

# Interim Management Report of Fund Performance

June 30, 2017

**Beutel Goodman Canadian Dividend Fund**



# Beutel Goodman Canadian Dividend 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](http://www.beutelgoodman.com) or SEDAR at [www.sedar.com](http://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.

## **Beutel Goodman Managed Funds**

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# Beutel Goodman Canadian Dividend Fund

## Management Discussion of Fund Performance

### Investment Objectives and Strategies

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, to a lesser extent, in high-yield preferred stocks and interest-bearing securities. The Fund may invest in foreign securities.

The Fund's advisor chooses primarily blue-chip common stocks. The Fund may also invest in preferred stocks, bonds, purchase warrants and rights, royalty trusts and income trusts, and foreign securities that provide a stable income.

The selection gives preference to capital growth, while providing a high, regular level of income. The portfolio advisor chooses the investments by seeking out reputable stocks that are undervalued on the market compared to their true worth, focusing on small/mid and large capitalization Canadian corporations in a variety of industries, favouring equity securities.

Investments by the Fund in non-Canadian securities, will generally not exceed 49% of the Fund's assets taken at book value.

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 seeking capital growth with a medium tolerance for risk and a long-term investment horizon.

### Results of Operations

The Fund had a positive return and outperformed the S&P/TSX Composite Index benchmark over the six month period under review.

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 -0.7%. Consumer Discretionary led the Index, followed by Industrials and Utilities. At the end of the first half of the year, the Bank of Canada signaled 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.

Oil was weak, trading to seven month lows during June, but ended the period near \$46. Despite concerning developments in the Middle East, involving the cutting of diplomatic ties with Qatar over its involvement with Iran, the markets focused on supply data showing surging crude and gasoline inventories. The latest data showed U.S. crude inventories rising, while expectations were for a considerable decline. A further bearish indicator is gasoline consumption, which remains weak. OPEC-led production cuts have been offset by rising production in the U.S., Libya and Nigeria.

Sector weighting effects added value in the period, but were offset by negative stock selection, primarily in the Energy sector.

In the Canadian portion of the Fund, one of the largest contributions to performance came from an advance in Rogers Communications in the Telecommunication Services sector. The stock gained significantly on continued wireless strength from subscriber growth and increased data usage.

In the international portion of the portfolio, the Fund's position in Unilever added value. The stock gained significantly in the first half of the year, after a merger proposal from Kraft Heinz, which was later withdrawn.

Other top contributors to performance included: Royal Bank, BNS, Eli Lilly, Air Liquide and Atea.

The largest negative contribution to performance was from Cenovus in the Energy sector. Cenovus declined over 50% during the period, 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 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. Verizon was also a notable detractor for the period, falling significantly after the company reported a larger than expected drop in Q1 adjusted earnings. Building subscriber losses early in the quarter forced the company to join competitors in offering aggressively priced unlimited data to mobile subscribers. While certainly a near term headwind, the portfolio manager continues to believe that the current competitive conditions in U.S. wireless are unsustainable over the long term and that Verizon has the scale and balance sheet to weather the storm and emerge in a stronger position.

USD currency hedging added significant value for the period.

In the first half of the year, four new positions were added to the portfolio, Sun Life Financial, Omnicom Group, Metro and Superior Plus. Sun Life is a very well-managed, well-capitalized life insurance company with excellent earnings quality, an attractive mix of stable businesses and good long term growth prospects. Omnicom Group is a collection of franchises that offer a broad range of brand building services across Advertising, Customer Relationship Management (CRM), Public Relations and Specialty Communications. This is a well-run company with an exceptional business model in an attractive end-market. Metro, Canada's third largest grocer, remains the leader in operational performance, as well as delivering superior shareholder returns over time. In addition, management augments the solid execution with a very disciplined and balanced capital allocation strategy. 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. Manulife Financial was sold during the period, as Sun Life offered a better risk/return profile. Telus, Symantec, Atea and Intact Financial were also sold on valuation. Positions in Power Financial and Verizon were increased during the period, while several holdings were trimmed, including Finning, Canadian Tire, Molson Coors, BNS, Thomson Reuters and Rogers. The portfolio received a small holding in Trisura, a stock dividend from Brookfield Asset Management, which was sold.

At the end of the period, the yield on the portfolio was 3.6% compared to a yield of 3.3% for S&P/TSX Composite Index.

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

# Beutel Goodman Canadian Dividend Fund

## Recent Developments

There have been no changes to the Fund's Manager for the review period.

