Beutel Goodman Investment Counsel

Interim Management Report of Fund Performance

June 30, 2017

Beutel Goodman Balanced Fund

Beutel Goodman **Balanced Fund**

This Interim Management Report of fund performance contains financial highlights but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual or interim financial statements at your request at no cost (contact details on this page) or by visiting our website at **www.beutelgoodman.com** or SEDAR at **www.sedar.com**.

Security holders may also request the investment fund's prospectus, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

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Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund invests in cash and cash equivalents, fixed-income securities and Canadian, U.S. and international equity securities.

The asset mix process is based upon the observation that over longer time years equities have historically generated higher nominal and real rates of return than fixed income assets. The asset mix of the Fund will normally fall within a range of 60% equity and 40% fixed income.

The Fund's advisor uses a value based approach to select equity investments which means the advisor looks for stocks that are undervalued in relation to the asset value or earnings power of the issuer. The Fund's fixed income portfolio is invested in a diversified group of Canadian government and Canadian corporate bonds.

The Fund may invest in derivatives and/or underlying Funds from time to time. Please refer to the Simplified Prospectus for additional information.

The fundamental investment objective of the Fund cannot be changed without the approval of a majority of the investors who own units in the Fund.

Risk

The risks of investing in this Fund remain as discussed in the Prospectus.

This Fund continues to be suitable for investors who wish to preserve and enhance accumulated capital with less volatility than an all equity portfolio, and higher growth potential than an all bond portfolio. This Fund is appropriate for investors with a low to medium tolerance for risk and a medium-term investment horizon.

Results of Operations

The Beutel Goodman Balanced Fund achieved a positive return in the six months ending June 30, 2017, and outperformed its blended performance benchmark. An overweight position in U.S. and international equities and an underweight position in fixed income added value. The Canadian, U.S. and international equity components all outperformed their respective benchmarks, while the fixed income component performed in line with its benchmark.

The Bank of Canada kept the overnight rate unchanged at 0.50% over the past six months, in-line with market expectations. The Bank believes that the Canadian economy's adjustment to lower oil prices is largely complete and that recent economic data have been encouraging, including indicators of business investment, as well as strength in consumer spending and the housing sector. On the inflation front, all three measures of the Bank's indicators of core inflation remain below the 2% target and wage growth is still subdued. The Bank believes this is due to ongoing excess capacity in the economy as well as the temporary effect of declines in food prices due to intense retail competition. During June, Senior Deputy Governor Carolyn Wilkins delivered a rather hawkish assessment of the Canadian economy that started to pull forward market expectations for the first Bank of Canada rate increase. Governor Wilkins stated that the economic drag from lower oil prices is now largely fading and that the Bank's 50 basis points of rate cuts in 2015 facilitated that adjustment. As growth continues, the Governing Council will be assessing whether all of the considerable monetary policy stimulus presently in place is still required. The markets interpreted that last statement to mean that the Bank will likely move into a tightening cycle. In three subsequent interviews Governor Stephen Poloz did not contradict Mrs. Wilkins' sentiments. While he is reluctant to provide any forward guidance, Governor Poloz repeatedly stated that economic data suggests that the interest rate cuts that the Bank did two years ago have done their job.

During both the first and second quarter of the year, the U.S. Federal Reserve hiked the Federal Funds rate by 25 basis points, currently 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. Analysis of the dot plots indicates that the FOMC expects one more rate hike in 2017 and three 25 basis point rate hikes in 2018. Projections for the longer-run rate (i.e. terminal rate) remain centred around 3%, ranging from 2.5% to 3.5%.

In Europe, anti-euro sentiment has diminished. 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.

Moderate Economic momentum in China continues. China's official manufacturing PMI accelerated in June, beating expectations, while the Caixin China manufacturing PMI rose in May, indicating an expansion. Non-manufacturing PMI also rose, along with new export orders. The government is targeting 6.5% growth, although inherent risks including excess leverage and an overheated property market remain. In Japan, industrial output declined by 3.3% in May as inventories remained high, indicating a moderate economic recovery going forward. Q1 GDP also disappointed at only 1%, much weaker than initially estimated. Inflation remains stubbornly low, a challenge for the Bank of Japan, which revised down its inflation target to 1.4% for 2017. It plans to continue its accommodative policy with debt purchases.

