
BEUTEL GOODMAN MANAGED FUNDS

Annual Management Report of Fund Performance
December 31, 2016

BEUTEL GOODMAN International Equity Fund



Beutel Goodman ■ International Equity Fund

This Annual Management Report of fund performance contains financial highlights but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual or interim financial statements at your request at no cost (contact details on this page) or by visiting our website at www.beutelgoodman.com or SEDAR at www.sedar.com.

Security holders may also request the investment fund's prospectus, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

BEUTEL GOODMAN Managed Funds

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Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund invests in common shares and other equity securities of international (non-U.S. domiciled) issuers. Emerging market exposure is constrained to a maximum of 15% of the portfolio, by market weight. The portfolio is concentrated in 25 to 50 holdings.

The Fund's advisor selects equity securities from a universe of potential candidates whose management have consistently demonstrated a commitment to create shareholder value without undue financial leverage. A value approach is applied, and research is directed to identify stocks which can be purchased at a reasonable price by analyzing relative valuation measures such as the issuer's price/earnings, price/cash flow and price/book value relative to its own history, the overall market and to its sustainable earnings growth rate.

The fundamental investment objective of the Fund cannot be changed without the approval of a majority of the investors who own units in the Fund.

Risk

The risks of investing in this Fund remain as discussed in the Prospectus.

This Fund continues to be suitable for investors who seek long-term capital appreciation in non-North American issuers with a medium tolerance for risk and a long term investment horizon.

Results of Operations

The Beutel Goodman International Equity portfolio had a positive return and outperformed the -2.0% return of the MSCI EAFE (C\$) Index benchmark for the period under review. Regionally, the Pacific region and Japan outperformed and Europe and the U.K. underperformed the benchmark.

The year started off in a state of pessimism with thoughts of recession, and contagion from a weakening Chinese economic outlook. Positive economic data and further central bank stimulus served to reverse the early year trends until the results of the British referendum on membership in the European Union caught markets completely off guard. Immediate market reaction to Brexit was visceral, with a massive flight to quality trade that sent stocks plummeting, bond yields spiraling down, gold up, oil down, the euro and pound freefalling and the U.S. dollar appreciating. Some relative calm returned to the market as it became clear that it will be a long and winding path for Great Britain to exit the European Union. A great deal of market reaction to the referendum result reversed and attention then shifted to economic data releases, central bank think and the U.S. election.

Once again the polls and the markets got the results incorrect and the Donald Trump Presidential election victory was mostly a shock. The first reaction in the early hours after it looked like Trump would win, was the risk off safe haven flow that most had predicted reflecting the uncertainty of a Trump Presidency. Sentiment quickly shifted as the markets embraced Trump's promises of massive debt-financed infrastructure spending and tax cuts, believing that the campaign promises would

be enacted as laid out thereby leading U.S. economy out of economic malaise with strong growth and higher inflation.

The Fund outperformed the negative return of the MSCI EAFE (C\$) Index. Added value came primarily from stock selection, while sector allocation slightly added value. On a sector allocation basis, added value came from overweights in Materials and Industrials and underweight positions in Consumer Discretionary, Financials and Utilities, which outweighed negative effects from an underweight Energy and overweights in Consumer Staples and Telecommunications. Stock selection in Consumer Staples was the largest contributor to performance over the period, primarily due to FamilyMart, the Japanese convenience store operator. It outperformed many of its peers and the Index on its inclusion in the Nikkei 225 as funds increased the demand for the stock, looking to gain exposure and mirror the index, and was also helped by a strong Japanese yen. In Industrials the largest contribution came from Konecranes, the Finnish industrial crane manufacturer, which added significant value after announcing and receiving unconditional approval from the U.S. and conditional approval from the European Union to acquire Terex's Materials Handling and Port Solutions business. Positive stock selection in Health Care was due to the Fund's holding in Merck KGaA, the German health care and specialty chemical company, which added significant value on a string of solid quarterly results, particularly in its Life Science business following the completion of the Sigma Aldrich acquisition.