As economic conditions continue to improve, global central banks are signaling that accommodative monetary policy may soon be coming to an end. The U.S. 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 resulting in an interest rate hike in July. Continued positive economic data, including strong GDP and a solid job market, support this view. The Bank has dismissed previous worries over trade policy and weak oil prices. On the other hand, inflation remains well below the 2% target set by the bank and wage growth remains muted – both risks to a possible tightening plan.

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. The portfolio manager remains positively inclined to equity markets and expects the stable economic growth backdrop to remain supportive of corporate earnings and equity valuations. The portfolio manager's analysis indicates that the upside in the Fund's current holdings in Financials, Telecommunication Services and the Consumer sectors remain attractive, while cautious on fundamentals in Energy and Materials. The portfolio manager continues to execute their disciplined process of investing in excellent businesses at an adequate discount to grow capital while mitigating risk.

## 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 (%) <sup>(1)</sup>
Canadian Dividend Fund	B	1.85
Canadian Dividend Fund	D	1.25
Canadian Dividend Fund	F	0.90

(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 \$1,220,327 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 26.08% of total management fees paid by the Fund to the Manager in 2016.

**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
Canadian Dividend Fund	\$216,560	\$116,429	\$80,519

# Beutel Goodman Canadian Dividend Fund

## 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. 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
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	15.13	13.11	13.77	12.95	10.66	10.19
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.26	0.53	0.50	0.47	0.35	0.23
Total revenue	0.26	0.53	0.50	0.47	0.35	0.23
Total expenses	(0.19)	(0.33)	(0.32)	(0.33)	(0.23)	(0.23)
Realized gains (losses) for the period	0.55	0.21	0.57	0.68	0.66	0.39
Unrealized gains (losses) for the period	(0.78)	2.05	(0.90)	0.45	2.26	0.28
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.16)	2.46	(0.15)	1.27	3.04	0.67
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	–	–	–	–	0.06	–
Net dividend income	0.06	0.25	0.17	0.17	0.21	0.19
Net investment income	0.06	0.25	0.17	0.17	0.27	0.19
Realized gains on sale of investments	–	–	0.43	0.35	0.22	0.37
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	0.06	0.25	0.60	0.52	0.49	0.56
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	15.10	15.13	13.11	13.77	12.95	10.65

### 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
<b>Total net asset attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	46,516	26,944	11,744	10,684	4,642	675
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	3,080	1,781	896	776	358	63
<b>Management expense ratio <sup>(6a)</sup></b>	2.13%	2.12%	2.10%	2.10%	2.10%	2.20%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	20%	15%	29%	31%	33%	28%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.14%	0.07%	0.07%	0.08%	0.10%	0.09%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	15.10	15.13	13.11	13.77	12.95	10.66

### 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
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	9.82	8.48	8.90	8.34	6.80	6.42
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.17	0.35	0.32	0.30	0.22	0.23
Total revenue	0.17	0.35	0.32	0.30	0.22	0.23
Total expenses	(0.08)	(0.14)	(0.14)	(0.14)	(0.10)	(0.08)
Realized gains (losses) for the period	0.34	0.14	0.35	0.47	0.31	0.39
Unrealized gains (losses) for the period	(0.41)	1.24	(0.52)	0.28	1.44	0.28
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	0.02	1.59	0.01	0.91	1.87	0.82
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	–	–	–	–	0.04	–
Net dividend income	0.05	0.19	0.16	0.14	0.13	0.11
Net investment income	0.05	0.19	0.16	0.14	0.17	0.11
Realized gains on sale of investments	–	–	0.28	0.22	0.14	0.24
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	0.05	0.19	0.44	0.36	0.31	0.35
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	9.82	9.82	8.48	8.90	8.34	6.79

### 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
<b>Total net asset attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	100,261	84,398	53,436	42,441	28,185	15,738
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	10,206	8,594	6,300	4,770	3,382	2,315
<b>Management expense ratio <sup>(6a)</sup></b>	1.48%	1.48%	1.47%	1.47%	1.50%	1.50%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	20%	15%	29%	31%	33%	28%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.14%	0.07%	0.07%	0.08%	0.10%	0.09%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	9.82	9.82	8.48	8.90	8.34	6.80