For the first half of 2017, the S&P/TSX Composite Index had a return of 0.74%, a weak performer versus other developed markets. All sectors were positive, with the exception of two. The main drag on the Index was the Energy sector, which fell 13.3%. The Materials sector was also negative, with returns of -0.69%. Consumer Discretionary led the Index, followed by Industrials and Utilities. With respect to the Canadian equity outperformance, added value was attributable to sector weighting effects, specifically underweight positions in the Energy and Materials sectors and overweight positions in Consumer Discretionary, Telecom and Financials sectors. Stock selection effects were negative on a net basis. The largest negative contribution to performance over the period was due to Cenovus in the Energy sector. Cenovus declined over 50%, primarily as a result of the purchase of oil sands and deep basin assets from its partner ConocoPhillips. Subsequently, the company announced the retirement of CEO Brian Ferguson, as well as the intent to divest additional non-core assets

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to improve the balance sheet and preserve an investment grade debt rating. The decline in oil prices as well as a possible share overhang also weighed on the stock.

The U.S. equity component's outperformance in the period was due to security selection. Sector allocation effects were slightly negative, as positive effects from an underweight position in Energy and an overweight position in Health Care were slightly outweighed by negative effects from an overweight position in Telecommunications and an underweight position in Consumer Discretionary. Industrial names Ingersoll-Rand, Caterpillar, Parker Hannifin and Allegion provided significant alpha, with double digit returns over the period. Stock selection in Information Technology also added significant value. Oracle was the largest contributor over the period, as changes to their business model to the cloud space continue to progress. Holdings in Symantec, Teradyne, and Cadence also outperformed over the period.

The international equity component outperformed the MSCI EAFE C$ Index in the period. On a regional basis, Europe excluding U.K was the best performing region, finishing ahead of the benchmark. Outperformance in the international equity component was primarily attributable stock selection. Sector allocation effects were slightly positive, as negative effects from overweight positions in Materials and Telecommunications were outweighed by positive effects from an underweight position in Energy and overweight positon in Information Technology. The Financials sector was the largest contributor to stock selection. Deutsche Boerse performed well post the collapse of the deal to combine with LSE, aided further by more clarity on the company's stand-alone growth plans. Selection in Information Technology also added significant value. Atea was the largest contributor to performance over the period as it continued to climb higher on profit growth and cash generation. In Materials, outperformance was due to significant contributions from Akzo Nobel and Norsk Hydro. Akzo Nobel jumped on news that PPG had submitted a proposal to acquire the company and then climbed further following a second bid. Norsk Hydro was also a strong contributor, as it followed the price of aluminum higher.

The FTSE TMX Canada Universe Bond Index increased by 2.36% on a total return basis. The Municipal, Provincial and Corporate sectors outperformed the Index returning 3.62%, 3.53% and 2.87%, respectively. The Federal sector underperformed the Index, returning 0.85%. Late in the period, in the wake of hawkish central bank comments, global interest rates increased and yield curves flattened. Yields across the Canadian curve increased on average during the period, with the front end of the curve increasing the most as it priced in imminent Bank of Canada rate increases. The long-end of the curve decreased, likely attributable in part to the lack of inflation.

The fixed income component underperformed the FTSE TMX Canada Bond Universe Index for the period. Decisions that detracted from performance include the following: (1) corporate security selection as corporate bond holdings in the mid part of the curve, where the Fund is significantly overweight, underperformed versus corporates in other areas of the curve; (2) provincial security selection, as some western provincial holdings (BC due to politics and Alberta due to a credit rating downgrade and commodity prices) underperformed versus their eastern counterparts; and (3) curve positioning. The yield curve flattened during the quarter as the Bank of Canada unexpectedly changed its monetary policy stance prepping markets for a hike. The Fund was positioned for the Bank of Canada to remain on hold with a steepener curve positioning. This underperformance was partially offset by government sector allocation, mainly attributable to an underweight in Government of Canada bonds, which significantly underperformed versus provincials during the period.

