TOP 10 HOLDINGS (%)

ROYAL BANK CDA	9.3
TORONTO DOMINION BK	8.8
ROGERS COMMUNICATION	7.1
BANK OF NOVA SCOTIA	6.3
CDN NATURAL RES	4.5
BROOKFIELD ASSET MGT	4.4
MAGNA INTL INC	4.1
CANADIAN IMPERIAL BK	3.9
CENOVUS ENERGY	3.5
CANADIAN TIRE CORP	3.5

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS* (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**S&P/TSX**	
Financials	41.8	34.5	7.3
Consumer D.	11.0	5.1	5.9
Telecom	9.8	4.8	5.1
Industrials	9.6	9.0	0.6
Consumer S.	4.1	3.8	0.3
Info. Tech.	2.8	2.9	-0.1
Health Care	0.2	0.6	-0.4
Real Estate	0.7	3.0	-2.3
Utilities	0.2	3.0	-2.8
Materials	6.9	12.1	-5.2
Energy	11.2	21.4	-10.1
Cash	1.7		

* BG weights are combined to include a 7.5% Small Cap component.

PERFORMANCE % (ANNUALIZED) TO MARCH 31, 2017

BG CANADIAN EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	3.03	18.76	8.29	8.15	11.77	11.95	7.72
S&P/TSX INDEX	2.41	18.62	5.27	5.82	8.27	7.84	4.70
MANAGEMENT EFFECT	**0.62**	**0.14**	**3.02**	**2.33**	**3.50**	**4.11**	**3.02**

PERFORMANCE % (ANNUAL) TO MARCH 31ST

BG CANADIAN EQUITY FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	18.76	-1.23	7.85	23.41	12.67
S&P/TSX INDEX	18.62	-6.57	6.93	15.97	6.11
MANAGEMENT EFFECT	**0.14**	**5.34**	**0.92**	**7.44**	**6.56**

INVESTMENT STRATEGY

The Fund seeks long-term capital appreciation primarily through investments in common shares and other equity securities of established Canadian issuers. The number of securities held is between 20-45 issues, not including issues held in the small cap component.

INVESTMENT RESULTS

The S&P/TSX Composite gained 2.41% in the first quarter of 2017, led by Utilities with gains of 7.3%, followed by Information Technology and Consumer Discretionary with returns of 7.0% each. Sector strength was generally characterized by stock specific circumstances, including strong earnings reports and general market optimism. Gold gained over 8% in the quarter as political risks in the U.S. and Europe created concern. Doubts over whether Trump will enact policy change worried the markets along with political uncertainty over elections in Europe. Health Care was the weakest sector, primarily due to a further decline in Valeant Pharmaceuticals, as a major shareholder exited its stake in the company, pressuring the stock. Energy was also weak as oil prices dropped.

Economic news in Canada continued to strengthen during the quarter, signaling that Canada's economy is gaining traction and causing the OECD to raise the GDP growth outlook to 2.4%, up from 2.1%. Employment statistics were very strong, exceeding expectations of a decline. CPI advanced to 2.1%, the highest in more than 2 years, as high gasoline prices and the new carbon tax created pricing pressure. The Bank of Canada, however, held rates steady at the beginning of March, as significant uncertainties clouded the outlook. Of concern is the record high household debt to disposable income ratio which stands at 167.3% and the red hot Toronto housing market which keeps climbing higher. February's unexpected trade deficit, following 3 months of consecutive surpluses, put some pressure on the C$ which ended the quarter weakened somewhat. The Liberals tabled their second federal budget which was a "non-event" in terms of surprises. Budgetary deficits exceeding $20 billion are expected for the next 4 years, while debt/GDP should remain steady. No new stimulus was included, rather more detail on spending outlined in the last budget was given. Most importantly, there was no change in the capital gains tax. 10-year bond yields ended the quarter slightly lower.

Oil traded lower during the quarter on concerns that the OPEC production cuts would not be enough to offset rising inventories and increasing U.S. production. U.S. stockpiles continued to build and rig counts continued to increase, rising for 10 straight weeks. China's lower growth target and concern over Russia's and other non-OPEC producers' compliance with production cuts also added to negative sentiment on oil. Supporting prices was the latest disruption of Libyan oil supplies and a possible extension to OPEC's production cut deal. Oil ended the quarter slightly above $50.

The portfolio outperformed the S&P/TSX Composite Index in the first quarter of 2017, with a return of 3.0%. Negative stock selection effects were outweighed by positive sector weighting effects, primarily due to an underweight in Energy.

Stock selection added value in the Financials sector. Brookfield Asset Management rose 9.8% during the quarter on good results and several accretive acquisitions. Royal Bank gained 7.5% as the company reported better than expected results. Great-West Lifeco added 5.7% on good results and reduced concerns over the company's exposure to the U.K. economy and potential Brexit issues. Selection was also positive in the Telecommunications sector.

Selection effects in the Energy sector detracted in the quarter. Our two largest holdings in the group, Cenovus and Canadian Natural Resources (CNQ), each announced major acquisitions in the month. CNQ advanced 2.4% after it announced the acquisition of oil sands assets from Shell, including a 70% interest in Athabasca Oil Sands Project (AOSP). Cenovus, on the other hand, fell 25.8% after it announced the purchase of oil sands assets from its partner ConocoPhillips. Stock selection effects were also negative in Industrials and Materials in the quarter.

In the first quarter, the Fund's exposure to small cap stocks added significant value relative to the large cap index.

PORTFOLIO STRATEGY AND ACTIVITY

We added a new position to the portfolio in the quarter, **Sun Life Financial**. 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. In the Energy sector, we added to our position in uranium producer **Cameco**. The purchases were funded by cash and a reduction in **Manulife Financial** on valuation.

OUTLOOK

While expectations of pro-business measures from the Trump administration have gotten much of the credit for moves up in equity markets this year, the more probable catalyst is the steady improvement in both corporate earnings and global fundamentals. Earnings for the S&P 500 are on pace for 12% growth this year after a weak 2016. Economic data in North America has consistently exceeded expectations for several months now, and conditions in Europe are better than they have been in years. Against this background, the U.S. Federal Reserve increased its key benchmark rate in March for the third time since December 2015, and signaled further increases to come.

We continue to remain cautious in resource cyclicals, focusing on companies that can produce a meaningful return at current commodity prices. Valuations for our other holdings in the Industrial, Consumer, Financial, Information Technology and Telecommunication sectors continue to offer attractive upside potential, based on a combination of free cash flow support, verifiable asset values and strong business models.

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.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

FTSE TMX Global Debt Capital Markets Inc ("FTDCM"), FTSE International Limited ("FTSE"), the London Stock Exchange Group companies (the "Exchange") or TSX INC. ("TSX" and together with FTDCM, FTSE and the Exchange, the "Licensor Parties"). The Licensor Parties make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the relevant Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSEDCM and all copyright in the Index values and constituent lists vests in FTDCM. The Licensor Parties shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Licensor Parties shall not be under any obligation to advise any person of any error therein. "TMX" is a trade mark of TSX Inc. and is used under licence. "FTSE®" is a trade mark of the FTSE International Limited and is used by FTDCM under licence".

The index information contained in this document has been obtained from sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such.

This document does not constitute an offer to buy or sell any securities, products or services and should not be construed as specific investment advice. All opinions and estimates expressed in this document are as of the time of its publication and are subject to change. No use of the Beutel Goodman name or any information contained in this report may be copied or redistributed without the prior written approval of Beutel, Goodman & Company Ltd.