During the year, the Fund sold positions in Koninklijke Phillips, Aberdeen Asset Management, Banco Santander and Gjensidige and added positions in Air Liquide, Richemont, Carlsberg, Henkel and Kao Corporation. Other transactions in the period mostly involved taking advantage of volatility to trim some of the better performers and add to others with relatively more attractive upside potential.

Detailed performance is provided under the heading "Past Performance" in this report.

Recent Developments

On November 15, 2016, Stanley Wu joined as Vice President, U.S. and Global Equities. He is co-lead portfolio manager on the Fund.

The Fed's interest rate decision in December finally put it back on the path to rate normalization, which is potentially slow and data dependent. Outside of the U.S., the ECB and BOJ are still on the easing phase of their monetary policy cycles and are unlikely to tighten in the near term. Real interest rates will remain negative in most developed countries, as inflation stays at a low level. Fiscal expansion has emerged as a key driver, especially after the U.S. presidential election. Beyond the developed nations, emerging markets are likely to improve as well in 2017, thanks to a less-negative environment in some large emerging markets such as Russia and Brazil. In that sense, the backdrop for global economic growth still looks supportive. This is consistent with the outlook from economists who see global GDP growth of 2.7% for 2017, a slight pick-up from the 2.6% in 2016.

The presidential election in the U.S. capped a year of unexpected political movements and will continue to introduce uncertainty into the global economy. The ideas of job creation and fiscal-driven infrastructure spending are wonderful for the U.S. economy in the long-run. However,

the concept of trade protection could cause disruptions to the established global trade flow. The lack of policy clarity will likely complicate the future global strategies for large corporations and slow down business investment decisions.

The Fund's portfolio of holdings, 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. While the Fund has had strong performance relative to its benchmark in 2016, its holdings continue to trade at a reasonable level of valuation relative to future growth and improvement prospects. A focus on investing in high quality businesses at a deep discount to their intrinsic value will continue to pay off in the current environment.

Related Party Transactions

Beutel, Goodman & Company Ltd. is the Portfolio Advisor to this Fund. The Fund did not rely on any recommendation or approval of its Independent Review Committee to proceed with any transaction involving related parties because it did not conduct any related party transactions, except for certain inter-fund trades, as approved by the Independent Review Committee by standing instructions, and subject to regulatory requirements.

Fees and Expenses

The following table lists the fees and expenses that you may have to pay if you invest in the Beutel Goodman Managed Funds. You may have to pay some of these fees and expenses directly. The Funds pay the other fees and expenses. This will reduce the value of your investment in a Fund.

Management Fees: We are entitled to a management fee from each class of each Fund based on the average daily net asset value of the particular class. The fee is payable monthly, in arrears, and is calculated at the annualized rate specified for each class of each Fund below. Management fees for Class I units are negotiated and paid directly by the investor, not by the Fund, and, therefore, are not listed.

Fund	Class	Management Fees (%) ⁽¹⁾
International Equity Fund	B	up to 1.90
International Equity Fund	D	up to 1.25
International Equity Fund	F	up to 1.00

(1) Excludes GST/HST where applicable.

We may reduce our management fee for certain large investors who have substantial holdings in units of a Fund. To accomplish this, we reduce the management fee we charge to the Fund and the Fund pays out the difference to these investors as a special distribution. This is called a management fee distribution. We calculate and accrue the reduction daily and distribute it quarterly. The distribution is reinvested on behalf of such unitholders in additional units of the same class of the Fund. Management fee reductions for a unitholder may be increased at any time, but may only be decreased after at least 60 days prior written notice has been given to such unitholder.

We may waive our management fee in certain circumstances.

