong growth, steadily increasing inflation and gradual central bank tightening.

Beutel Goodman Money Market Fund

Related Party Transactions

Beutel, Goodman & Company Ltd. is the Portfolio Advisor to this Fund. The Fund did not rely on any recommendation or approval of its Independent Review Committee to proceed with any transaction involving related parties because it did not conduct any related party transactions, except for certain inter-fund trades, as approved by the Independent Review Committee by standing instructions, and subject to regulatory requirements.

Fees and Expenses

The following table lists the fees and expenses that you may have to pay if you invest in the Beutel Goodman Managed Funds. You may have to pay some of these fees and expenses directly. The Funds pay the other fees and expenses. This will reduce the value of your investment in a Fund.

Management Fees: We are entitled to a management fee from each class of each Fund based on the average daily net asset value of the particular class. The fee is payable monthly, in arrears, and is calculated at the annualized rate specified for each class of each Fund below. Management fees for Class I units are negotiated and paid directly by the investor, not by the Fund, and, therefore, are not listed.

Fund	Class	Management Fees (%) ⁽¹⁾
Money Market Fund	D	0.50
Money Market Fund	F	0.40

(1) Excludes GST/HST where applicable.

We may reduce our management fee for certain large investors who have substantial holdings in units of a Fund. To accomplish this, we reduce the management fee we charge to the Fund and the Fund pays out the difference to these investors as a special distribution. This is called a management fee distribution. We calculate and accrue the reduction daily and distribute it quarterly. The distribution is reinvested on behalf of such unitholders in additional units of the same class of the Fund. Management fee reductions for a unitholder may be increased at any time, but may only be decreased after at least 60 days prior written notice has been given to such unitholder.

We may waive our management fee in certain circumstances.

The Fund paid the Manager management fees, inclusive of HST, of \$28,931 for the year ending December 31, 2017. The management fee for each class of unit is calculated as a percentage of its net asset value, as of the close of business on each business day. The Fund's management fees were used by the Manager to pay costs for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services. The Manager also used the management fees to fund commission payments and other dealer compensation (collectively called "distribution-related costs") to registered dealers and brokers and financial consultants, for units of the Fund bought and held by investors, which amounted to 31.96% of total management fees paid by the Fund to the Manager in 2017.

Operating Expenses: The Manager pays certain operating expenses of the Fund. These expenses include audit and legal fees; custodian and transfer agent fees; costs attributable to the issue, redemption and change of units, including the cost of the security holder record-keeping system; expenses incurred in respect of preparing and distributing all regulatory reports; fund accounting and valuation costs; independent review committee fees and filing fees, including those incurred by us. In return, the Fund pays the Manager a fixed administration fee. The administration fee may vary by class of units and by Fund.

Please refer to the Financial Highlights section for the MERs of the classes of units.

Beutel Goodman Money Market Fund

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years ended December 31. This information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights for Class D Units

(for the years ended December 31)

\$	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units per unit, beginning of year⁽¹⁾	10.00	10.00	10.00	10.00	10.00
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total Interest Revenue	0.09	0.08	0.09	0.12	0.11
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total increase (decrease) in net assets attributable to holders of redeemable units⁽²⁾	0.07	0.06	0.07	0.10	0.09
Distribution to holders of redeemable units per unit:					
Net interest income	0.07	0.06	0.07	0.10	0.10
Realized gains on sale of investments	—	—	—	—	—
Total distribution to holders of redeemable units⁽³⁾	0.07	0.06	0.07	0.10	0.10
Net assets attributable to holders of redeemable units, end of year⁽⁴⁾	10.00	10.00	10.00	10.00	10.00

Ratios and Supplemental Data for Class D Units

(for the years ended December 31)