# Beutel Goodman Canadian Dividend Fund

## 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
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	15.45	13.38	14.06	13.21	10.81	10.30
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.26	0.54	0.52	0.48	0.35	0.23
Total revenue	0.26	0.54	0.52	0.48	0.35	0.23
Total expenses	(0.11)	(0.19)	(0.19)	(0.19)	(0.13)	(0.12)
Realized gains (losses) for the period	0.57	0.20	0.58	0.68	0.46	0.39
Unrealized gains (losses) for the period	(0.74)	2.27	(0.89)	0.36	2.22	0.28
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.02)	2.82	0.02	1.33	2.90	0.78
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	–	–	0.01	–	0.07	–
Net dividend income	0.12	0.39	0.31	0.29	0.24	0.26
Net investment income	0.12	0.39	0.32	0.29	0.31	0.26
Realized gains on sale of investments	–	–	0.44	0.36	0.22	0.38
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	0.12	0.39	0.76	0.65	0.53	0.64
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	15.44	15.45	13.38	14.06	13.21	10.80

## 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
<b>Total net asset attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	55,171	31,219	8,079	7,176	3,479	1,896
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	3,572	2,021	604	510	263	175
<b>Management expense ratio <sup>(6a)</sup></b>	1.12%	1.11%	1.13%	1.12%	1.12%	1.13%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	20%	15%	29%	31%	33%	28%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.14%	0.07%	0.07%	0.08%	0.10%	0.09%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	15.44	15.45	13.38	14.06	13.21	10.81

## 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
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	10.54	9.10	9.56	8.97	7.34	6.96
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	–	–	–	–	–	–
Total Dividend Revenue	0.19	0.38	0.35	0.33	0.24	0.23
Total revenue	0.19	0.38	0.35	0.33	0.24	0.23
Total expenses	(0.02)	(0.03)	(0.02)	(0.03)	(0.01)	(0.01)
Realized gains (losses) for the period	0.38	0.16	0.33	0.47	0.30	0.39
Unrealized gains (losses) for the period	(0.67)	1.30	(0.71)	0.31	1.58	0.28
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.12)	1.81	(0.05)	1.08	2.11	0.89
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	–	–	0.01	–	0.06	–
Net dividend income	0.13	0.34	0.31	0.28	0.23	0.23
Net investment income	0.13	0.34	0.32	0.28	0.29	0.23
Realized gains on sale of investments	–	–	0.30	0.24	0.15	0.26
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	0.13	0.34	0.62	0.52	0.44	0.49
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	10.54	10.54	9.10	9.56	8.97	7.33

## 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
<b>Total net asset attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	179,720	81,345	57,065	28,011	15,040	10,806
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	17,050	7,720	6,268	2,929	1,676	1,473
<b>Management expense ratio <sup>(6a)</sup></b>	0.07%	0.11%	0.10%	0.11%	0.11%	0.11%
<b>Management expense ratio before absorptions <sup>(6b)</sup></b>	0.11%	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	20%	15%	29%	31%	33%	28%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.14%	0.07%	0.07%	0.08%	0.10%	0.09%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	10.54	10.54	9.10	9.56	8.97	7.34

# Beutel Goodman Canadian Dividend Fund

- (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 Canadian Dividend 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.

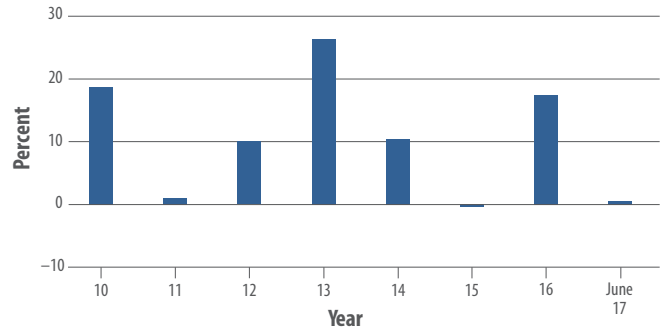
The performance returns in all cases:

- 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.**

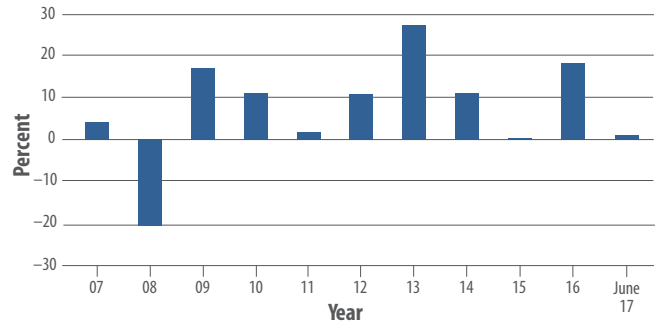
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

