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# BEUTEL GOODMAN MANAGED FUNDS

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Annual Management Report of Fund Performance  
December 31, 2016

**BEUTEL GOODMAN Total World Equity Fund**





## Beutel Goodman ■ Total World Equity Fund

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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](http://www.beutelgoodman.com) or SEDAR at [www.sedar.com](http://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

[www.beutelgoodman.com](http://www.beutelgoodman.com)

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## *Management Discussion of Fund Performance*

### *Investment Objectives and Strategies*

The Fund seeks long-term capital appreciation primarily through investments in common shares and other equity securities of issuers in Canada and abroad. At all times, a significant portion of the Fund's assets will be invested in common shares or other equity securities of Canadian issuers.

The Fund's advisor directs research efforts to identify investments that are undervalued in relation to the asset value or earnings power of the issuer based on the belief that if earnings fall short of expectations, the intrinsic value of the underlying assets of the issuer will provide downside protection.

The Fund provides a geographic diversification, based on market value, of 20% minimum to non-Canadian equities and minimum 65% to Canadian equities. Equities are selected based on the Fund advisor's assessment of what represents the best economic value, regardless of the sector or market the issuer operates in, within the above noted allocation limits. Guidelines are in place to protect from over exposure on a sector or individual holdings basis.

Currently, the Fund does not expect to invest more than 49% of its assets in securities of non-Canadian issuers.

The Fund's advisor believes a focus on absolute risk (avoiding capital loss) and a highly disciplined buy/sell process sets this Fund apart from its competitors.

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, and have not changed from the previous year.

This Fund continues to be suitable for investors who seek long-term capital growth, with a medium risk tolerance and a long-term investment horizon.

### *Results of Operations*

The Fund posted a positive return. The Canadian equity component slightly underperformed and the U.S. equity and international equity components outperformed their respective benchmarks.

North American Markets began the year on a weak note, as a drop in the price of oil to the mid-\$20 level and fallout from the first Fed rate increase in nearly a decade near the end of 2015 weighed on sentiment. The market regained its footing by March on central bank support outside the U.S., a recovery in oil prices and improving economic data. Another key development, in particular for the Canadian market, was the strong rally in gold stocks. The demand for precious metals has had two catalysts. The first was concern over the increased use of negative interest rates as a central bank policy tool and the second was the surprise victory for the 'leave' side in the U.K. referendum. That rally in gold stocks levelled off in the second half of the year, as a steady stream of positive economic

news out of the U.S. set the stage for a second Fed rate increase in December. The year ended with 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 development was an agreement by OPEC to cut oil production, which helped lift the benchmark WTI price to just under \$54 at year-end.

The Canadian equity component of the Fund underperformed the return of the S&P/TSX Composite Index slightly for the year due to negative effects from stock selection. In spite being underweight the two top performing sectors, Materials and Energy, which returned 41% and 35% respectively over the period, sector allocation was neutral due to a lack of exposure to Health Care. Stock selection in Energy was the largest detractor to performance. A lack of exposure to the overvalued pipelines earlier in the period detracted. In addition, stock specific issues weighed on the Fund's energy holdings. Cameco declined in the period on weakness in the uranium price and the overhang of an ongoing tax dispute with the CRA and Ensign detracted over the period, prior to being sold in the first quarter due to reduced upside potential. Selection in Materials detracted, primarily due to a lack of exposure to gold and precious metals in the first half of the year and an overweight exposure to the fertilizers.

The portfolio's U.S. component outperformed the S&P 500 (C\$) Index significantly over the period, due to both sector allocation and stock selection. Sector allocation added value due to an overweight in Financials and an underweight in Health Care and Consumer Discretionary. The largest contribution to stock selection came from Industrials, as Parker Hannifin, Ingersoll-Rand and Caterpillar outperformed significantly over the period. Selection in Information Technology added value as Symantec and Teradyne, significantly outperformed the return of the sector. Selection in Energy added value due to the Fund's single holding in the sector, Halliburton.

The international equity component produced a positive return, outperforming the negative return of the MSCI EAFE (C\$) Index. Added value came primarily from stock selection. On a sector allocation basis, added value from an overweight in Materials and underweight positions in Consumer Staples and Utilities were offset by negative effects from overweights in Health Care and Telecommunications. 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. Selection in Materials offset some of this positive effect due to underperformance in Akzo Nobel and Norsk Hydro.

During the year, the Fund sold positions in Ensign Energy, Teck Resources, Procter & Gamble, Baxalta, Baxter, Symantec, HeidelbergCement, Norsk Hydro, Koninklijke Phillips, Aberdeen Asset Management, Banco Santander and Spectris and added positions in Suncor, Franco Nevada, Air

Liquide, Richemont, Kao Corp, Bayer and Julius Baer. 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.