\$	2017	2016	2015	2014	2013
Total net asset attributable to holders of redeemable units (\$ (000's)⁽⁵⁾	21,905	26,765	24,065	20,881	20,328
Number of outstanding redeemable units (000's)⁽⁵⁾	2,190	2,676	2,406	2,088	2,033
Management expense ratio^(6a)	0.22%	0.22%	0.22%	0.22%	0.22%
Management expense ratio before absorptions^(6b)	0.67%	N/A	N/A	N/A	N/A
Net assets attributable to holders of redeemable units, end of year⁽⁷⁾	10.00	10.00	10.00	10.00	10.00

Financial Highlights for Class F Units

(for the years ended December 31)

\$	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units per unit, beginning of year⁽¹⁾	10.00	10.00	10.00	10.00	10.00
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total Interest Revenue	0.10	0.08	0.09	0.12	0.11
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total increase (decrease) in net assets attributable to holders of redeemable units⁽²⁾	0.08	0.06	0.07	0.10	0.09
Distribution to holders of redeemable units per unit:					
Net interest income	0.07	0.06	0.07	0.10	0.10
Realized gains on sale of investments	—	—	—	—	—
Total distribution to holders of redeemable units⁽³⁾	0.07	0.06	0.07	0.10	0.10
Net assets attributable to holders of redeemable units, end of year⁽⁴⁾	10.00	10.00	10.00	10.00	10.00

Ratios and Supplemental Data for Class F Units

(for the years ended December 31)

\$	2017	2016	2015	2014	2013
Total net asset attributable to holders of redeemable units (\$ (000's)⁽⁵⁾	3,516	97	114	135	82
Number of outstanding redeemable units (000's)⁽⁵⁾	352	10	11	14	8
Management expense ratio^(6a)	0.23%	0.23%	0.23%	0.23%	0.23%
Management expense ratio before absorptions^(6b)	0.57%	N/A	N/A	N/A	N/A
Net assets attributable to holders of redeemable units, end of year⁽⁷⁾	10.00	10.00	10.00	10.00	10.00

Beutel Goodman Money Market Fund

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years ended December 31. This information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights for Class I Units

(for the years ended December 31)

\$	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units per unit, beginning of year ⁽¹⁾	10.00	10.00	10.00	10.00	10.00
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total Interest Revenue	0.09	0.08	0.09	0.13	0.12
Total expenses	—	—	—	(0.01)	(0.01)
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.09	0.08	0.09	0.12	0.11
Distribution to holders of redeemable units per unit:					
Net interest income	0.09	0.08	0.09	0.12	0.11
Realized gains on sale of investments	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	0.09	0.08	0.09	0.12	0.11
Net assets attributable to holders of redeemable units, end of year ⁽⁴⁾	10.00	10.00	10.00	10.00	10.00

Ratios and Supplemental Data for Class I Units

(for the years ended December 31)

\$	2017	2016	2015	2014	2013
Total net asset attributable to holders of redeemable units (\$) (000's) ⁽⁵⁾	197,697	309,074	40,625	37,031	43,051
Number of outstanding redeemable units (000's) ⁽⁵⁾	19,768	30,907	4,062	3,703	4,305
Management expense ratio ^(6a)	0.02%	0.02%	0.04%	0.06%	0.11%
Management expense ratio before absorptions ^(6b)	0.11%	N/A	N/A	N/A	N/A
Net assets attributable to holders of redeemable units, end of year ⁽⁷⁾	10.00	10.00	10.00	10.00	10.00

Beutel Goodman Money Market Fund

- (1) The information for December 2017, December 2016, December 2015, December 2014 and December 2013 is derived from the Fund's annual audited financial statements prepared in accordance with IFRS.
- (2) Net assets attributable to holders of redeemable units per unit and distributions to holders of redeemable units per unit are based on the actual number of redeemable units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the weighted average number of redeemable units outstanding for the relevant class over the fiscal year.
- (3) Distributions were paid in cash or automatically reinvested in additional redeemable units of the Fund.
- (4) This is not a reconciliation of the beginning and ending net assets per redeemable unit.
- (5) This information is provided as at year end of the year shown.
- (6a) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily net asset value during the year.
- (6b) The Manager may have absorbed some of the fund expenses. If this had occurred, the management fee ratio before any such absorption is listed. The Manager may terminate the absorption at any time, at its discretion. It is not known when such absorptions will be terminated.
- (7) The information for December 2017, December 2016, December 2015, December 2014 and December 2013 is derived from the Fund's annual audited financial statements prepared in accordance with IFRS. For the years ended December 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013, the information provided for processing unitholder transactions is consistent with the information provided for reporting purposes.