Relative to its stated investment objectives and strategies, the Balanced Fund maintained its quality and diversification standards, and stayed within the limits of its allowable exposures to each underlying asset class. The overall asset mix reflects the Fund manager's view that equities will outperform fixed income.

Detailed performance is provided under the heading "Past Performance" in this report

Recent Developments

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, growth 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.

With respect to equities, while finding new opportunities that meet their high hurdle rate remains a challenge, the portfolio manager is quite excited about the opportunities in the portfolio, which is very different versus the broad market on both quality and revaluation potential. The portfolio manager's strictly value-oriented approach and process leads them to consistently refresh the portfolio with quality businesses that have been ignored and mispriced by the market. The portfolio manager is comfortable that this diversified portfolio with high quality names can generate strong returns, with or without exuberant global economic growth.

The Bank of Canada was strongly signaling that they would remove the 50 basis points of extraordinary stimulus that was required to help the economy through the commodity price decline. The Canadian economy continues to strengthen (six consecutive months of positive GDP growth) and Governor Poloz stated that the Bank's forecasts incorporate crude oil in the US$40-50 range. At the end of the period, the Canadian bond market had completely priced in two rate hikes by the Bank, likely in July/October and January/April. In July 2017, the Bank of Canada increased the overnight rate by 25 basis points, to 0.75%. Whether the Bank is just withdrawing the extraordinary stimulus or is embarking on a tightening cycle has yet to be determined. While there is no doubt that the Canadian economy is strong and that the slack in the economy is being used up, there are some dark clouds on the horizon. A significant amount of the

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strong growth has been led by the services sector, and not by manufacturing or by the export sectors that the Bank of Canada had expected to benefit from a lower Canadian dollar. As the Bank of Canada has repeatedly warned, consumer indebtedness is at very high levels. While a slowdown in the housing market will likely not lead to a rash of foreclosures in Canada as it did in the U.S., it will likely constrain consumer spending as mortgage payments take up a greater share of the consumers' wallet. There remains concern that anti-trade and "Buy America" policies, as well as differences in carbon regulations and corporate taxes that could also disadvantage Canadian industry versus that of the U.S. These uncertainties are holding back business investment in Canada.

From a fixed income perspective, the Fund is positioned short duration versus the benchmark. The portfolio manager believes that as central banks have adjusted their biases to removing monetary policy stimulus, both through hiking interest rates and tapering QE and balance sheets, interest rates will gradually rise in accordance. The Canadian bond market has fully price in two interest rate hikes by the Bank of Canada, in line with the portfolio manager's expectations, so there are no opportunities for rates to increase significantly in the short-end of the curve. The Fund is positioned for the yield curve to continue to flatten, as is reflective of tightening cycles. Projected roll return versus that of the benchmark remains positive. The Fund is overweight corporate bonds and is maintaining a defensive and safe haven positioning and remains overweight Canadian bank deposit notes in the short-end of the curve. The Fund is underweight Government of Canada bonds and is slightly underweight provincial bonds.

Related Party Transactions

Beutel, Goodman & Company Ltd. is the Portfolio Advisor to this Fund. The Fund did not rely on any recommendation or approval of its Independent Review Committee to proceed with any transaction involving related parties because it did not conduct any related party transactions, except for certain inter-fund trades, as approved by the Independent Review Committee by standing instructions, and subject to regulatory requirements.

Fees and Expenses

The following table lists the fees and expenses that you may have to pay if you invest in the Beutel Goodman Managed Funds. You may have to pay some of these fees and expenses directly. The Funds pay the other fees and expenses. This will reduce the value of your investment in a Fund.

Management Fees: We are entitled to a management fee from each class of each Fund based on the average daily net asset value of the particular class. The fee is payable monthly, in arrears, and is calculated at the annualized rate specified for each class of each Fund below. Management fees for Class I units are negotiated and paid directly by the investor, not by the Fund, and, therefore, are not listed.

Fund	Class	Management Fees (%)(1)
Balanced Fund	B	1.75
Balanced Fund	D	1.00
Balanced Fund	F	0.85

(1) Excludes GST/HST where applicable.