The Fund paid the Manager management fees, inclusive of HST, of \$33,045 for the year ending December 31, 2016. The management fee for each class of unit is calculated as a percentage of its net asset value, as of the close of business on each business day. The Fund's management fees were used by the Manager to pay costs for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services. The Manager also used the management fees to fund commission payments and other dealer compensation (collectively called "distribution-related costs") to registered dealers and brokers and financial consultants, for units of the Fund bought and held by investors, which amounted to 20.51% of total management fees paid by the Fund to the Manager.

Operating Expenses: The Manager pays certain operating expenses of the Fund. These expenses include audit and legal fees; custodian and transfer agent fees; costs attributable to the issue, redemption and change of units, including the cost of the security holder record-keeping system; expenses incurred in respect of preparing and distributing all regulatory reports; fund accounting and valuation costs; independent review committee fees and filing fees, including those incurred by us. In return, the Fund pays the Manager a fixed administration fee. The administration fee may vary by class of units and by Fund.

Please refer to the Financial Highlights section for the MERs of the classes of units.

Commissions

Commissions paid to brokers for portfolio transactions were as follows:

Fund Name	2016	2015
International Equity Fund	\$205,548	\$295,021

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years ended December 31. This information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights for Class B Units (for the years ended December 31)

\$	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of year ⁽¹⁾	12.01	11.00	11.94	10.33	8.82
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total Interest Revenue	—	—	0.01	—	—
Total Dividend Revenue	0.41	0.31	0.46	0.35	0.14
Total revenue	0.41	0.31	0.47	0.35	0.14
Total expenses	(0.32)	(0.48)	(0.51)	(0.21)	(0.22)
Realized gains (losses) for the year	0.09	0.08	0.13	0.26	—
Unrealized gains (losses) for the year	(0.65)	0.09	(0.92)	1.13	0.73
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	(0.47)	—	(0.83)	1.53	0.65
Distribution to holders of redeemable units per unit:					
Net interest income (excluding dividend)	—	—	—	—	—
Net dividend income	—	0.12	0.17	0.06	0.19
Net investment income	—	0.12	0.17	0.06	0.19
Realized gains on sale of investments	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	—	0.12	0.17	0.06	0.19
Net assets attributable to holders of redeemable units, end of year ⁽⁴⁾	12.06	12.01	11.00	11.94	10.32

Ratios and Supplemental Data for Class B Units (for the years ended December 31)

	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units (\$ (000's) ⁽⁵⁾	66	153	59	55	24
Number of outstanding redeemable units (000's) ⁽⁵⁾	5	13	5	5	2
Management expense ratio ⁽⁶⁾	2.31%	2.32%	2.32%	2.32%	2.32%
Management expense ratio before absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	40%	44%	58%	44%	59%
Trading expense ratio (%) ⁽⁸⁾	0.16%	0.21%	0.34%	0.29%	0.27%
Net assets attributable to holders of redeemable units, end of year ⁽⁹⁾	12.06	12.01	11.00	11.94	10.33

Financial Highlights for Class D Units (for the years ended December 31)

\$	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of year ⁽¹⁾	4.93	4.49	4.88	4.22	3.55
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total Interest Revenue	—	—	—	—	—
Total Dividend Revenue	0.16	0.14	0.20	0.13	0.14
Total revenue	0.16	0.14	0.20	0.13	0.14
Total expenses	(0.08)	(0.10)	(0.11)	(0.06)	(0.06)
Realized gains (losses) for the year	0.09	0.13	0.07	0.17	—
Unrealized gains (losses) for the year	—	0.52	(0.47)	0.56	0.73
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.17	0.69	(0.31)	0.80	0.81
Distribution to holders of redeemable units per unit:					
Net interest income (excluding dividend)	—	—	—	—	—
Net dividend income	0.09	0.06	0.14	0.06	0.07
Net investment income	0.09	0.06	0.14	0.06	0.07
Realized gains on sale of investments	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	0.09	0.06	0.14	0.06	0.07
Net assets attributable to holders of redeemable units, end of year ⁽⁴⁾	4.90	4.93	4.49	4.88	4.21

