Beutel Goodman American Equity Fund

TOP 10 HOLDINGS (%)

VERIZON COMMUNICATIONS	6.5
PARKER HANNIFIN CORP	6.1
AMERICAN EXPRESS CO	5.8
INGERSOLL-RAND PLC	5.6
TERADYNE INC	5.4
ORACLE CORP	5.3
SYMANTEC CORP	5.0
ELI LILLY & CO	4.7
HALLIBURTON	4.5
AMERISOURCE-BERGEN	4.4

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**S&P 500 C$**	
Industrials	18.9	10.3	8.6
Telecom	6.5	2.7	3.8
Health Care	17.1	13.6	3.4
Financials	17.3	14.8	2.5
Info. Tech.	21.9	20.8	1.2
Consumer S.	9.7	9.4	0.3
Materials	0.0	2.8	-2.8
Real Estate	0.0	2.9	-2.9
Energy	4.5	7.6	-3.1
Utilities	0.0	3.2	-3.2
Consumer D.	0.0	12.0	-12.0
Cash	4.1		

PERFORMANCE % (ANNUALIZED) TO DECEMBER 31, 2016

BG AMERICAN EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	8.32	15.80	16.18	19.44	24.61	22.74	10.56
S&P 500 INDEX C$	6.28	8.61	14.62	17.66	23.22	21.21	8.47
MANAGEMENT EFFECT	**2.04**	**7.19**	**1.56**	**1.78**	**1.38**	**1.53**	**2.08**

PERFORMANCE % (ANNUAL) TO DECEMBER 31ST

BG AMERICAN EQUITY FUND	2016	2015	2014	2013	2012
TOTAL PORTFOLIO	15.80	16.55	26.25	41.49	15.55
S&P 500 INDEX C$	8.61	20.96	24.00	41.53	13.49
MANAGEMENT EFFECT	**7.19**	**-4.41**	**2.25**	**-0.04**	**2.06**

INVESTMENT STRATEGY

The Fund seeks long-term enhancement of capital primarily through investments in common stocks and other equity securities of American issuers. The number of stocks held is between 25-50.

INVESTMENT RESULTS

The Beutel Goodman American equity portfolio outperformed the S&P500 C$ Index benchmark in the fourth quarter of 2016, capping off a strong year for both the Fund and the U.S. market. Without a doubt, the major catalyst in the period was the outcome of the U.S. election which saw the election of Donald Trump as President of the United States. Rather than triggering a sell-off and a move to safety, as many had speculated prior to the election, investors focused on the pro-growth implications of his platform by moving into economically sensitive stocks and those likely to benefit from a steepening yield curve and Trump's campaign promises of regulatory relief.

In addition to the outcome of the U.S. election, investor sentiment was bolstered by a steady stream of positive data on the U.S. economy. Manufacturing, which had briefly slipped into contraction in the summer, moved back into expansion, while the service sector also rebounded sharply, eventually moving up to its fastest pace of growth since 2015. Employment also strengthened, with job creation numbers ahead of expectations and weekly jobless claims consistently below the key 300,000 level. The unemployment rate fell from 4.9% to 4.6% over the period, although some of that was due to a drop in the already low labour participation rate, an anomaly increasingly attributed to retiring baby boomers. Adding to the positive sentiment, U.S. economic growth for the third quarter was revised up from 3.2% to 3.5% on stronger than estimated household spending. The only real negative was a sharp increase in the trade deficit, suggesting the strong U.S. dollar could be a headwind for the U.S. economy in 2017.

Another notable catalyst for the market was an agreement by OPEC to cut oil production, which was largely responsible for the 9.8% gain for the Energy sector.

The Fund's outperformance in the quarter was primarily driven by sector allocation, with additional contribution from stock selection. Overall sector leadership was split between Financials and Industrials, as the positive impact of our overweight positions in these sectors combined with positive security selection from several individual holdings. Our Energy position was also a positive contributor to performance, despite being underweight the sector, due to the very strong performance from our single holding in the space, Halliburton. Our overweight position in Health Care detracted from performance this quarter, as this was the worst performing sector next to Real Estate.

On an individual security basis, JPMorgan was the single largest contributor to performance, leading our group of Financials, with other notable contributions from American Express, BB&T, Wells Fargo and Ameriprise. Halliburton, our only Energy name, was also very strong and more than offset our underweight exposure to the space. Industrial names Parker Hannifin and Ingersoll Rand provided strong security selection, finishing off a strong year for both stocks.

In Information Technology, positive security selection from Teradyne helped to offset a small negative impact from being overweight the underperforming group. It was a challenging environment for Health Care and our portfolio was not immune, as most of our names were down for the period, most notably Baxter and Eli Lilly. In Consumer Staples, slightly negative attribution from our overweight position was amplified by weak performance from CVS Health.

PORTFOLIO STRATEGY & ACTIVITY

In the fourth quarter, the portfolio added one new position. **AmerisourceBergen** is the largest drug wholesaler in the U.S., in a consolidated industry where the top three players control 85% of the market. AmerisourceBergen is a well-managed company with a strong franchise in an attractive industry.

In addition to initiating a position in AmerisourceBergen, the portfolio also added to existing health care holdings **CVS Health** and **Eli Lilly**. Our position in **Ameriprise Financial** was also increased in the quarter, as its valuation continued to be inconsistent with its longer term value.

During the quarter we sold one-third of our position in U.S. rail company **CSX** as well as two of our financial holdings, **BB&T** and **JP Morgan**, as all three attained their respective target prices. Other names trimmed in the quarter included **Symantec, Caterpillar, Teradyne, Merck** and **Halliburton**.

OUTLOOK

The year-end rally made the task of adding new gems to the portfolio that meet our high (and strict) hurdle rates more challenging. Our portfolio turnover has therefore been quite low, below 20% for the quarter and the year. We will maintain our patience and discipline knowing that, at times, doing nothing is the best decision. While challenges mount to add new positions, we note that our highest conviction names still carry significant potential returns to our targets (Verizon, Parker Hannifin, American Express and Oracle to name a few). On a fundamental basis, we still see opportunities to garner attractive long-term returns for our unit holders.

All of our holdings in the portfolio continue to generate free cash flow, have strong balance sheets and capital allocation policies that we feel strike the right balance between corporate needs and shareholder returns. High quality business models and company-specific catalysts factor into attractive risk/reward profiles and, importantly, downside protection. The portfolio continues to incorporate a high concentration of companies with under-levered balance sheets and managements that are well aligned with shareholders, which we expect will continue to lead to positive corporate actions like share buy-backs, dividend increases and value-enhancing deals.

Disclosure Notes

Investment returns are expressed in Canadian dollars unless otherwise noted, gross of investment management fees and net of operating expenses for Beutel Goodman funds. Returns are time weighted and annualized for periods greater than one year. Client returns may vary due to cash flow timing and client-specific constraints.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit values and reinvestment of all dividends or distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The I class units of the Short Term Bond Fund were not offered under a prospectus for the period since performance inception to October 4, 2010 (the prospectus start date). The I class units of the Global Dividend Fund were not offered under a prospectus for the period since performance inception to September 14, 2010 (the prospectus start date). Please see the related product profiles for the inception dates of these funds. The I class units of the Global Equity Fund were not offered under a prospectus for the period since its 1995 performance inception to July 6, 2011 (the prospectus start date). Performance for each of these Funds is combined to include both of these periods. The expenses of these Funds would have been higher during these periods had these Funds been subject to additional regulatory requirements applicable to a fund whose units are offered under a prospectus.

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