We may reduce our management fee for certain large investors who have substantial holdings in units of a Fund. To accomplish this, we reduce the management fee we charge to the Fund and the Fund pays out the difference to these investors as a special distribution. This is called a management fee distribution. We calculate and accrue the reduction daily and distribute it quarterly. The distribution is reinvested on behalf of such unitholders in additional units of the same class of the Fund. Management fee reductions for a unitholder may be increased at any time, but may only be decreased after at least 60 days prior written notice has been given to such unitholder.

We may waive our management fee in certain circumstances.

The Fund paid the Manager management fees, inclusive of HST, of $1,348,243 for the period ending June 30, 2017. The management fee for each class of unit is calculated as a percentage of its net asset value, as of the close of business on each business day. The Fund's management fees were used by the Manager to pay costs for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services. The Manager also used the management fees to fund commission payments and other dealer compensation (collectively called "distribution-related costs") to registered dealers and brokers and financial consultants, for units of the Fund bought and held by investors, which amounted to 31.02% of total management fees paid by the Fund to the Manager in 2016.

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Operating Expenses: The Manager pays certain operating expenses of the Fund. These expenses include audit and legal fees; custodian and transfer agent fees; costs attributable to the issue, redemption and change of units, including the cost of the security holder record-keeping system; expenses incurred in respect of preparing and distributing all regulatory reports; fund accounting and valuation costs; independent review committee fees and filing fees, including those incurred by us. In return, the Fund pays the Manager a fixed administration fee. The administration fee may vary by class of units and by Fund.

Please refer to the Financial Highlights section for the MERS of the classes of units.

Commissions

Commissions paid to brokers for portfolio transactions were as follows:

Fund	June 2017	2016	2015
Balanced Fund	$1,091,590	$1,488,313	$2,301,303

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the 6 month period ended June 30 of the current year and for the past 5 years ended December 31. The December 31 information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights for Class B Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	12.12	11.50	11.66	11.39	10.32	9.72
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.05	0.10	0.12	0.13	0.12	0.23
Total Dividend Revenue	0.14	0.25	0.22	0.23	0.19	0.32
Total revenue	0.19	0.35	0.34	0.36	0.31	0.55
Total expenses	(0.14)	(0.26)	(0.33)	(0.34)	(0.19)	(0.23)
Realized gains (losses) for the period	0.42	0.45	0.39	0.58	0.47	0.41
Unrealized gains (losses) for the period	(0.03)	0.44	(0.17)	0.13	1.16	0.90
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.44	0.98	0.23	0.73	1.75	1.63
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.02	0.03	0.07	0.10	0.13	0.05
Net dividend income	0.05	0.09	0.04	0.05	0.06	0.08
Net investment income	0.07	0.12	0.11	0.15	0.19	0.13
Realized gains on sale of investments	–	0.19	0.36	0.40	0.28	0.15
Total distribution to holders of redeemable units (3)	0.07	0.31	0.47	0.55	0.47	0.28
Net assets attributable to holders of redeemable units, end of period (4)	12.59	12.12	11.50	11.66	11.39	10.31

Financial Highlights for Class D Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	20.22	19.15	19.38	18.89	16.97	15.91
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.09	0.17	0.19	0.21	0.19	0.23
Total Dividend Revenue	0.22	0.42	0.38	0.39	0.32	0.32
Total revenue	0.31	0.59	0.57	0.60	0.51	0.55
Total expenses	(0.14)	(0.26)	(0.32)	(0.33)	(0.19)	(0.18)
Realized gains (losses) for the period	0.70	0.74	0.67	0.94	0.72	0.41
Unrealized gains (losses) for the period	0.09	0.67	(0.36)	0.20	1.83	0.90
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.96	1.74	0.56	1.41	2.87	1.68
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.06	0.08	0.20	0.24	0.23	0.12
Net dividend income	0.12	0.25	0.11	0.11	0.11	0.18
Net investment income	0.18	0.33	0.31	0.35	0.34	0.30
Realized gains on sale of investments	–	0.32	0.59	0.66	0.47	0.24
Total distribution to holders of redeemable units (3)	0.18	0.65	0.90	1.01	0.81	0.54
Net assets attributable to holders of redeemable units, end of period (4)	21.02	20.22	19.15	19.38	18.89	16.95