Ratios and Supplemental Data for Class D Units (for the years ended December 31)

	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units (\$ (000's) ⁽⁵⁾	4,037	3,068	3,780	2,970	1,785
Number of outstanding redeemable units (000's) ⁽⁵⁾	824	622	843	608	423
Management expense ratio ⁽⁶⁾	1.51%	1.51%	1.45%	1.48%	1.49%
Management expense ratio before absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	40%	44%	58%	44%	59%
Trading expense ratio (%) ⁽⁸⁾	0.16%	0.21%	0.34%	0.29%	0.27%
Net assets attributable to holders of redeemable units, end of year ⁽⁹⁾	4.90	4.93	4.49	4.88	4.22

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Financial Highlights for Class F Units (for the years ended December 31)

\$	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of year ⁽¹⁾	4.98	4.55	4.85	4.18	3.54
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total Interest Revenue	—	—	0.01	—	—
Total Dividend Revenue	0.17	0.15	0.21	0.13	0.14
Total revenue	0.17	0.15	0.22	0.13	0.14
Total expenses	(0.09)	(0.12)	(0.14)	(0.05)	(0.06)
Realized gains (losses) for the year	0.12	0.10	0.08	0.19	—
Unrealized gains (losses) for the year	0.08	0.33	(0.45)	0.48	0.73
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.28	0.46	(0.29)	0.75	0.81
Distribution to holders of redeemable units per unit:					
Net interest income (excluding dividend)	—	—	—	—	—
Net dividend income	0.10	0.08	0.04	0.05	0.09
Net investment income	0.10	0.08	0.04	0.05	0.09
Realized gains on sale of investments	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	0.10	0.08	0.04	0.05	0.09
Net assets attributable to holders of redeemable units, end of year ⁽⁴⁾	4.96	4.98	4.55	4.85	4.17

Ratios and Supplemental Data for Class F Units (for the years ended December 31)

	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units (\$) (000's) ⁽⁵⁾	129	74	52	136	115
Number of outstanding redeemable units (000's) ⁽⁵⁾	26	15	11	28	28
Management expense ratio ⁽⁶⁾	1.29%	1.30%	1.30%	1.30%	1.30%
Management expense ratio before absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	40%	44%	58%	44%	59%
Trading expense ratio (%) ⁽⁸⁾	0.16%	0.21%	0.34%	0.29%	0.27%
Net assets attributable to holders of redeemable units, end of year ⁽⁹⁾	4.96	4.98	4.55	4.85	4.18

Financial Highlights for Class I Units (for the years ended December 31)

\$	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units per unit, beginning of year ⁽¹⁾	5.30	4.84	5.25	4.52	3.82
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total Interest Revenue	—	—	0.01	—	—
Total Dividend Revenue	0.17	0.16	0.21	0.14	0.14
Total revenue	0.17	0.16	0.22	0.14	0.14
Total expenses	(0.03)	(0.03)	(0.05)	(0.02)	(0.02)
Realized gains (losses) for the year	0.09	0.13	0.08	0.19	—
Unrealized gains (losses) for the year	(0.10)	0.39	(0.48)	0.57	0.73
Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.13	0.65	(0.23)	0.88	0.85
Distribution to holders of redeemable units per unit:					
Net interest income (excluding dividend)	—	—	—	—	—
Net dividend income	0.15	0.14	0.19	0.11	0.13
Net investment income	0.15	0.14	0.19	0.11	0.13
Realized gains on sale of investments	—	—	—	—	—
Total distribution to holders of redeemable units ⁽³⁾	0.15	0.14	0.19	0.11	0.13
Net assets attributable to holders of redeemable units, end of year ⁽⁴⁾	5.29	5.30	4.84	5.25	4.52

Ratios and Supplemental Data for Class I Units (for the years ended December 31)