Past Performance

The past performance of each class of units of a Fund, if the class has been in continuous existence and offered to the public for at least 12 months (at the date of this document), is explained under the Year-by-Year Returns, and Annual Compound Returns headings found on the next page. In years where the class of a Fund has less than 12 months of performance data, the annual rate has been annualized.

The performance returns in all cases:

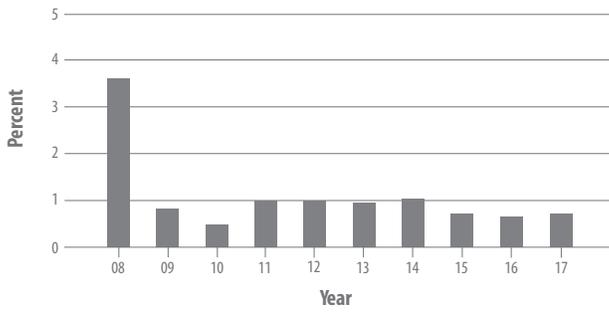
- are calculated as of **December 31** in each year;
- assume **all distributions** made by the Fund **are reinvested** to purchase additional redeemable units; and
- show the returns of the particular class of the Fund after any applicable management fees and operating expenses have been deducted, **but are not reduced by any redemption charges, optional charges or income taxes payable by you.**

Please remember that the past performance of the Fund is not an accurate prediction of future returns.

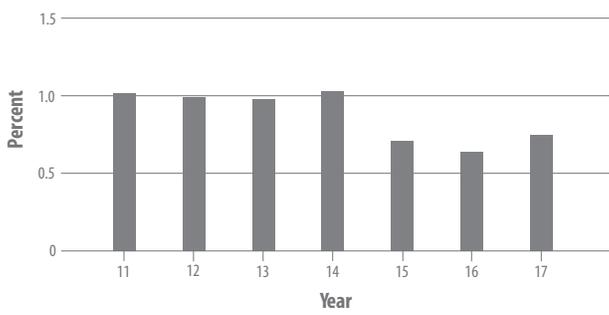
Beutel Goodman Money Market Fund

Year-by-Year Returns

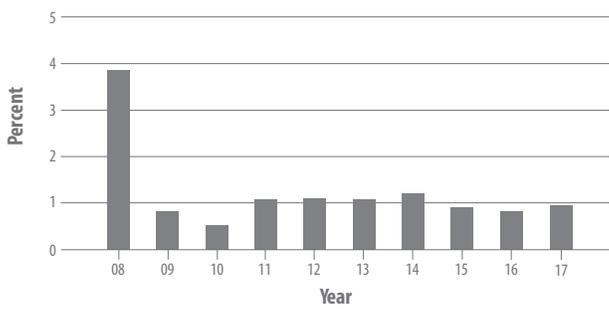
Class D



Class F



Class I



Beutel Goodman Money Market Fund

Summary of Investment Portfolio

The following information may change due to the ongoing portfolio transactions of the Fund. More current information regarding the holdings of the Fund may be obtained on our website at www.beutelgoodman.com.

