Beutel Goodman International Equity Fund

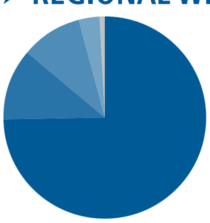
TOP 10 HOLDINGS (%)

MERCK KGAA	6.1
KAO CORP	4.4
MICHELIN(CGDE)	4.1
CARLSBERG AS	4.0
KONECRANES OYJ	3.9
HENKEL AG&CO. KGAA	3.8
ATEA ASA	3.7
GEA GROUP AG	3.6
KON KPN NV	3.5
TELEFONICA DEUTSCH	3.4

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**MSCI EAFE C$**	
Telecom	12.2	4.3	8.0
Materials	15.2	7.5	7.7
Consumer S.	16.8	11.5	5.3
Info. Tech.	8.7	6.1	2.6
Health Care	10.7	10.8	-0.1
Energy	2.7	4.7	-2.0
Utilities	0.0	3.4	-3.4
Consumer D.	8.5	12.1	-3.6
Real Estate	0.0	3.6	-3.6
Industrials	10.5	14.5	-4.0
Financials	13.8	21.5	-7.7
Cash	0.8		

REGIONAL WEIGHTS (%)



- Europe ex U.K. (74.8)
- Japan (11.3)
- U.K. (9.9)
- Pacific Basin ex Japan (3.2)
- Cash (0.8)
- Emerging Markets (0.0)

PERFORMANCE % (ANNUALIZED) TO JUNE 30, 2017

BG INTERNATIONAL EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	4.76	27.82	8.96	7.88	11.02	11.58	2.53
MSCI EAFE INDEX C$	3.39	19.99	6.03	7.95	12.09	14.08	3.06
MANAGEMENT EFFECT	**1.37**	**7.83**	**2.93**	**-0.07**	**-1.07**	**-2.58**	**-0.53**

PERFORMANCE % (ANNUAL) TO JUNE 30TH

BG INTERNATIONAL EQUITY FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	27.82	-7.12	5.76	21.01	13.84
MSCI EAFE INDEX C$	19.99	-6.31	11.90	25.50	22.37
MANAGEMENT EFFECT	**7.83**	**-0.81**	**-6.14**	**-4.49**	**-8.53**

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 second quarter, ahead of the MSCI EAFE C$ Index, which was also positive. Information Technology was the best performing sector in the Index, followed by strong participation from Financials, Health Care, and Industrials. Energy and Materials were the more notable laggards.

In Europe, the risk of a move to far right, anti-euro sentiment has lessened. The markets were relieved that the populist, euro-skeptic parties did not win enough votes to make a difference in the Dutch and French elections. The snap British election did not deliver a stronger majority for Prime Minister Theresa May and may lead to a softer Brexit. German elections are in the fall and early polls show that Chancellor Angela Merkel is leading. The largest election risk likely lies with Italy where elections could be triggered this year and the anti-euro party has significant support. The European political backdrop has also been strengthened by economic growth and financial institution stability.

The international equity portfolio outperformed the EAFE Index due to strong stock selection. Sector allocation was neutral as the benefit from our underweight in Energy was offset by weakness from our overweight in Materials.

In terms of stock selection, the strongest contribution came from the Financials sector. Deutsche Boerse performed well in the quarter post the collapse of the deal to combine with LSE. Gjensidige's strong showing in the quarter largely reversed weak first quarter performance, while DBS and BNP largely moved in-line with many of the banks.

The Telecommunications sector was the second largest contributor to stock selection. KPN reversed some of the weakness from Q1 as signs of easing competitive pressure emerged in its market. Vodafone also outperformed following important consolidation in Germany, arguably its most important market, as well as a strong set of operational results.

The Information Technology sector was also a strong contributor to stock selection. Atea climbed higher on another solid quarter of profit growth and cash generation, while Software AG added to the positive sentiment from its buyback with strong growth in license revenue.

Stock selection was modestly negative in the Materials sector with positive contribution from Akzo Nobel and Air Liquide offset by weakness in BASF and Norsk Hydro, reflecting the more defensive nature of the former and perceived cyclicality of the latter.

The Energy sector was the largest detractor with respect to stock selection. Our only holding, TGS-Nopec, continued to lag its sector, likely due to a very strong showing in 2016 as well as negative sentiment on offshore oil & gas investments.

PORTFOLIO STRATEGY & ACTIVITY

In the second quarter of 2017, the international equity portfolio initiated one new position. Based in the United Kingdom, **Smith & Nephew** is a diversified medical technology company with leading positions in orthopaedics reconstruction, advanced wound management, sports medicine, and trauma.

We did add to Energy company **TGS-Nopec**, Nordic P&C insurer **Gjensidige**, Consumer Staples company **Henkel**, Materials company **HeidelbergCement**, Netherlands-based Telecom **KPN**, and Japanese convenience store operator **FamilyMart**. To fund our new position and the aforementioned additions, we sold the balance of our position in **Sky**, as well as the remaining small positions in **BNP Paribas** and **Vesuvius**. Additional funds were created from process-driven trims in **Deutsche Boerse** and **Akzo Nobel**.

OUTLOOK

After a better-than-expected GDP performance in the first half of 2017, the global economy looks to continue its momentum in the second half of the year, especially in developed markets. The strengthening pace of the growth is likely to be driven by both industrial production and fixed asset investments, which were lacking in the previous years. Europe stood out as delivering positive surprises - reflected in the strength of both the equity markets and currencies in the first half of the year – and probably will continue to grow above its trend line for the rest of the year. Inflation in Europe has also been steadily picking up, given the strength of private consumption across the Eurozone. Japan also showed clear growth pickup in the first half of the year, although tepid consumer spending might keep the GDP growth momentum range-bound. Given the growth strength in the last few quarters, most central banks in developed countries are sounding more hawkish in tone in their outlooks. However, we are not expecting any of the major central banks - ECB and BOJ in particular - to tighten monetary policy any time soon.

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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