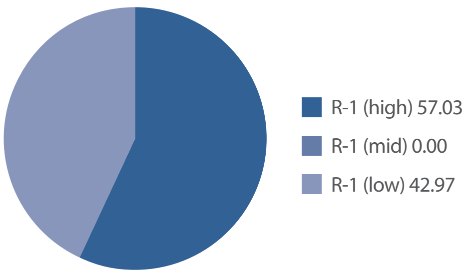
Beutel Goodman **Money Market Fund**

BEUTEL GOODMAN
Investment Counsel

Top 10 Holdings (%)

CANADA GOVT	T/B 0.000 JUN 14 18	10.40
TRANSCDA PIPE	0.000 MAY 10 18	9.40
BANK OF MONTREAL BDN	0.000 MAY 31 18	9.30
HYDRO ONE	0.000 MAY 29 18	9.30
CIBC	0.000 MAY 31 18	9.30
BANK OF NS	0.000 MAY 31 18	9.30
GAZ METRO INC	0.000 MAY 22 18	7.50
ROY BK OF CDA	0.000 APR 30 18	7.50
CANADA GOVT	T/B 0.000 JUN 28 18	5.70
TOR DOM BANK	0.000 APR 16 18	5.60

Fund Quality (%)



Performance % (ANNUALIZED) to March 31, 2018

BG Money Market Fund	Current Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Portfolio	0.35	1.12	0.98	0.94	1.01	1.05	1.19
91 Day T-Bills	0.30	0.76	0.62	0.58	0.67	0.74	0.92
Management Effect	**0.05**	**0.36**	**0.36**	**0.36**	**0.34**	**0.31**	**0.28**

Performance % (ANNUAL) to March 31, 2018

BG Money Market Fund	2018	2017	2016	2015	2014
Total Portfolio	1.12	0.84	0.87	1.21	1.21
91 Day T-Bills	0.76	0.48	0.52	0.94	1.00
Management Effect	**0.36**	**0.36**	**0.35**	**0.27**	**0.21**

Portfolio Characteristics

	Beutel Goodman Money Market Fund
Average Term (with frns to next reset)	52 DAYS
(average term not to exceed 180 days)	
Yield	1.53%
# of Securities Held	14

Investment Strategy

The Fund seeks to earn a competitive short-term rate of return while maintaining 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.

Market Overview

Money Market yields increased in the first quarter of 2018. 91-day T-Bills started the period yielding 1.06% and finished the quarter at 1.10%.

Canadian interest rates rose by five basis points on average during the quarter, but there were significant and opposing movements in the short versus the long end, as the yield curve flattened. Yields in the 1 to 5 year area of the curve increased by 11 basis points as the market absorbed the January rate hike by the Bank of Canada and priced in further tightening. Conversely, yields in the long end of the curve decreased by approximately 4 basis points, as inflation data, although moving up, continued to disappoint market expectations. The directional movement in the Canadian yield curve was very similar to that of the U.S., although rates in the U.S. increased significantly more than those in Canada. U.S. rates in the 5-year, 10-year, and 30-year areas of the curve are 60, 66, and 75 bps higher than the Canadian rates, respectively. The quarter was characterized by volatility in the stock markets, led in part by privacy concerns in the technology sector, concerns over a global trade war and mixed economic data. The Bank of Canada hiked the overnight rate by 25 basis points to 1.25% in the first quarter. The Bank cited that recent economic data has been strong, inflation is close to target, and the economy is operating roughly at capacity. The major caveat is uncertainty surrounding the future of NAFTA, which is clouding the economic outlook. 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.

Portfolio Strategy and Activity

The Beutel Goodman Money Market Fund saw its yield increase from 1.28% at the end of last quarter to 1.53% at March 31, 2018. The Fund's average term was unchanged from the end of the previous quarter.

The Fund's term to maturity is shorter than its benchmark, the 91-day T-Bill Index. The quality of the Fund has remained consistent and the Fund only contains securities rated R-1 (low) or higher as per the Dominion Bond Rating Service. We continue to have no exposure to ABCP.

Outlook

The path of interest rates in the near term will likely be determined by the pace and magnitude of the withdrawal of monetary policy stimulus by the major central banks. This withdrawal will likely reprice yield curves and lead global interest rates higher. Additionally, central bank tightening flattens the yield curve, as moves in the administered rates are felt more in the short-end of the curve. 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. We expect the Bank of Canada and the U.S. Federal Reserve will likely hike two more times this year. The Bank of Canada is likely to keep its overnight rate 50 basis points lower than that of the U.S. Federal Reserve in an effort to dampen any appreciation of the Canadian dollar. As we are late in this economic cycle, the bond markets will naturally start looking towards predicting the next recession. The yield curve generally moves from flat to inverted to then steep as expectations shift. Key in this analysis is determination of the terminal rate, the rate at which the central bank stops tightening. We believe that the next recession will be caused not by a bubble bursting, such as the great financial crisis, but it will be a more "normal" recession, caused mostly by the central banks overtightening, thereby squeezing economic growth.

Our base case is for the continuation of trends of relatively strong growth, steadily increasing inflation and gradual central bank tightening. Our base case also assumes that a deal to maintain NAFTA is cobbled together before the deadline and an all-out global trade war is averted. While our base case provides a constructive backdrop for credit spreads, we are mindful of the overall tightness of spreads currently, as credit metrics are deteriorating and leverage is creeping up. Threats to our base case scenario include: (1) a global trade war; (2) a messy unwind of global quantitative easing; (3) a swift abrogation of NAFTA; (4) a destruction of value of the crypto currencies; (5) a banking crisis in China; (6) political unrest in Venezuela, and the Middle East; (7) a Trump implosion; (8) a credit event; and (9) a shift in the European political landscape.

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.

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