## Year-by-Year Returns

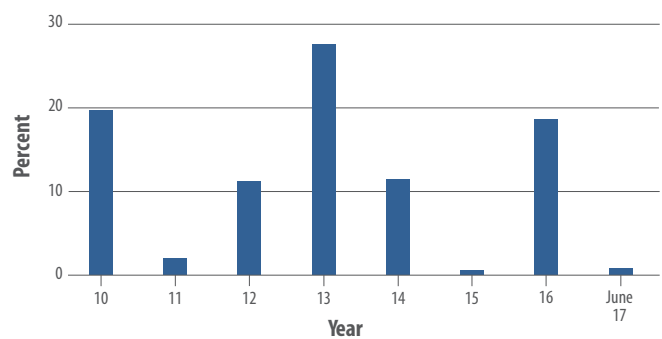
### Class B



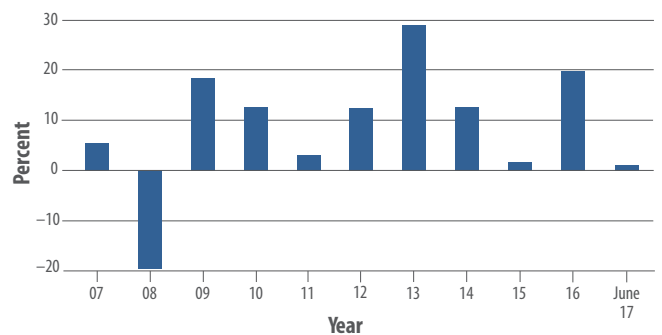
### Class D



### Class F



### Class I



# Beutel Goodman Canadian Dividend Fund

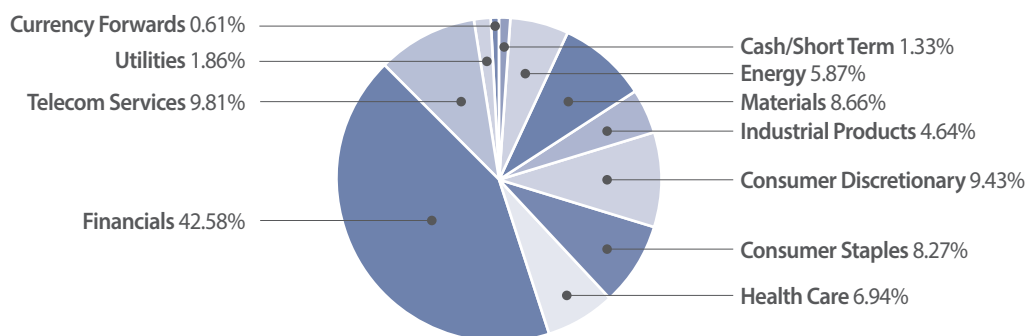
## Summary of Investment Portfolio

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](http://www.beutelgoodman.com).

### Summary of Top 25 Holdings

Issuer Name	% of Net Assets	Issuer Name	% of Net Assets
1. Royal Bank of Canada	9.67	14. Canadian Natural Resources Ltd.	3.51
2. The Toronto-Dominion Bank	9.58	15. Agrium Inc.	2.80
3. Bank of Nova Scotia	7.22	16. Merck KGaA	2.66
4. Rogers Communications Inc., Class B	5.22	17. Parker-Hannifin Corp.	2.51
5. Power Financial Corp.	4.94	18. Cenovus Energy Inc.	2.32
6. Sun Life Financial Inc.	4.60	19. Unilever NV	2.26
7. Verizon Communications Inc.	4.57	20. Finning International Inc.	2.12
8. Air Liquide SA	4.33	21. Canadian Tire Corp Ltd., Class A	1.96
9. Eli Lilly & Co.	4.26	22. Superior Plus Corp.	1.85
10. Canadian Imperial Bank of Commerce	4.10	23. Molson Coors Canada Inc., Class B	1.79
11. Kellogg Co.	3.96	24. Potash Corp. of Saskatchewan Inc.	1.50
12. Omnicom Group Inc.	3.90	25. Brookfield Asset Management Inc.	1.35
13. Magna International Inc.	3.55		

### Asset Mix



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## 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 Canadian Dividend 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](http://www.beutelgoodman.com) or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Company Ltd. at [mutualfunds@beutelgoodman.com](mailto:mutualfunds@beutelgoodman.com).



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