	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units (\$) (000's) ⁽⁵⁾	129,882	132,552	126,262	129,863	83,009
Number of outstanding redeemable units (000's) ⁽⁵⁾	24,559	24,993	26,112	24,715	18,345
Management expense ratio ⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	0.11%
Management expense ratio before absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	40%	44%	58%	44%	59%
Trading expense ratio (%) ⁽⁸⁾	0.16%	0.21%	0.34%	0.29%	0.27%
Net assets attributable to holders of redeemable units, end of year ⁽⁹⁾	5.29	5.30	4.84	5.25	4.52

- (1) The information for December 2016, December 2015, December 2014 and December 2013 is derived from the Fund's annual audited financial statements prepared in accordance with IFRS. The information for prior years is derived from the Fund's annual audited financial statements prepared based on Canadian GAAP.
- (2) Net assets attributable to holders of redeemable units per unit and distributions to holders of redeemable units per unit are based on the actual number of redeemable units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the weighted average number of redeemable units outstanding for the relevant class over the fiscal year.
- (3) Distributions were paid in cash or automatically reinvested in additional redeemable units of the Fund.
- (4) This is not a reconciliation of the beginning and ending net assets per redeemable unit.
- (5) This information is provided as at year end of the year shown.
- (6) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily net asset value during the year.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate equals the lesser of purchases or sales divided by the average value of the portfolio securities of the Fund on a monthly basis, excluding short-term securities.
- (8) The trading expense ratio represents total commissions and other portfolio transaction costs disclosed in the Statements of Comprehensive Income expressed as an annualized percentage of daily average net asset value of the Fund during the year.
- (9) The information for December 2016, December 2015, December 2014 and December 2013 is derived from the Fund's annual audited financial statements prepared in accordance with IFRS. Prior to January 1, 2013, for the purpose of processing unitholder transactions, net assets were calculated based on the closing market price, while for financial statement purposes net assets were calculated based on bid/ask price. For the years ended December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013, the information provided for processing unitholder transactions is consistent with the information provided for reporting purposes.

Past Performance

The past performance of each class of units of a Fund, if the class has been in continuous existence and offered to the public for at least 12 months (at the date of this document), is explained under the Year-by-Year Returns and Annual Compound Returns headings found below. In years where the class of a Fund has less than 12 months of performance data, the annual rate of return has been annualized.

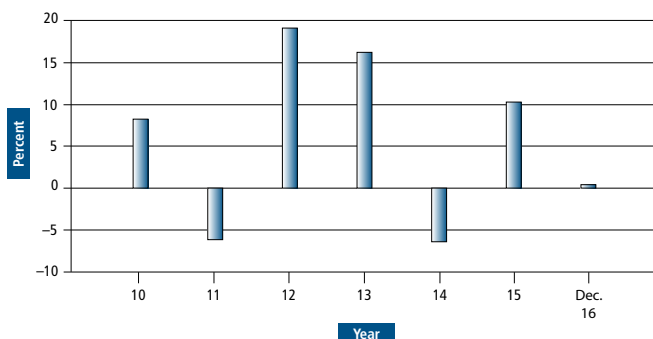
The performance returns in all cases:

- are calculated as of **December 31** in each year;
- assume **all distributions** made by the Fund are reinvested to purchase additional redeemable units; and
- show the returns of the particular class of the Fund after any applicable management fees and operating expenses have been deducted, **but are not reduced by any redemption charges, optional charges or income taxes payable by you.**

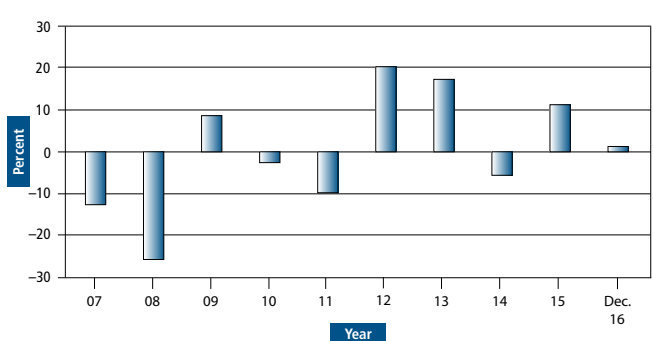
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Year-by-Year Returns