Summary of Top Holdings

Issuer Name	Coupon Rate	Maturity Date	% of Net Assets	Issuer Name	Coupon Rate	Maturity Date	% of Net Assets
1. Government of Canada	1.027%	22-Mar-18	19.81	11. Enbridge Pipelines Inc.	1.401%	1-Feb-18	4.47
2. Canadian Imperial Bank of Commerce	1.311%	5-Mar-18	10.72	12. Gaz Métro Limited Partnership	1.372%	2-Mar-18	4.47
3. Bank of Nova Scotia	1.360%	5-Mar-18	10.54	13. Inter Pipeline (Corridor) Inc.	1.421%	1-Feb-18	4.02
4. The Toronto-Dominion Bank	1.350%	16-Jan-18	9.38	14. Inter Pipeline (Corridor) Inc.	1.401%	15-Feb-18	3.97
5. Royal Bank of Canada	1.243%	29-Jan-18	8.94	15. FortisBC Energy Inc.	1.280%	15-Feb-18	3.58
6. Gaz Métro Limited Partnership	1.253%	25-Jan-18	6.71	16. Firstbank	1.381%	22-Mar-18	2.68
7. Hydro One Inc.	1.350%	13-Mar-18	6.70	17. Hydro One Inc.	1.248%	27-Feb-18	2.24
8. Union Gas Limited	1.214%	8-Jan-18	6.27	18. Firstbank	1.380%	21-Mar-18	2.23
9. Firstbank	1.362%	21-Mar-18	5.81	19. Inter Pipeline (Corridor) Inc.	1.429%	12-Mar-18	2.19
10. Union Gas Limited	1.325%	16-Jan-18	4.48	20. Royal Bank of Canada	1.292%	1-Feb-18	1.56

Quality Mix



Beutel Goodman Money Market Fund

Other Material Information

Classes of Units: Each of the Funds in the Beutel Goodman family of Funds issues Class B, Class D (formerly Class A), Class F and Class I units, with the exception of the Beutel Goodman Fundamental Canadian Equity Fund, Beutel Goodman Global Dividend Fund and Beutel Goodman Short Term Bond Fund, which issue only Class B, Class F and Class I units. Expenses of each class are tracked separately and a separate net asset is calculated for each class.

The Beutel Goodman Money Market Fund is available in 3 classes of units: Class D (formerly Class A), Class F and Class I.

Each Fund may issue an unlimited number of classes of units and may issue an unlimited number of units of each class. The different classes of units of a Fund represent an interest in the same portfolio investments of the Fund.

Class D* Units: for retail investors investing a minimum of \$5,000 in a Fund;

Class F Units: for investors investing a minimum of \$5,000 in a Fund, who are enrolled in a dealer-sponsored fee-for-service or wrap program (where various mutual funds are bundled together) who are subject to a periodic asset-based fee, rather than commissions on each transaction and whose dealer has signed a Class F agreement, or any other investors for whom we do not incur distribution costs, such as our employees (or affiliated corporations);

Class I Units: for investors who have invested a minimum of \$500,000 in a Fund and who have entered into an investment management agreement with us. At our discretion, we may waive the investment minimum.

* Class A units distributed under prior simplified prospectuses have been renamed "Class D" units as of August 13, 2010.

Additional Information

Independent Review Committee

Beutel Goodman Managed Funds Inc., the former Manager of the Beutel Goodman Managed Funds, appointed an Independent Review Committee ("IRC") on May 1, 2007, for each of its public mutual Funds in accordance with the Canadian Securities Administrators' National Instrument 81-107. This Instrument has been designed to promote investor protection in mutual funds. Effective January 1, 2013, as the result of the amalgamation between Beutel Goodman Managed Funds Inc. and Beutel, Goodman & Company Ltd., Beutel, Goodman & Company Ltd. is the Manager of the Beutel Goodman Managed Funds. The IRC actively assumed its role and responsibilities on November 1, 2007. The IRC oversees conflict of interest matters that may arise out of the management of each of the Funds by providing its recommendations or approvals, as required, to the Manager on how these conflicts may be fairly resolved. The IRC for each of the Beutel Goodman Managed Funds consists of three industry professionals, none of whom have an interest in the Funds or Beutel, Goodman & Company Ltd. outside of their roles as members of the IRC. The IRC 2017 Report to Unitholders is available on the Beutel Goodman Managed Funds' website at www.beutelgoodman.com or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Company Ltd. at mutualfunds@beutelgoodman.com.



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