Beutel Goodman Global Equity Fund

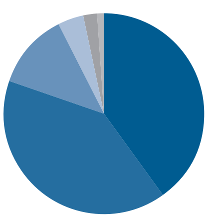
TOP 10 HOLDINGS (%)

SKY PLC	3.6
ELI LILLY & CO	3.4
MERCK KGAA	3.3
PARKER HANNIFIN CORP	3.3
IMI	3.2
KAO CORP	3.2
AMERICAN EXPRESS CO	3.2
KON KPN NV	3.1
INGERSOLL-RAND PLC	3.1
AMERISOURCE-BERGEN	3.0

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**MSCI WORLD C$**	
Telecom	10.7	3.4	7.3
Consumer S.	14.6	9.7	4.8
Industrials	13.8	11.2	2.6
Health Care	14.0	12.0	1.9
Materials	6.5	5.0	1.5
Info. Tech.	14.6	14.6	0.0
Financials	15.0	18.0	-3.0
Utilities	0.0	3.2	-3.2
Real Estate	0.0	3.2	-3.2
Energy	2.7	7.3	-4.6
Consumer D.	7.1	12.3	-5.2
Cash	1.0		

REGIONAL WEIGHTS (%)



- U.S. (40.3)
- Europe ex U.K. (40.3)
- U.K. (12.2)
- Japan (4.2)
- Pacific Basin ex Japan (2.0)
- Cash (1.0)
- Emerging Markets (0.0)

PERFORMANCE % (ANNUALIZED) TO DECEMBER 31, 2016

BG GLOBAL EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	4.61	9.30	11.43	9.96	15.27	15.74	5.35
MSCI WORLD INDEX C$	4.26	4.29	11.06	12.18	17.59	16.72	5.31
MANAGEMENT EFFECT	**0.35**	**5.01**	**0.36**	**-2.22**	**-2.31**	**-0.98**	**0.05**

PERFORMANCE % (ANNUAL) TO DECEMBER 31ST

BG GLOBAL EQUITY FUND	2016	2015	2014	2013	2012
TOTAL PORTFOLIO	9.30	13.59	7.09	32.80	17.60
MSCI WORLD INDEX C$	4.29	18.27	14.46	35.42	13.31
MANAGEMENT EFFECT	**5.01**	**-4.68**	**-7.37**	**-2.62**	**4.29**

INVESTMENT STRATEGY

The Fund seeks long-term enhancement of capital primarily through investments in common stocks and other equity securities outside of Canada. The number of stocks held is between 40-70.

INVESTMENT RESULTS

The Beutel Goodman global equity portfolio posted a positive return for the fourth quarter, finishing ahead of 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 outperformed in the quarter due to stock selection. Sector allocation effects were negative, with positive effects from zero exposure to the Utilities and Real Estate sectors offset by negative effects from overweights in Telecommunications and Consumer Staples and an underweight position in Energy.

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.

The Industrials sector was the largest detractor with respect to stock selection. GEA, the 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 Parker Hannifin and Ingersoll-Rand were both significant contributors, they were not enough to offset weakness from GEA.

PORTFOLIO STRATEGY & ACTIVITY

In Q4 2016 the global portfolio initiated three new positions. **AmerisourceBergen** is the largest drug wholesaler in the U.S. in a consolidated industry where the top three players control 85% of the market. It is a well-managed company with a strong franchise in an attractive industry. **Carlsberg** sells over 21 billion pints of beer across Western and Eastern Europe and Asia with 75% of its beer volumes sold in markets where it holds a number 1 or number 2 position. The company has radically changed its mindset under new management and will focus on cash flow ahead of growth to invest in its core markets with the excess returned to shareholders. **Deutsche Boerse** is one of the world's largest securities exchange companies and an integrated provider of products and services covering all aspects of the securities trading value chain. The company operates in an industry with high barriers to entry, high return on capital, significant cash flow generation and low capital requirements.

The portfolio continued to build positions in newer holdings **Air Liquide** and **Kao Corporation**. We also added to investments in **Atea, Eli Lilly, GEA Group, IMI, KPN, Telefonica Deutschland** and **Vodafone**.

During the quarter we sold our holdings in **Cadence, HeidelbergCement** and **Resona Holdings**, and trimmed our positions in **BASF, BNP Paribas, FamilyMart, Halliburton, Konecranes, Norsk Hydro, Richemont** and **Symantec**, and redeployed into investments with higher risk/reward profiles. We also reduced our positions in **JPMorgan** and **Michelin** on mandatory one third sales as these stocks reached their respective target prices.

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.

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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