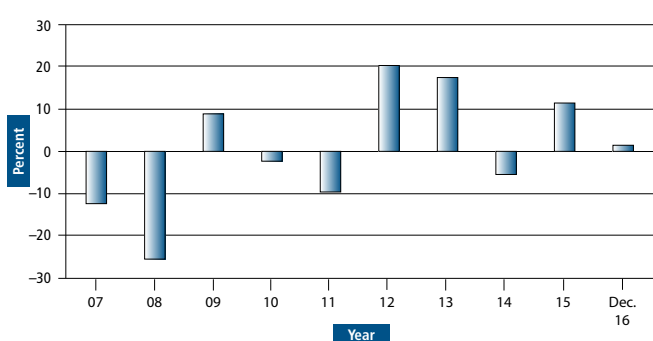
Class B



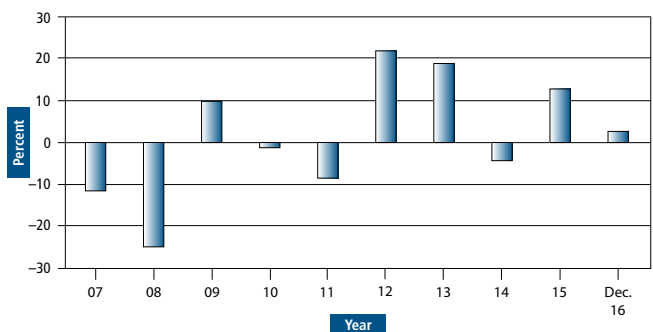
Class D



Class F



Class I



Annual Compound Returns

The following table shows the historical annual compound total returns, as compared to the performance of the MSCI EAFE Index.*

Class B	Since Inception	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman International Equity Fund – Class B	4.43%	7.49%	1.20%	0.41%
MSCI EAFE Index	8.60%	12.62%	6.34%	-2.02%

For Class B units, a return calculated since its inception of October 4, 2010 and ended December 31, 2016, and for the past five, three and one periods ended December 31, 2016 has been provided.

Class D	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman International Equity Fund – Class D	-0.72%	8.42%	2.06%	1.26%
MSCI EAFE Index	2.19%	12.62%	6.34%	-2.02%

For Class D units, a return calculated for the past ten, five, three and one year periods ended on December 31, 2016 has been provided.

Class F	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman International Equity Fund – Class F	-0.53%	8.57%	2.23%	1.44%
MSCI EAFE Index	2.19%	12.62%	6.34%	-2.02%

For Class F units, a return calculated for the past ten, five, three and one year periods ended December 31, 2016 has been provided.

Class I	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman International Equity Fund – Class I	0.56%	9.88%	3.45%	2.64%
MSCI EAFE Index	2.19%	12.62%	6.34%	-2.02%

For Class I units, a return calculated for the past ten, five, three and one year periods ended December 31, 2016 has been provided.

* The MSCI EAFE (C\$) Index is designed to reflect non-North American stock markets

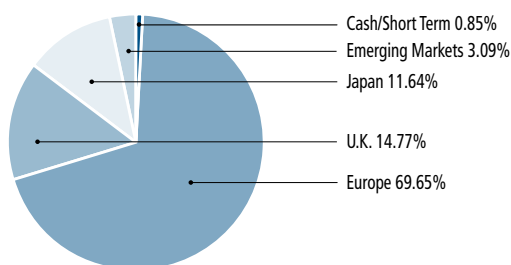
Summary of Investment Portfolio

The following information may change due to the ongoing portfolio transactions of the Fund. More current information regarding the holdings of the Fund may be obtained on our website at www.beutelgoodman.com.