Ratios and Supplemental Data for Class B Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Total net asset attributable to holders of redeemable units ($) (000's) (5)	42,389	28,230	21,294	14,244	6,147	560
Number of outstanding redeemable units (000's) (5)	3,367	2,329	1,852	1,222	540	54
Management expense ratio (6a)	2.02%	2.03%	2.03%	1.99%	2.01%	2.20%
Management expense ratio before absorptions (6b)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	52%	76%	61%	61%	51%	58%
Trading expense ratio (%) (8)	0.06%	0.04%	0.06%	0.08%	0.09%	0.08%
Net assets attributable to holders of redeemable units, end of period (9)	12.59	12.12	11.50	11.66	11.39	10.32

Ratios and Supplemental Data for Class D Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Total net asset attributable to holders of redeemable units ($) (000's) (5)	185,912	166,136	143,296	112,436	65,963	35,946
Number of outstanding redeemable units (000's) (5)	8,844	8,216	7,482	5,801	3,492	2,118
Management expense ratio (6a)	1.20%	1.20%	1.20%	1.20%	1.21%	1.19%
Management expense ratio before absorptions (6b)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	52%	76%	61%	61%	51%	58%
Trading expense ratio (%) (8)	0.06%	0.04%	0.06%	0.08%	0.09%	0.08%
Net assets attributable to holders of redeemable units, end of period (9)	21.02	20.22	19.15	19.38	18.89	16.97

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Financial Highlights for Class F Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	12.30	11.67	11.83	11.54	10.39	9.77
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.05	0.10	0.12	0.13	0.12	0.23
Total Dividend Revenue	0.14	0.25	0.23	0.24	0.18	0.32
Total revenue	0.19	0.35	0.35	0.37	0.30	0.55
Total expenses	(0.08)	(0.15)	(0.18)	(0.19)	(0.10)	(0.12)
Realized gains (losses) for the period	0.46	0.47	0.38	0.57	0.52	0.41
Unrealized gains (losses) for the period	(0.14)	0.45	(0.29)	0.04	1.32	0.90
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.43	1.12	0.26	0.79	2.04	1.74
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.04	0.06	0.14	0.17	0.16	0.09
Net dividend income	0.09	0.17	0.08	0.08	0.07	0.13
Net investment income	0.13	0.23	0.22	0.25	0.23	0.22
Realized gains on sale of investments	–	0.20	0.36	0.40	0.28	0.15
Total distribution to holders of redeemable units (3)	0.13	0.43	0.58	0.65	0.51	0.37
Net assets attributable to holders of redeemable units, end of period (4)	12.77	12.3	11.67	11.83	11.54	10.37

Ratios and Supplemental Data for Class F Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Total net asset attributable to holders of redeemable units ($) (000's) (5)	26,358	11,148	7,335	4,334	1,638	472
Number of outstanding redeemable units (000's) (5)	2,063	906	629	366	142	45
Management expense ratio (6a)	1.05%	1.06%	1.05%	1.04%	1.07%	1.07%
Management expense ratio before absorptions (6b)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	52%	76%	61%	61%	51%	58%
Trading expense ratio (%) (8)	0.06%	0.04%	0.06%	0.08%	0.09%	0.08%
Net assets attributable to holders of redeemable units, end of period (9)	12.77	12.3	11.67	11.83	11.54	10.39

Financial Highlights for Class I Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	21.05	19.95	20.21	19.69	17.71	16.64
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.09	0.17	0.20	0.22	0.20	0.23
Total Dividend Revenue	0.23	0.44	0.40	0.41	0.34	0.32
Total revenue	0.32	0.61	0.60	0.63	0.54	0.55
Total expenses	(0.03)	(0.05)	(0.04)	(0.06)	(0.03)	(0.03)
Realized gains (losses) for the period	0.73	0.76	0.73	0.99	0.72	0.41
Unrealized gains (losses) for the period	0.13	0.66	(0.35)	0.25	1.83	0.90
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	1.15	1.98	0.94	1.81	3.06	1.83
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.10	0.15	0.36	0.40	0.38	0.21
Net dividend income	0.21	0.43	0.20	0.19	0.18	0.31
Net investment income	0.31	0.58	0.56	0.59	0.56	0.52
Realized gains on sale of investments	–	0.34	0.62	0.69	0.49	0.25
Total distribution to holders of redeemable units (3)	0.31	0.92	1.18	1.28	1.05	0.77
Net assets attributable to holders of redeemable units, end of period (4)	21.89	21.05	19.95	20.21	19.69	17.69

