

Interim Management Report of Fund Performance

June 30, 2017

Beutel Goodman Money Market Fund

Beutel Goodman Money Market 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.

Beutel Goodman Managed Funds

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Beutel Goodman Money Market Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to maintain a high level of liquidity by investing in high quality Canadian money market instruments such as treasury bills, short-term government and corporate securities and deposit receipts of Canadian chartered banks and trust companies having a term to maturity not exceeding one year.

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 a high degree of liquidity and interest income, with a low tolerance for risk and a short-term investment horizon.

Results of Operations

Money market yields increased over the period. 91-day T-Bill yields started the period yielding 0.45% at December 31, 2016 and finished at 0.72% at June 30, 2017.

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%.

The Beutel Goodman Money Market Fund saw its yield increase over the semi-annual period from 0.72% to 0.85% at June 30, 2017. The average term was decreased from 79 days to 73 days at end of June, and is shorter than its benchmark, the 91-day T-Bill. The quality of the Fund has remained consistent and only contains securities rated R-1 (low) or higher as per the Dominion Bond rating Service.

Relative to its stated investment objectives and strategies, the Fund has maintained its quality and diversification standards.

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

Recent Developments

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 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.

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.

Beutel Goodman Money Market Fund

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⁾ |
|-------------------|-------|------------------------------------|
| Money Market Fund | D | 0.50 |
| Money Market Fund | F | 0.40 |

(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 \$14,794 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 32.65% 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.

Beutel Goodman Money Market 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 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 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⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Increase (decrease) in net assets attributable to holders of redeemable units: | | | | | | |
| Total Interest Revenue | 0.04 | 0.08 | 0.09 | 0.12 | 0.11 | 0.12 |
| Total expenses | (0.01) | (0.02) | (0.02) | (0.02) | (0.02) | (0.02) |
| Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾ | 0.03 | 0.06 | 0.07 | 0.10 | 0.09 | 0.10 |
| Distribution to holders of redeemable units per unit: | | | | | | |
| Net interest income | 0.03 | 0.06 | 0.07 | 0.10 | 0.10 | 0.10 |
| Realized gains on sale of investments | — | — | — | — | — | — |
| Total distribution to holders of redeemable units ⁽³⁾ | 0.03 | 0.06 | 0.07 | 0.10 | 0.10 | 0.10 |
| Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

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⁾ | 20,579 | 26,765 | 24,065 | 20,881 | 20,328 | 21,991 |
| Number of outstanding redeemable units (000's) ⁽⁵⁾ | 2,058 | 2,676 | 2,406 | 2,088 | 2,033 | 2,199 |
| Management expense ratio ^(6a) | 0.22% | 0.22% | 0.22% | 0.22% | 0.22% | 0.23% |
| Management expense ratio before absorptions ^(6b) | 0.67% | N/A | N/A | N/A | N/A | N/A |
| Net assets attributable to holders of redeemable units, end of period ⁽⁷⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

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⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Increase (decrease) in net assets attributable to holders of redeemable units: | | | | | | |
| Total Interest Revenue | 0.04 | 0.08 | 0.09 | 0.12 | 0.11 | 0.12 |
| Total expenses | (0.01) | (0.02) | (0.02) | (0.02) | (0.02) | (0.02) |
| Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾ | 0.03 | 0.06 | 0.07 | 0.10 | 0.09 | 0.10 |
| Distribution to holders of redeemable units per unit: | | | | | | |
| Net interest income | 0.03 | 0.06 | 0.07 | 0.10 | 0.10 | 0.10 |
| Realized gains on sale of investments | — | — | — | — | — | — |
| Total distribution to holders of redeemable units ⁽³⁾ | 0.03 | 0.06 | 0.07 | 0.10 | 0.10 | 0.10 |
| Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

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⁾ | 3,761 | 97 | 114 | 135 | 82 | 5 |
| Number of outstanding redeemable units (000's) ⁽⁵⁾ | 376 | 10 | 11 | 14 | 8 | 1 |
| Management expense ratio ^(6a) | 0.23% | 0.23% | 0.23% | 0.23% | 0.23% | 0.23% |
| Management expense ratio before absorptions ^(6b) | 0.57% | N/A | N/A | N/A | N/A | N/A |
| Net assets attributable to holders of redeemable units, end of period ⁽⁷⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

Beutel Goodman Money Market Fund

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⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Increase (decrease) in net assets attributable to holders of redeemable units: | | | | | | |
| Total Interest Revenue | 0.04 | 0.08 | 0.09 | 0.13 | 0.12 | 0.12 |
| Total expenses | – | – | – | (0.01) | (0.01) | (0.01) |
| Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾ | 0.04 | 0.08 | 0.09 | 0.12 | 0.11 | 0.11 |
| Distribution to holders of redeemable units per unit: | | | | | | |
| Net interest income | 0.04 | 0.08 | 0.09 | 0.12 | 0.11 | 0.11 |
| Realized gains on sale of investments | – | – | – | – | – | – |
| Total distribution to holders of redeemable units ⁽³⁾ | 0.04 | 0.08 | 0.09 | 0.12 | 0.11 | 0.11 |
| Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

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⁾ | 255,538 | 309,074 | 40,625 | 37,031 | 43,051 | 24,503 |
| Number of outstanding redeemable units (000's) ⁽⁵⁾ | 25,554 | 30,907 | 4,062 | 3,703 | 4,305 | 2,450 |
| Management expense ratio ^(6a) | 0.02% | 0.02% | 0.04% | 0.06% | 0.11% | 0.11% |
| Management expense ratio before absorptions ^(6b) | 0.11% | N/A | N/A | N/A | N/A | N/A |
| Net assets attributable to holders of redeemable units, end of period ⁽⁷⁾ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

Beutel Goodman Money Market 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 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 Money Market 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.

