

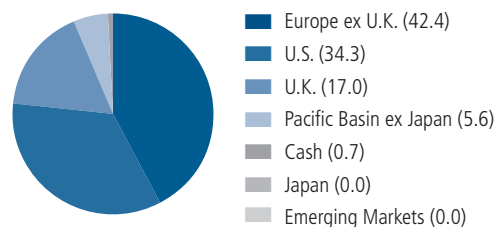
## ▶ TOP 10 HOLDINGS (%)

SKY PLC	6.2
KELLOGG CO	5.8
ELI LILLY & CO	5.6
VERIZON COMMUNICATIONS	5.0
ATEA ASA	4.9
JOHNSON & JOHNSON	4.9
CATERPILLAR INC	4.8
BASF SE	4.6
GEA GROUP AG	4.3
IMI	4.2

## ▶ SECTOR WEIGHTS VS BENCHMARK

Sector	SECTOR WEIGHTS (%)		UNDERWEIGHT/OVERWEIGHT %
	BG	MSCI WORLD C\$	
Telecom	16.8	3.4	13.4
Industrials	23.0	11.2	11.8
Materials	7.6	5.0	2.6
Health Care	12.9	12.0	0.9
Consumer S.	9.5	9.7	-0.2
Consumer D.	10.9	12.3	-1.4
Utilities	0.0	3.2	-3.2
Real Estate	0.0	3.2	-3.2
Financials	13.6	18.0	-4.4
Energy	0.0	7.3	-7.3
Info. Tech.	4.9	14.6	-9.7
Cash	0.7		

## ▶ REGIONAL WEIGHTS (%)



## ▶ PERFORMANCE % (ANNUALIZED) TO DECEMBER 31, 2016

BG GLOBAL DIVIDEND FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	SINCE INCEPTION*
TOTAL PORTFOLIO	4.26	10.87	12.33	8.31	12.13	15.09	6.79
MSCI WORLD INDEX C\$	4.26	4.29	11.06	12.18	17.59	16.72	6.49
MANAGEMENT EFFECT	0.00	6.58	1.27	-3.87	-5.45	-1.63	0.30

\* Inception Date = December 1, 2007

## ▶ PERFORMANCE % (ANNUAL) TO DECEMBER 31ST

BG GLOBAL DIVIDEND FUND	2016	2015	2014	2013	2012
TOTAL PORTFOLIO	10.87	13.81	0.70	24.43	27.71
MSCI WORLD INDEX C\$	4.29	18.27	14.46	35.42	13.31
MANAGEMENT EFFECT	6.58	-4.46	-13.76	-10.99	14.40

## ▶ INVESTMENT STRATEGY

The Fund is a global equity portfolio whose primary objective is to provide investors with a high and growing level of dividend income, combined with lower long-term volatility. The companies selected have an attractive return potential relative to downside risk and have the potential to provide a growing stream of dividend income and capital appreciation.

## ▶ INVESTMENT RESULTS

The Beutel Goodman global dividend portfolio posted a positive result for the fourth quarter, finishing in line with the MSCI World C\$ Index. Financials was the best performing sector over the period, followed by a strong showing from the Energy sector. Defensive and yield oriented groups such as Consumer Staples, Health Care, Utilities and Real Estate were the weakest sectors, with negative returns for the period.

Two major catalysts affected markets over the period. The first was the surprise election of Donald Trump as President of the United States. Rather than triggering a run to safety, as many had speculated prior to the election, investors focused on the pro-growth implications of his platform and shifted investments in favour of economically sensitive stocks, as well as the likely beneficiaries of a steepening yield curve and Trump's campaign promises of regulatory relief. The other major catalyst was an agreement by OPEC to cut production, which was largely responsible for the strong gain for the Energy sector. Investor sentiment was also bolstered by a steady stream of positive data on the U.S. economy. Manufacturing moved back into expansion, and the services sector also rebounded sharply, eventually moving up to its fastest pace of growth since 2015. 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.

Economic data outside the U.S. was generally encouraging. In China, both the official and unofficial manufacturing surveys moved further into growth territory and housing sales continued to recover. Economic news from the Eurozone was mixed, with some positive signs of growth and inflation offset by weakness in German trade numbers and year-end upheaval in the Italian banking industry.

The portfolio performed in line with its benchmark in the quarter, as positive effects from sector allocation were offset by negative effects from security selection. Negative effects from an underweight in Energy and an overweight in Telecommunications were offset by positive effects from underweights in Consumer Staples and Information Technology and lack of exposure to Utilities and Real Estate.

In terms of stock selection, the strongest contribution came from the Consumer Discretionary sector as Sky PLC jumped on the bid from 21st Century Fox Inc. for the sixty-one per cent it didn't already own. Richemont edged higher on the comment that October sales were positive after a long string of negative comps, as well as a management shuffle which entailed the removal of a CEO role.

Outperformance in Health Care was due to Bayer, the German diversified life sciences business, which pared back some of the underperformance related to its proposed acquisition of Monsanto.

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, Halliburton.

These positive effects were offset by negative effects from stock selection in the Industrials sector. GEA, the German industrial food and beverage equipment provider, drove the majority of the weakness when it surprised the market with a significant profit warning, as well as a further delay in a decision to deploy the company's excess capital. Although Caterpillar, Vesuvius and Ingersoll-Rand were significant contributors, they were not enough to offset weakness from GEA.

## ▶ PORTFOLIO STRATEGY & ACTIVITY

In Q4 2016 the global dividend portfolio initiated one new position. **Kao** sells beauty care, health care fabric/home care products, and specialty chemicals in Japan (65% of sales and 78% of profits) and other parts of the world. It is a dominant player in Japan with solid market positions and a strong track record of innovation which carries pricing power.

The portfolio added to its investments in **Atea**, **Deutsche Boerse**, **Eli Lilly**, **GEA Group**, **Ingersoll-Rand**, **Johnson & Johnson**, **Kellogg**, **KPN**, **Sky** and **Vodafone**.

During the quarter we sold our holding in **TGS Nopce**. We trimmed our positions in **Caterpillar**, **JPMorgan Chase**, **Konecranes**, **Michelin** and **Sky**.

## ▶ OUTLOOK

Well before the U.S. election, financial markets had already begun pricing in improvements in the U.S. economy and expectations for tighter monetary policy. Equity prices and bond yields had steadily moved higher through the summer and fall, as economic data consistently came in stronger than expected. The Trump victory amplified these developments, accelerating rotation from defensive and safe-haven investments to those offering greater economic sensitivity. On top of the strong global equity gains earlier in 2016, the year-end rally made the task of adding new gems to the portfolio that meet our high hurdle rates more challenging. Among the limited new investments during the quarter there were productive opportunities to add to Health Care exposure in the U.S. Intensified political focus on pricing and healthcare costs provided the opportunity to add to positions in quality franchises that generate high returns, where the future value creation is predicated on scale advantages and innovation, not aggressive pricing schemes. As well, several investments, generally having a cyclical bias, were trimmed or sold as target prices were met.

Our portfolio of investments, while not heavily driven by any specific macro factors, will benefit from stronger global economic growth. They are excellent businesses with deep competitive advantages, therefore hard to displace in any kind of trade war. Our focus on investing in high quality businesses at deep discounts to their intrinsic values will continue to pay off in the current environment.

## 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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