Summary of Top 25 Holdings

Issuer Name	% of Net Assets	Issuer Name	% of Net Assets
1. Merck KGaA	6.45	14. Henkel AG & Co KGaA	3.19
2. Atea ASA	4.32	15. Vodafone Group PLC	3.19
3. Kao Corp.	4.24	16. Air Liquide SA	3.13
4. Bayer AG	4.18	17. DBS Group Holdings Ltd.	3.09
5. Konecranes OYJ	4.18	18. Unilever NV	3.05
6. BASF SE	4.00	19. Koninklijke KPN NV	3.05
7. British Sky Broadcasting Group PLC	3.85	20. HeidelbergCement AG	3.01
8. GEA Group AG	3.53	21. Akzo Nobel NV	2.97
9. Cie Générale des Établissements Michelin	3.53	22. Spectris PLC	2.92
10. Carlsberg A/S	3.48	23. IMI PLC	2.90
11. Julius Baer Group Ltd.	3.29	24. Norsk Hydro ASA	2.76
12. Telefonica Deutschland Holding AG	3.25	25. Resona Holdings Inc.	2.68
13. Deutsche Boerse AG	3.23		

Regional Mix



Other Material Information

Classes of Units: Each of the Funds in the Beutel Goodman family of Funds issues Class B, Class D (formerly Class A), Class F and Class I units, with the exception of the Beutel Goodman Fundamental Canadian Equity Fund, Beutel Goodman Global Dividend Fund and Beutel Goodman Short Term Bond Fund, which issue only Class B, Class F and Class I units. Expenses of each class are tracked separately and a separate net asset is calculated for each class.

The Beutel Goodman International Equity Fund is available in 4 classes of units: Class B, Class D (formerly Class A), Class F and Class I.

Each Fund may issue an unlimited number of classes of units and may issue an unlimited number of units of each class. The different classes of units of a Fund represent an interest in the same portfolio investments of the Fund.

Class B Units: for retail investors investing a minimum of \$5,000 in a Fund through authorized third-party dealers;

Class D* Units: for retail investors investing a minimum of \$5,000 in a Fund;

Class F Units: for investors investing a minimum of \$5,000 in a Fund, who are enrolled in a dealer-sponsored fee-for-service or wrap program (where various mutual funds are bundled together) who are subject to a periodic asset-based fee, rather than commissions on each transaction and whose dealer has signed a Class F agreement, or any other investors for whom we do not incur distribution costs, such as our employees (or affiliated corporations);

Class I Units: for investors who have invested a minimum of \$500,000 in a Fund and who have entered into an investment management agreement with us. At our discretion, we may waive the investment minimum.

*Class A units distributed under prior simplified prospectuses have been renamed "Class D" units as of August 13, 2010.

Additional Information

Independent Review Committee

Beutel Goodman Managed Funds Inc., the former Manager of the Beutel Goodman Managed Funds, appointed an Independent Review Committee ("IRC") on May 1, 2007, for each of its public mutual Funds in accordance with the Canadian Securities Administrators' National Instrument 81-107. This Instrument has been designed to promote investor protection in mutual funds. Effective January 1, 2013, as the result of the amalgamation between Beutel Goodman Managed Funds Inc. and Beutel, Goodman & Company Ltd., Beutel, Goodman & Company Ltd. is the Manager of the Beutel Goodman Managed Funds. The IRC actively assumed its role and responsibilities on November 1, 2007. The IRC oversees conflict of interest matters that may arise out of the management of each of the Funds by providing its recommendations or approvals, as required, to the Manager on how these conflicts may be fairly resolved. The IRC for each of the Beutel Goodman Managed Funds consists of three industry professionals, none of whom have an interest in the Funds or Beutel, Goodman & Company Ltd. outside of their roles as members of the IRC. The IRC 2016 Report to Unitholders is available on the Beutel Goodman Managed Funds' website at www.beutelgoodman.com or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Co. Ltd. at mutualfunds@beutelgoodman.com.

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