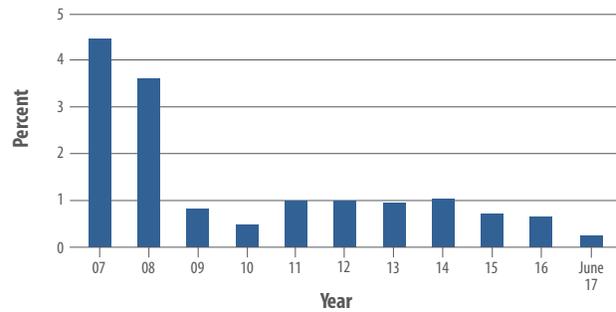
The performance returns in all cases:

- 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.**

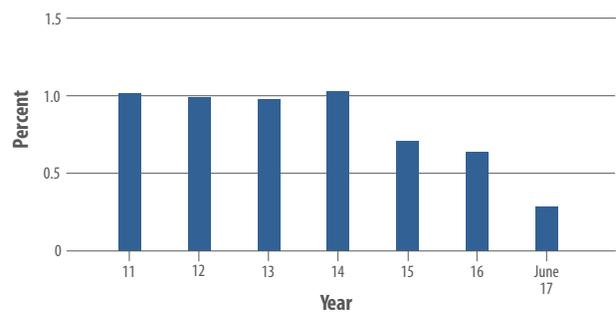
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Year-by-Year Returns

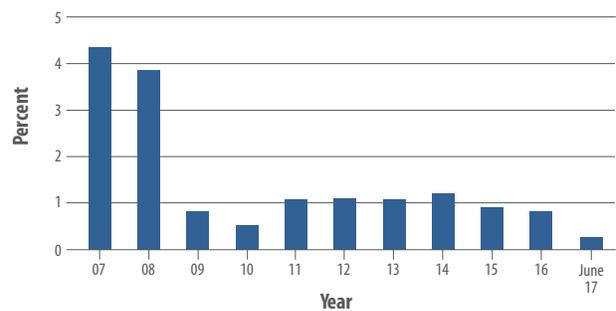
Class D



Class F



Class I



Beutel Goodman Money Market 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 Holdings

| Issuer Name | Coupon Rate (%) | Maturity Date | % of Net Assets | Issuer Name | Coupon Rate (%) | Maturity Date | % of Net Assets |
|--|-----------------|---------------|-----------------|----------------------------------|-----------------|---------------|-----------------|
| 1. Government of Canada | 0.583% | 10-Aug-17 | 28.64 | 14. Gaz Métro Inc. | 0.772% | 23-Aug-17 | 3.31 |
| 2. Bank of Nova Scotia | 0.760% | 15-Sep-17 | 6.23 | 15. FortisBC Energy Inc | 0.842% | 21-Sep-17 | 2.85 |
| 3. Government of Canada | 0.670% | 21-Sep-17 | 5.89 | 16. Inter Pipeline Corridor Inc. | 0.890% | 24-Aug-17 | 2.67 |
| 4. Canadian Imperial Bank Of Commerce | 0.832% | 25-Sep-17 | 5.35 | 17. The Toronto-Dominion Bank | 0.859% | 25-Aug-17 | 2.43 |
| 5. Enbridge Pipelines Inc. | 0.931% | 10-Jul-17 | 5.35 | 18. Inter Pipeline Corridor Inc. | 0.888% | 6-Sep-17 | 2.40 |
| 6. Gaz Métro Inc. | 0.751% | 28-Aug-17 | 5.16 | 19. Firstbank | 0.751% | 15-Aug-17 | 1.78 |
| 7. FortisBC Energy Inc. | 0.760% | 28-Aug-17 | 4.99 | 20. Inter Pipeline Corridor Inc. | 0.941% | 20-Jul-17 | 1.78 |
| 8. Firstbank | 0.770% | 28-Aug-17 | 3.57 | 21. Inter Pipeline Corridor Inc. | 0.891% | 12-Sep-17 | 1.75 |
| 9. Royal Bank of Canada | 0.752% | 9-Aug-17 | 3.57 | 22. The Toronto-Dominion Bank | 0.849% | 18-Sep-17 | 1.03 |
| 10. Royal Bank of Canada | 0.829% | 20-Sep-17 | 3.57 | 23. Royal Bank of Canada | 0.791% | 15-Sep-17 | 0.86 |
| 11. Greater Toronto Airports Authority | 0.821% | 16-Aug-17 | 3.57 | | | | |
| 12. Greater Toronto Airports Authority | 0.810% | 13-Sep-17 | 3.57 | | | | |
| 13. Firstbank | 0.772% | 15-Sep-17 | 3.39 | | | | |

Quality Mix



Beutel Goodman Money Market 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 Money Market Fund is available in 3 classes of units: 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 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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