Ratios and Supplemental Data for Class I Units

(for the period ended June 30, 2017 and years ended December 31)

$	June 2017	2016	2015	2014	2013	2012
Total net asset attributable to holders of redeemable units ($) (000's) (5)	3,677,231	3,498,150	3,424,755	3,356,090	3,209,050	2,350,126
Number of outstanding redeemable units (000's) (5)	167,975	166,146	171,628	166,077	162,921	132,717
Management expense ratio (6a)	0.07%	0.07%	0.07%	0.07%	0.07%	0.08%
Management expense ratio before absorptions (6b)	0.11%	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	52%	76%	61%	61%	51%	58%
Trading expense ratio (%) (8)	0.06%	0.04%	0.06%	0.08%	0.09%	0.08%
Net assets attributable to holders of redeemable units, end of period (9)	21.89	21.05	19.95	20.21	19.69	17.71

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(1) The information for June 2017, December 2016, December 2015, December 2014 and December 2013 is derived from the Fund's financial statements prepared in accordance with IFRS. The information for prior years is derived from the Fund's annual audited financial statements prepared based on Canadian GAAP.

(2) Net assets attributable to holders of redeemable units per unit and distributions to holders of redeemable units per unit are based on the actual number of redeemable units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the weighted average number of redeemable units outstanding for the relevant class over the fiscal period.

(3) Distributions were paid in cash or automatically reinvested in additional redeemable units of the Fund.

(4) This is not a reconciliation of the beginning and ending net assets per redeemable unit.

(5) This information is provided as at period end of the period shown.

(6a) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily net asset value during the period.

(6b) The Manager may have absorbed some of the fund expenses. If this had occurred, the management fee ratio before any such absorption is listed. The Manager may terminate the absorption at any time, at its discretion. It is not known when such absorptions will be terminated.

(7) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate equals the lesser of purchases or sales divided by the average value of the portfolio securities of the Fund on a monthly basis, excluding short-term securities.

(8) The trading expense ratio represents total commissions and other portfolio transaction costs disclosed in the Statements of Comprehensive Income expressed as an annualized percentage of daily average net asset value of the Fund during the period.

(9) The information for June 2017, December 2016, December 2015, December 2014 and December 2013 is derived from the Fund's financial statements prepared in accordance with IFRS. Prior to January 1, 2013, for the purpose of processing unitholder transactions, net assets were calculated based on the closing market price, while for financial statement purposes net assets were calculated based on bid/ask price. For the period ended June 30, 2017 and for years ended December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013, the information provided for processing unitholder transactions is consistent with the information provided for reporting purposes.

Beutel Goodman **Balanced Fund**

Past Performance

The past performance of each class of units of a Fund, if the class has been in continuous existence and offered to the public for at least 12 months (at the date of this document), is explained under the Year-by-Year Returns heading.

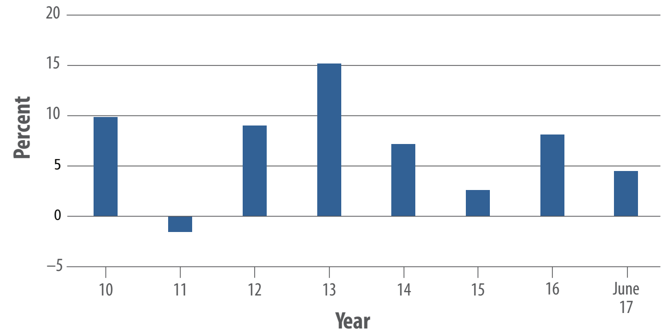
The performance returns in all cases:

