

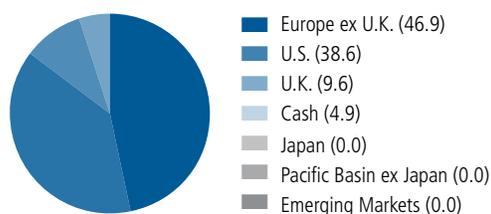
## ▶ TOP 10 HOLDINGS (%)

KONECRANES OYJ	4.6
VERIZON COMMUNICATION	4.5
OMNICOM GROUP INC	4.4
CARLSBERG AS	4.4
SMITH & NEPHEW	3.9
LYONDELLBASELL	3.8
AMDOCS LTD	3.7
AUTOZONE INC	3.6
AMERISOURCE-BERGEN	3.6
ORACLE CORP	3.6

## ▶ SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)	UNDERWEIGHT/OVERWEIGHT %		
Sector	BG	MSCI WORLD C\$	
Materials	13.9	4.9	9.0
Telecom	10.9	3.0	7.9
Health Care	16.1	12.6	3.6
Consumer D.	13.4	12.3	1.1
Industrials	9.7	11.5	-1.8
Consumer S.	7.6	9.7	-2.1
Info. Tech.	13.1	15.7	-2.6
Utilities	0.0	3.2	-3.2
Real Estate	0.0	3.2	-3.2
Energy	2.0	6.0	-4.0
Financials	8.4	18.0	-9.6
Cash	4.9		

## ▶ REGIONAL WEIGHTS (%)



## ▶ PERFORMANCE % (ANNUALIZED) TO JUNE 30, 2017

BG WORLD FOCUS EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	3.62	27.40	14.01	14.31	17.21	18.85	7.48
MSCI WORLD INDEX C\$	1.35	17.93	9.35	12.32	15.59	16.90	6.06
MANAGEMENT EFFECT	2.27	9.47	4.66	1.99	1.62	1.95	1.42

## ▶ PERFORMANCE % (ANNUAL) TO JUNE 30TH

BG WORLD FOCUS EQUITY FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	27.40	2.02	14.91	26.39	25.63
MSCI WORLD INDEX C\$	17.93	1.39	18.51	25.98	22.32
MANAGEMENT EFFECT	9.47	0.63	-3.60	0.41	3.31

## ▶ INVESTMENT STRATEGY

The Fund seeks long-term enhancement of capital primarily through investments in common stocks and other equity securities outside of Canada. The number of stocks held is between 20-35.

## ▶ INVESTMENT RESULTS

The Beutel Goodman world focus equity portfolio posted a positive return for the second quarter, finishing ahead of the MSCI World C\$ Index. Health Care was the best performing sector in the index, followed by strong participation from Industrials, Financials and Information Technology. Energy and Telecommunication Services were the more notable laggards.

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.

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 portfolio outperformed in the quarter due to stock selection. Sector allocation effects were negative, with positive effects from an underweight in Energy more than offset by negative effects from an overweight in Telecommunications.

In terms of stock selection, the strongest contribution came from Information Technology. Oracle was the largest contributor over the quarter, as changes to their business model to the cloud space continue to progress. 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. Amdocs and Teradyne outperformed, with the latter hitting its target price and being sold from the portfolio.

In Industrials, Konecranes outperformed significantly, as the company cited an improving demand picture, as well as making progress on boosting margins from its recent acquisition of MHPS from Terex. Caterpillar also outperformed, reaching its target during the quarter, and was subsequently sold.

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.

Health Care was a source of outperformance, led by outperformance in Baxter, which continued prior period strength. Amerisource-Bergen added value, recovering from earlier period weakness. Bayer also posted a strong return on the increased prospect of a takeover of Monsanto, although this was dented at quarter-end with a profit-warning.

## ▶ PORTFOLIO STRATEGY & ACTIVITY

In Q2 2017 the world focus portfolio initiated two new positions:

**AutoZone** is the largest retailer of automotive replacement parts and accessories in the USA. **Smith & Nephew** is a diversified medical technology company with leading positions in orthopaedics reconstruction, advanced wound management, sports medicine, and trauma.

The portfolio continued to build its positions in **LyondellBasell** and **Omnicom** and added to its investments in **Akzo Nobel**, **Amdocs**, **AmerisourceBergen**, **HeidelbergCement**, **KPN** and **Verizon**.

During the quarter we sold our holdings in **Caterpillar** and **Teradyne** subsequent to both hitting our targets and resulting in process driven one-third sales in order to fund our new names and reposition the portfolio to enhance its risk adjusted return profile.

## ▶ OUTLOOK

The strengthening pace of the developed market economic growth in the first half of 2017 is likely to be further driven by both industrial production and fixed asset investments, which have been lacking in previous years. Europe in particular stands out as delivering positive surprises - reflected in the strength of both the equity markets and currencies in the first half of the year - and looks set to continue to grow above its recent sub-historical 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. In Japan too, a clear growth improvement was evident in the first half of the year, although tepid consumer spending might keep GDP growth momentum range-bound. Given the emerging broad economic activity strength in the last few quarters, most central banks in developed countries, including Canada, are sounding more hawkish in tone in their outlooks. But despite this, GDP in most major countries remains stubbornly anchored to the lowly 2% level, meaning that with the exception of Canada and the U.S., we are not expecting any of the major international 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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