Beutel Goodman American Equity Fund

Q2 - JUNE 30, 2017

TOP 10 HOLDINGS (%)

ORACLE CORP	6.6
INGERSOLL-RAND PLC	6.5
AMERICAN EXPRESS CO	6.3
PARKER HANNIFIN CORP	6.0
VERIZON COMMUNICATION	5.9
AMDOCS LTD	5.4
AMERISOURCE-BERGEN	5.4
ELI LILLY & CO	5.0
OMNICOM GROUP INC	4.8
AMERIPRISE FINANCIAL	4.5

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**S&P 500 C$**	
Industrials	15.2	10.3	4.9
Telecom	6.0	2.1	3.8
Health Care	16.9	14.5	2.4
Financials	16.3	14.5	1.8
Materials	4.0	2.8	1.2
Consumer S.	9.5	9.0	0.4
Energy	3.4	6.0	-2.6
Real Estate	0.0	2.9	-2.9
Utilities	0.0	3.2	-3.2
Consumer D.	8.3	12.3	-3.9
Info. Tech.	17.2	22.3	-5.0
Cash	3.2		

PERFORMANCE % (ANNUALIZED) TO JUNE 30, 2017

BG AMERICAN EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	-0.09	23.50	14.88	18.65	20.29	22.68	11.71
S&P 500 INDEX C$	0.45	17.64	12.95	16.99	19.31	20.31	9.34
MANAGEMENT EFFECT	**-0.54**	**5.86**	**1.93**	**1.65**	**0.97**	**2.37**	**2.37**

PERFORMANCE % (ANNUAL) TO JUNE 30TH

BG AMERICAN EQUITY FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	23.50	6.86	26.55	25.35	32.75
S&P 500 INDEX C$	17.64	8.46	25.51	26.55	24.40
MANAGEMENT EFFECT	**5.86**	**-1.60**	**1.04**	**-1.20**	**8.35**

INVESTMENT STRATEGY

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

INVESTMENT RESULTS

The Beutel Goodman American equity portfolio underperformed the S&P500 C$ Index benchmark in the second quarter of 2017, but continued to outperform the benchmark on a year to date basis. Market activity was fairly reflective of the first quarter. Sentiment overall remains positive, driving the index to new highs, with a slight pullback in the month of June. Momentum remains a key element in market volatility as investor response to news flow continues to be largely reactionary, but at the same time creating opportunities for investors with long term time horizons.

Similar to the first quarter, market performance by sector during the second quarter was quite diverse, with leadership switching from the Information Technology sector to Health Care, which had a very strong quarter. Improving corporate earnings began to play a larger role as the Industrial, Information Technology and Financial sectors also outperformed. The Consumer sectors and Utilities trailed the market, while Materials posted a modest positive return. The most significant sector outliers on the downside were once again Energy and Telecommunication Services, where lower energy prices and ongoing competitive activity in the Telco space continued to pressure both sectors.

The Fund's underperformance for the quarter was a function of stock selection, with the exception of our overweight position in Telecommunications, where sector weakness was a notable detractor for the quarter. Our Industrial names, Ingersoll-Rand and Caterpillar, provided significant alpha, while our large weight in Oracle was a positive contributor in the Information Technology space. In Health Care and Financials, high conviction positions Baxter and American Express continued prior period strength with very positive returns once again this quarter. Names that detracted from performance included our Energy and Telecommunication Services holdings, Halliburton and Verizon as well as Eli Lilly in Health Care. Our large position in Parker Hannifin was also a notable detractor of value in the quarter as this name recorded a negative return.

Our relative sector exposure was positive for the quarter and did provide some offset from stock selection, with our overweight positions in Health Care and Industrials and underweight position in Energy producing the largest benefit. The only significant detractor of value from sector exposure was due to an overweight position in Telecommunication Services, as the group continues to face heightened competitive activity.

PORTFOLIO STRATEGY & ACTIVITY

In the second quarter of 2017, the portfolio initiated one new position in **Autozone**, the largest retailer of automotive replacement parts and accessories in the U.S.

The portfolio also continued to build positions in newer names **Omnicom** and **LyondellBasell**, as well as add to **Kellogg, AmerisourceBergen,** and **Amdocs**.

During the quarter, process driven one-third sales in **Johnson & Johnson, Teradyne,** and **Symantec** reduced the weights in these names, which continue to be held, while **Caterpillar** was sold in its entirety having attained its target with additional upside lacking sufficient return.

Full sales were also completed on regional bank holding **BB&T** and software company **Cadence Design Systems** for the purpose of funding our new position in **Autozone**, as well as to reposition the weights in the portfolio to enhance its risk-adjusted return profile.

OUTLOOK

This continues to be a market driven mainly by forces outside of pure bottom up fundamentals. Washington politics and macro discussions on Fed tightening timelines on interest rates, currency moves, the oil price collapse, and the ETF flow debate have driven some near term choppiness in the market versus the "fine but not great" earnings picture we have witnessed the last few quarters. The ultra-low interest rate environment and strong stock market returns over the last few years has led portfolio managers (macro especially) into a search for the unintended consequences of extreme market distortion. Frankly, the debates as to whether valuations on tech megacaps are in a bubble again are moot to us. We only care about what we own and pay little to no attention to stocks that are not good businesses (defined by sustainable free cash flows and high returns on capital) or stocks that are overvalued. We believe that the best form of risk control is knowing what you own and what it is worth. The only factors we can control to protect investor capital on the downside and deliver superior long term returns are finding great franchises we want to own forever, ensure we pay the right price for them, and maintain the sell discipline to lock-in gains when they are fully valued.

All of our holdings in the portfolio continue to generate free cash flow, have strong balance sheets and capital allocation policies that we feel strike the right balance between corporate needs and shareholder returns. 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.

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 does 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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