- are calculated as of **December 31** in each year and for the **first 6 months** of the current year;
- assume **all distributions** made by the Fund **are reinvested** to purchase additional redeemable units; and
- show the returns of the particular class of the Fund after any applicable management fees and operating expenses have been deducted, **but are not reduced by any redemption charges, optional charges or income taxes payable by you.**

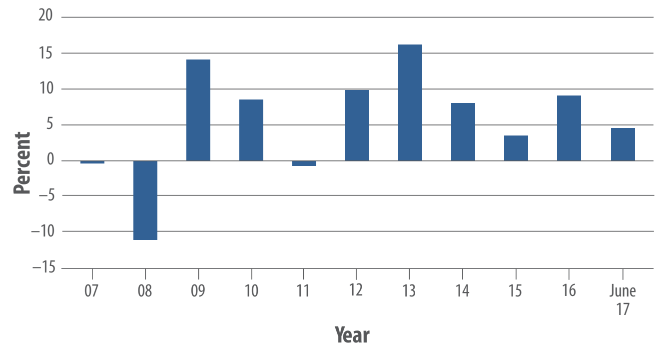
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Year-by-Year Returns

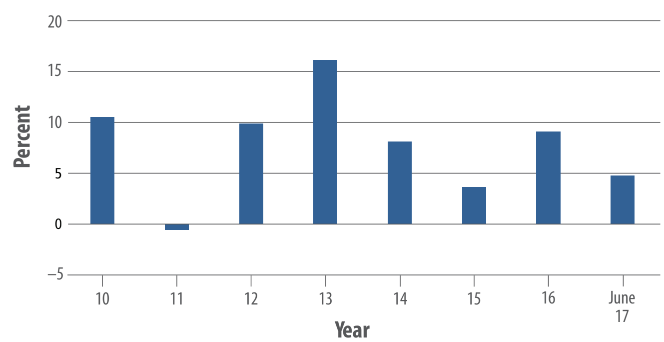
Class B



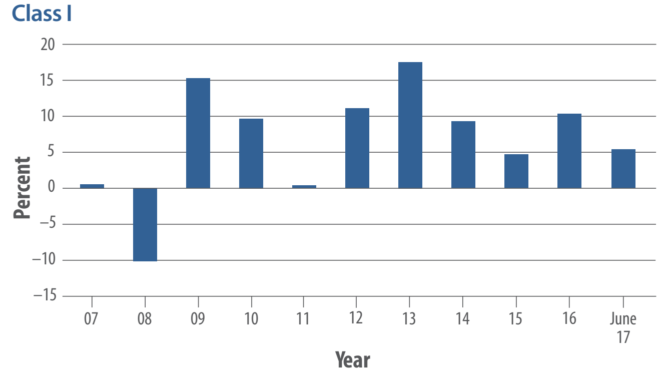
Class D



Class F



Class I



Beutel Goodman **Balanced Fund**

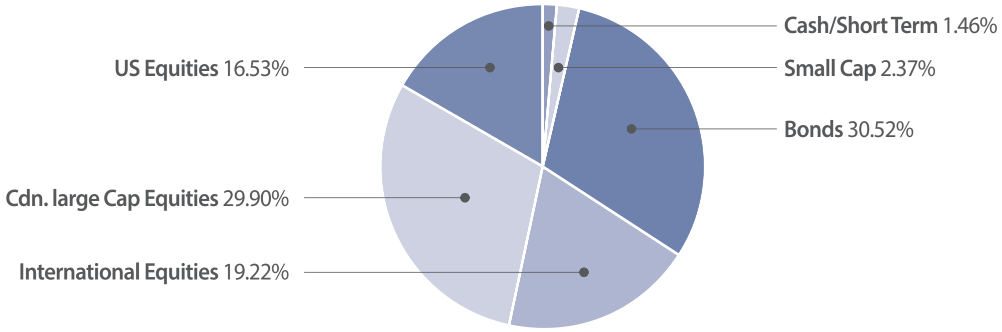
Summary of Investment Portfolio

The following information may change due to the ongoing portfolio transactions of the Fund. More current information regarding the holdings of the Fund may be obtained on our website at www.beutelgoodman.com.

