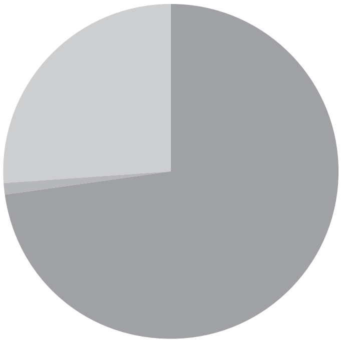
Beutel Goodman Money Market Fund

TOP 10 HOLDINGS (%)

CANADA GOVT	0.000 MAR 23 17	31.1
CANADA GOVT	0.000 MAR 09 17	7.4
ENBRIDGE PIPE	0.000 JAN 06 17	5.7
HYDRO ONE	0.000 FEB 07 17	5.4
INTER PIPE (COR)	0.000 JAN 30 17	4.5
BANK OF NS	0.000 APR 11 17	4.5
BANK OF MONTREAL	0.000 JUN 29 17	4.1
BANK OF NS	0.000 APR 05 17	3.5
TOR DOM BANK	0.000 MAR 30 17	3.4
TRANSCDA PIPE	0.000 MAR 02 17	3.4

FUND QUALITY (%)



R-1 (high)	73.0
R-1 (mid)	1.0
R-1 (low)	26.0

PERFORMANCE % (ANNUALIZED) TO DECEMBER 31, 2016

BG MONEY MARKET FUND	CURRENT QTR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS
TOTAL PORTFOLIO	0.20	0.87	0.89	1.01	1.06	1.09	1.63
91 DAY T-BILLS	0.14	0.51	0.57	0.68	0.77	0.81	1.39
MANAGEMENT EFFECT	**0.05**	**0.35**	**0.32**	**0.33**	**0.29**	**0.27**	**0.24**

PERFORMANCE % (ANNUAL) TO DECEMBER 31ST

BG MONEY MARKET FUND	2016	2015	2014	2013	2012
TOTAL PORTFOLIO	0.87	0.92	1.25	1.19	1.21
91 DAY T-BILLS	0.51	0.63	0.91	1.01	1.01
MANAGEMENT EFFECT	**0.36**	**0.29**	**0.34**	**0.18**	**0.20**

PORTFOLIO CHARACTERISTICS

	BEUTEL GOODMAN MONEY MARKET FUND
AVERAGE TERM (with FRNs to next reset)	79 DAYS
(AVERAGE TERM NOT TO EXCEED 180 DAYS)	
YIELD	0.72 %
# OF SECURITIES HELD	28

INVESTMENT STRATEGY

The Fund seeks to earn a competitive short-term rate of return while maintaining a high level of liquidity by investing in high quality Canadian money market instruments such as treasury bills, short-term government and corporate securities and deposit receipts of Canadian chartered banks and trust companies having a term to maturity not exceeding one year.

MARKET COMMENTS

Money market yields decreased in the fourth quarter of 2016. 91-day T-Bill yields started the period yielding 0.53% and finished the quarter at 0.45%.

The major event of the fourth quarter was the U.S. presidential election. Some of the proposed Trump policies may be good for Canada and some may be detrimental. On the positive side, a strong boost to the U.S. economy will also likely be a boost for Canadian exports to the U.S. On the negative side, changes to NAFTA, the implementation of "America First" type policies, and climate change regulations going in opposite directions could be harmful to the Canadian economy. Lower corporate taxes and looser regulations will likely make the U.S. a more competitive business environment versus Canada and could lure capital spending away from Canada to the U.S. Trade protectionism, particularly abrogating NAFTA, would be detrimental for Canada as well. Canadian companies could also find themselves disadvantaged on the carbon tax side. Some provincial and federal climate change regulations have already come into effect and more are planned that will likely increase the carbon cost to Canadian companies at a time when the U.S. is moving in the complete opposite direction.

This is all occurring at a time when the outlook for the Canadian economy continues to be cloudy. As the Bank of Canada has noted, the economy is going through a significant and complex adjustment to the decline in commodity prices, which has led to a significant decline in business investment spending (mainly in the energy sector), as well as a decrease in Canada's terms of trade. Although momentum has been positive, oil prices have not yet reached a sustainable level to incent new major oil project investments. The Bank of Canada is also placing a significant amount of hope that Canadian fiscal policy will help the economy. So far we are waiting for details on the Canadian infrastructure bank to be announced and to see if changes to the Canada Child Benefit will spur consumer spending.

The Bank of Canada kept the overnight rate unchanged at 0.50% during the fourth quarter. While the Bank noted that global economic conditions have strengthened, uncertainty continues to undermine business confidence and dampen investment in Canada's major trading partners. Business investment and non-energy goods exports continue to be a drag on the Canadian economy and a significant amount of economic slack remains in Canada. In his October Monetary Policy Report press conference, Governor Stephen Poloz stated that the Governing Council had actively discussed the possibility of cutting the overnight rate. The Bank identified a number of uncertainties that prevented immediate action including the macroeconomic effect of the new mortgage rules; the likely path of exports; the impact of fiscal stimulus; and the effects on business confidence from the U.S. election. The Bank noted the global back-up in yields following the U.S. election, but offered no opinion as to the effect on its outlook.

PORTFOLIO STRATEGY AND ACTIVITY

The Beutel Goodman Money Market Fund saw its yield decrease from 0.82% at the end of last quarter to 0.72% at December 31, 2016. The Fund's average term was decreased from 83 at the end of September to 79 days at the end of December.

The Fund's term to maturity is shorter than its benchmark, the 91-day T-Bill. The quality of the Fund has remained consistent and the Fund only contains securities rated R-1 (low) or higher as per the Dominion Bond Rating Service. We continue to have no exposure to ABCP.

OUTLOOK

We see three major themes developing in 2017. The first theme is what the Trump Administration's first 100 days in office look like. Tax reform and fiscal infrastructure spending are expected to provide a near-term boost to the U.S. economy. Other proposals, such as those focused on restricting foreign trade and immigration, could be a negative drag on U.S. growth. The second theme is whether we have finally reached the point of quantitative exhaustion. As we enter a reflationary period, will extraordinary monetary policy stimulus start to be withdrawn, which could reprice sovereign yield curves and lead global interest rates higher? This would be a welcome event, to have the bond markets move with economic data and central bank think, instead of flows of funds resulting from QE, NIRP and ZIRP. Third, be wary of black swan events as Brexit and the U.S. election sideswiped markets in 2016. Any election wins by anti-establishment, euro-skeptic parties could have severe effects on the future of the euro zone. The economic and inflation backdrop indicates that we should be in a rising interest rate environment, but we are cautious as to how much further and how quickly interest rates can rise given some of the known unknowns in the market currently.

We believe that the outlook for credit is not as rosy as it used to be, given that credit spreads have tightened significantly in 2016 and that we are in the late stages of the credit cycle. As interest rates rise, corporates will not have access to ultra-low debt financing and credit metrics could deteriorate. Additionally, as credit spreads have tightened, there appears to be less differentiation between companies and sectors. This is likely symptomatic of ultra-low interest rates where the extent of some credit research is to sort for the highest yielding corporates irrespective of credit quality. We believe this makes the corporate market more vulnerable to beta events, as the market is not properly compensating for credit risk.

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.