Beutel Goodman Canadian Dividend Fund

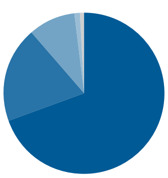
TOP 10 HOLDINGS (%)

ROYAL BANK CDA	9.8
TORONTO DOMINION BK	9.7
BANK OF NOVA SCOTIA	7.3
ROGERS COMMUNICATION	5.3
POWER FINANCIAL CORP	5.0
SUN LIFE FNCL INC	4.6
VERIZON COMMUNICATION	4.6
AIR LIQUIDE(L')	4.4
ELI LILLY & CO	4.3
CANADIAN IMPERIAL BK	4.1

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**S&P/TSX**	
Financials	42.6	34.5	8.1
Health Care	6.9	0.7	6.2
Telecom	9.8	4.9	4.9
Consumer S.	8.3	3.9	4.4
Consumer D.	9.4	5.4	4.0
Utilities	1.9	3.3	-1.5
Materials	8.7	11.5	-2.9
Real Estate	0.0	3.0	-3.0
Info. Tech.	0.0	3.3	-3.3
Industrials	4.6	9.6	-5.0
Energy	5.9	20.0	-14.1
Currency Forwards	0.6		
Cash	1.3		

ASSET MIX (%)



- Cdn. Equities (69.5)
- U.S. Equities (19.2)
- International Equities (9.4)
- Cash (1.3)
- Currency Forwards (0.6)

PERFORMANCE % (ANNUALIZED) TO JUNE 30, 2017

BG CANADIAN DIVIDEND FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	-2.42	14.23	10.50	8.33	12.80	14.40	8.34
S&P/TSX INDEX	-1.64	11.05	5.27	3.08	8.96	8.74	3.89
MANAGEMENT EFFECT	**-0.78**	**3.18**	**5.23**	**5.25**	**3.84**	**5.66**	**4.45**

PERFORMANCE % (ANNUAL) TO JUNE 30TH

BG CANADIAN DIVIDEND FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	14.23	6.89	4.13	27.34	21.01
S&P/TSX INDEX	11.05	-0.20	-1.16	28.66	7.90
MANAGEMENT EFFECT	**3.18**	**7.09**	**5.29**	**-1.32**	**13.11**

INVESTMENT STRATEGY

The Fund's objective is to achieve a balance between high dividend income and capital growth by investing mainly in a diversified portfolio of blue-chip Canadian common stocks and in high-yield preferred stocks and interest-bearing securities. The Fund may also invest in foreign issues.

INVESTMENT RESULTS

The S&P/TSX Composite lost 1.64% during the second quarter of 2017. Health Care, Industrials and Consumer Discretionary were the strongest performing sectors. Health Care, the smallest sector in the Index by weight, continues to be driven by movements in Valeant Pharmaceuticals, which rose 53.4% in the quarter. Energy and Materials were the worst performing sectors, declining during the quarter due to weakness in oil and gold prices. The Financials sector was also negative, as issues surrounding the housing market and a Moody's downgrade of the Canadian bank credit ratings were a concern. Bank stocks strengthened in June after Berkshire Hathaway's offer of a credit line and agreement to invest in Home Capital. At the end of the quarter, the Bank of Canada signalled that it may be ready to raise rates as the economy strengthens, emerging from the worst of the oil shock. This sent bond yields higher, benefitting Financials, and strengthened the Canadian dollar, as the market adjusted to the news.

During the second quarter, the U.S. Federal Reserve hiked the Federal Funds rate by 25 basis points to a target range of 1-1.25%. The Fed noted that the labour market has continued to strengthen and that economic activity has been rising moderately. While the Federal Reserve is maintaining its existing policy of reinvesting principal payments from its U.S. Treasury and MBS holdings, it currently expects to implement a balance sheet normalization program sometime this year, provided that the economy evolves broadly, as anticipated.

For the second quarter 2017, the portfolio underperformed the S&P/TSX Composite Index. Negative stock selection effects outweighed positive allocation effects.

Both stock selection and allocation effects were positive in Materials. Air Liquide gained, as the company is successfully integrating a recent acquisition and expects further industry consolidation to improve pricing. Both Potash and Agrium declined, as continued low fertilizer prices weighed on the stocks. Our underweight positioning was positive, as the sector fell over 6%, primarily due to the weak gold price.

Our overweight positioning in the Financials sector was slightly positive, although offset by negative stock selection. BNS, Thomson Reuters and Brookfield Asset Management were the top performing Financials in the portfolio, all increasing modestly. Our holdings in the major banks declined, as housing market concerns and a Moody's credit downgrade of the large Canadian banks weighed on the sector.

In Energy, negative stock selection effects outweighed positive allocation effects. A source of weakness in the portfolio was Cenovus, which declined significantly during the quarter, primarily as a result of the purchase of oil sands and deep basin assets from its partner ConocoPhillips.

In Consumer Staples, negative selection effects offset positive allocation effects. Unilever and Metro gained during the quarter, while Kellogg and Molson Coors declined. Kellogg fell on negative investor sentiment focused on industry pressure on branded volumes. Molson Coors provided guidance that did not meet expectations.

USD currency hedging added significant value for the quarter.

At the end of the second quarter, the yield on the portfolio was 3.28% versus a yield for the S&P/TSX Composite of 2.98%.

PORTFOLIO STRATEGY AND ACTIVITY

During the second quarter, two new names were added to the portfolio, **Metro** and **Superior Plus**. **Metro**, Canada's third largest grocer, remains the leader in operational performance, as well as delivering superior shareholder returns over time. Superior Plus has a leading position in propane distribution and the manufacture of sodium chlorate. The company has stable free cash flow, an attractive valuation and yield.

We increased our positions in **Sun Life** and **Omnicom**. Our holding in **Intact Financial** was exited, on valuation considerations. Several of our positions were trimmed including **Finning, Canadian Tire, Molson Coors, BNS, Thomson Reuters, Rogers** and **Unilever**. The portfolio received a small position in **Trisura Group** as a stock dividend from **Brookfield Asset Management** which was sold.

OUTLOOK

As economic conditions continue to improve, global central banks are signaling that accommodative monetary policy may soon be coming to an end. The US Federal Reserve has raised rates and is indicating that it will begin tapering its balance sheet, albeit slowly. A tightening bias has emerged from the Bank of Canada, strengthening the Canadian dollar, sending bond yields higher and increasing the chance of an interest rate hike in July. Continued positive economic data, including strong GDP and a solid job market, support this view.

Canadian equities have faced headwinds during the first half of 2017, most importantly a low oil price environment. Bond yields have recently rebounded in light of the Bank of Canada's shift in tone. After outperforming other developed markets in 2016 with a return of 21.1%, the TSX Composite Index has underperformed other global indices year to date with return of just 0.74%. On the positive side, Canada is expected to post the strongest growth in the G7 this year, yet the market appears to be focused on risks in the housing market and international trade negotiations. We remain positively inclined to equity markets and expect the stable economic growth backdrop to remain supportive of corporate earnings and equity valuations.

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.

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