Summary of Top 25 Holdings

Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Royal Bank of Canada			3.11
2. The Toronto-Dominion Bank			2.97
3. Bank of Nova Scotia			2.18
4. Canadian Government Bond	0.750%	1-May-19	1.88
5. Rogers Communications Inc., Class B			1.77
6. Canadian Government Bond	2.750%	1-Dec-48	1.70
7. Brookfield Asset Management Inc.			1.58
8. Magna International Inc.			1.46
9. Canadian Natural Resources Ltd.			1.34
10. Canadian Government Bond	1.250%	1-Aug-17	1.31
11. Canadian Imperial Bank of Commerce			1.22
12. Canadian National Railway Co.			1.20
13. Merck KGaA			1.19
14. Province of Ontario	2.800%	2-Jun-48	1.13
15. Oracle Corp.			1.12
16. Government of Canada	0.531%	7-Sep-17	1.11
17. Ingersoll-Rand PLC			1.11
18. Great-West Lifeco Inc.			1.06
19. American Express Co.			1.06
20. Parker-Hannifin Corp.			1.03
21. Verizon Communications Inc.			1.01
22. Canadian Tire Corp Ltd., Class A			0.99
23. TELUS Corp.			0.98
24. Province of Quebec	3.500%	1-Dec-48	0.93
25. Agrium Inc.			0.93

Asset Mix



Beutel Goodman **Balanced Fund**

Other Material Information

Classes of Units: Each of the Funds in the Beutel Goodman family of Funds issues Class B, Class D (formerly Class A), Class F and Class I units, with the exception of the Beutel Goodman Fundamental Canadian Equity Fund, Beutel Goodman Global Dividend Fund and Beutel Goodman Short Term Bond Fund, which issue only Class B, Class F and Class I units. Expenses of each class are tracked separately and a separate net asset is calculated for each class.

The Beutel Goodman Balanced Fund is available in 4 classes of units: Class B, Class D (formerly Class A), Class F and Class I.

Each Fund may issue an unlimited number of classes of units and may issue an unlimited number of units of each class. The different classes of units of a Fund represent an interest in the same portfolio investments of the Fund.

Class B Units: for retail investors investing a minimum of $5,000 in a Fund through authorized third-party dealers;

Class D* Units: for retail investors investing a minimum of $5,000 in a Fund;

Class F Units: for investors investing a minimum of $5,000 in a Fund, who are enrolled in a dealer-sponsored fee-for-service or wrap program (where various mutual funds are bundled together) who are subject to a periodic asset-based fee, rather than commissions on each transaction and whose dealer has signed a Class F agreement, or any other investors for whom we do not incur distribution costs, such as our employees (or affiliated corporations);

Class I Units: for investors who have invested a minimum of $500,000 in a Fund and who have entered into an investment management agreement with us. At our discretion, we may waive the investment minimum.

* Class A units distributed under prior simplified prospectuses have been renamed "Class D" units as of August 13, 2010.

Additional Information

Independent Review Committee

Beutel Goodman Managed Funds Inc., the former Manager of the Beutel Goodman Managed Funds, appointed an Independent Review Committee ("IRC") on May 1, 2007, for each of its public mutual Funds in accordance with the Canadian Securities Administrators' National Instrument 81-107. This Instrument has been designed to promote investor protection in mutual funds. Effective January 1, 2013, as the result of the amalgamation between Beutel Goodman Managed Funds Inc. and Beutel, Goodman & Company Ltd., Beutel, Goodman & Company Ltd. is the Manager of the Beutel Goodman Managed Funds. The IRC actively assumed its role and responsibilities on November 1, 2007. The IRC oversees conflict of interest matters that may arise out of the management of each of the Funds by providing its recommendations or approvals, as required, to the Manager on how these conflicts may be fairly resolved. The IRC for each of the Beutel Goodman Managed Funds consists of three industry professionals, none of whom have an interest in the Funds or Beutel, Goodman & Company Ltd. outside of their roles as members of the IRC. The IRC 2016 Report to Unitholders is available on the Beutel Goodman Managed Funds' website at www.beutelgoodman.com or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Company Ltd. at mutualfunds@beutelgoodman.com.

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