Beutel Goodman International Equity Fund

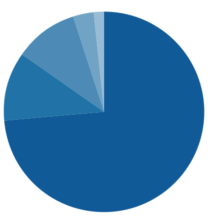
TOP 10 HOLDINGS (%)

MERCK KGAA	6.3
KAO CORP	4.4
GEA GROUP AG	4.0
AKZO NOBEL NV	4.0
MICHELIN(CGDE)	3.9
BASF SE	3.8
CARLSBERG AS	3.8
KONECRANES OYJ	3.6
TELEFONICA DEUTSCH	3.4
DEUTSCHE BOERSE AG	3.3

SECTOR WEIGHTS VS BENCHMARK

SECTOR WEIGHTS (%)			UNDERWEIGHT/OVERWEIGHT %
Sector	**BG**	**MSCI EAFE C$**	
Materials	16.4	7.9	8.4
Telecom	12.0	4.4	7.6
Consumer S.	15.3	11.4	3.9
Info. Tech.	8.7	5.7	3.0
Health Care	8.8	10.7	-2.0
Industrials	11.7	14.3	-2.6
Energy	2.1	5.0	-2.9
Consumer D.	9.0	12.2	-3.2
Utilities	0.0	3.4	-3.4
Real Estate	0.0	3.7	-3.7
Financials	14.6	21.3	-6.7
Cash	1.6		

REGIONAL WEIGHTS (%)



- Europe ex U.K. (73.7)
- Japan (11.2)
- U.K. (10.4)
- Pacific Basin ex Japan (3.2)
- Cash (1.5)
- Emerging Markets (0.0)

PERFORMANCE % (ANNUALIZED) TO MARCH 31, 2017

BG INTERNATIONAL EQUITY FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	9.60	19.55	5.67	5.24	9.33	9.10	1.72
MSCI EAFE INDEX C$	6.42	14.71	3.74	6.95	11.85	12.10	2.52
MANAGEMENT EFFECT	**3.18**	**4.84**	**1.93**	**-1.71**	**-2.52**	**-3.00**	**-0.80**

PERFORMANCE % (ANNUAL) TO MARCH 31ST

BG INTERNATIONAL EQUITY FUND	2017	2016	2015	2014	2013
TOTAL PORTFOLIO	19.55	-6.58	4.38	22.64	8.15
MSCI EAFE INDEX C$	14.71	-6.19	13.68	27.94	13.10
MANAGEMENT EFFECT	**4.84**	**-0.39**	**-9.30**	**-5.30**	**-4.95**

INVESTMENT STRATEGY

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

INVESTMENT RESULTS

The Beutel Goodman international equity portfolio posted a positive result for the first quarter, ahead of the MSCI EAFE C$ Index, which was also positive. Information Technology was the best performing sector, followed by strong participation from both defensives and cyclicals, with seven out of the eleven GICS sectors outperforming the index. Energy, Telecommunications, Consumer Discretionary, and Real Estate were the only sectors to lag the index.

Conditions in Europe showed improvement in the quarter, yet the ECB held rates steady and continued with its bond buying program. It is expected that the central bank will begin tapering its bond purchases in April. PMIs nearing 6 year highs suggest that manufacturing is picking up, although unemployment remains high at 9.5%. Inflation declined to 1.5%, short of the ECB's goal of just under 2%, further evidence that stimulus efforts will continue in the Eurozone.

China has revised down its GDP growth expectations to 6.5% from a range of 6.5% - 7%, although manufacturing PMI was 51.6, the highest in 3 years. Inflation is rising, as producer prices rose at the fastest pace since 2008. With the economy showing signs of stabilizing, the Bank of China increased rates following the Fed hike.

The international equity portfolio outperformed the EAFE Index, with strong stock selection and a small benefit from sector selection, as the benefit from our underweight in Energy more than offset weakness from our overweight in Telecommunications.

In terms of stock selection, the strongest contribution came from the Materials sector. Akzo Nobel jumped on news that PPG had submitted a proposal to acquire the company and then climbed further following a second bid. Norsk Hydro was also a strong contributor as it followed the price of aluminum higher.

The Information Technology sector was the second largest contributor to stock selection. Atea responded positively to its third consecutive strong earnings report and climbed further still after several broker upgrades.

The Financials sector was also a strong contributor to stock selection. DBS, Deutsche Boerse, and Julius Baer all climbed higher during the quarter. The portfolio also benefited from strong selection within the Consumer sectors.

Results were mixed within Industrials, where Vesuvius rocketed to an all-time high after hitting an all-time low during 2016. Strong contributions from Vesuvius and IMI more than offset weakness in Konecranes, which lagged after the company decided not to offer guidance, given the complexity of the acquisition it closed early in the quarter.

The Energy sector was the only detractor with respect to stock selection. Our only holding, TGS-Nopec, lagged its sector.

PORTFOLIO STRATEGY & ACTIVITY

In the first quarter of 2017, the international equity portfolio initiated three new positions.

Based in Italy, **Luxottica** is a global leader in eyewear. With sales of €9B and 93M frames sourced from designing and retailing many of the top eyewear brands, Luxottica has no close seconds in either retail or wholesale channels.

Software AG is a leading developer of middleware tools designed to connect disparate applications/databases/and external partners into a unified IT platform. The company is undergoing a major transition from its highly cash generative mainframe/database business unit to middleware.

Gjensidige is the leading non-life insurance group in Norway with strong positions across all major lines of business. The company operates in highly concentrated markets, with rational pricing behaviour.

We added to Energy company **TGS-Nopec**, Consumer Staples company **Carlsberg**, Telecommunications company **KPN**, Materials company **Akzo Nobel**, Consumer Discretionary company **Michelin** and Industrials company **GEA**. To fund our new positions and the aforementioned additions, we sold the majority of our position in **Sky**, given the limited upside due to the bid for the company from Fox, as well as a portion of our position in **Bayer**, given its bid for Monsanto, which we do not view favourably. Additional funds were created from process-driven trims in **Unilever, Atea,** and **Vesuvius**. No stocks were exited in the quarter.

OUTLOOK

In Q1, the economic data points were quite supportive. Industrial production and labour markets showed improvements across most developed economies. Inflation, stuck at extremely low levels since the onset of the financial crisis, is trending towards a more healthy level of 2% in recent months. Unemployment rates have improved back to pre-crisis level in key developed economies. In Japan, which has had the most severe deflationary pressure, workers' wages and consumer pricing have started to show upward movements. A sustained improvement in industrial production and the labour market could move up capacity utilization and, potentially, trigger a new investment cycle, which has been the key missing piece in this recovery.

As we've said in the past, our portfolio holdings are not overly dependent on any specific macro factors, but will certainly benefit from a strong global economy. An environment of low to moderate global GDP growth tends to be the best time for those excellent businesses with deep competitive advantages. Even after strong relative performance in 2016 and Q1'17, many of our holdings continue to trade at reasonable valuations and offer substantial upside.

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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