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. Several commodities had already begun to reflect improving fundamentals, and OPEC’s initiative to cut production was already well underway before November 8. Even without the election of Donald Trump, the U.S. Federal Reserve would probably still have raised rates in December.

What the U.S. election result did was amplify these developments, accelerating rotation from defensive and safe-haven investments to those offering greater economic sensitivity. A relatively hawkish projection of three rate hikes in 2017 from the Fed’s December meeting added to the sentiment and helped trigger the largest sell-off in the U.S. Treasury market since 2009, in turn leading to a global rise in bond yields. Gold and precious metal prices fell on the ensuing rapid rise in the U.S. dollar.

As a result, a good amount of pro-growth sentiment has been brought forward. Anticipation of fiscal stimulus and regulatory relief has raised earnings expectations and/or expanded multiples across all but the most defensive, interest-sensitive areas of the market. The risk in this situation is that valuations run ahead of reality or fail to discount the less favourable consequences of accelerated growth such as inflation and higher capital costs. At present, this is the case with some resource stocks that have moved up well ahead of any U.S. policy or spending announcements. In the special case of oil, stocks have taken the recent OPEC agreement at face value when history suggests caution is warranted, especially given the growing impact of non-OPEC producers. The portfolio manager continues to take a longer-term view in these situations, reviewing the valuations of current positions and candidate investments against a commodity pricing environment that is truly sustainable in terms of fundamentals of supply and demand. However, increased volatility in the resource stocks areas may present some good long-term opportunities.

Valuations for other holdings in the Industrial, Consumer, Health Care, Financial, Information Technology and Telecommunications sectors are not stretched and continue to offer attractive upside potential. While many have had good performance of late, from a valuation perspective, most are just catching up to the improved business conditions after having lagged in 2016 on an excess of caution. As always, the portfolio manager will continue to execute their investment process, selling holdings that reach their full business value and reinvesting proceeds into stocks that meet strict quality and return criteria.

## 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 (%) <sup>(1)</sup>
Total World Equity Fund	B	up to 1.85
Total World Equity Fund	D	up to 1.25
Total World Equity Fund	F	up to 0.90

(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 \$37,812 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 24.92% of total management fees paid by the Fund to the Manager.

# Beutel Goodman ■ Total World Equity Fund

**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
Total World Equity Fund	\$2,706	\$3,288

## 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
<b>Net assets attributable to holders of redeemable units per unit, beginning of year <sup>(1)</sup></b>	11.47	12.42	12.28	10.19	9.33
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>					
Total Interest Revenue	—	—	—	—	—
Total Dividend Revenue	0.41	0.36	0.39	0.34	0.33
Total revenue	0.41	0.36	0.39	0.34	0.33
Total expenses	(0.29)	(0.30)	(0.30)	(0.26)	(0.23)
Realized gains (losses) for the year	0.26	0.72	0.88	0.36	0.46
Unrealized gains (losses) for the year	1.00	(0.84)	(0.04)	2.45	0.73
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	1.38	(0.06)	0.93	2.89	1.29
<b>Distribution to holders of redeemable units per unit:</b>					
Net interest income (excluding dividend)	—	—	—	—	—
Net dividend income	—	0.06	0.10	0.14	0.11
Net investment income	—	0.06	0.10	0.14	0.11
Realized gains on sale of investments	0.26	0.76	0.81	0.42	0.15
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	0.26	0.82	0.91	0.56	0.26
<b>Net assets attributable to holders of redeemable units, end of year <sup>(4)</sup></b>	12.64	11.47	12.42	12.28	10.18

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

	2016	2015	2014	2013	2012
<b>Total net assets attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	409	558	741	530	7
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	32	49	60	43	1
<b>Management expense ratio <sup>(6)</sup></b>	2.11%	2.09%	2.06%	2.17%	2.20%
<b>Management expense ratio before absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	41%	72%	37%	20%	26%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.10%	0.13%	0.08%	0.10%	0.07%
<b>Net assets attributable to holders of redeemable units, end of year <sup>(9)</sup></b>	12.64	11.47	12.42	12.28	10.19

# Beutel Goodman ■ Total World Equity Fund

## 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 <sup>(1)</sup>	13.52	14.70	14.51	11.95	10.91
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>					
Total Interest Revenue	—	—	—	—	—
Total Dividend Revenue	0.47	0.43	0.46	0.38	0.33
Total revenue	0.47	0.43	0.46	0.38	0.33
Total expenses	(0.26)	(0.25)	(0.26)	(0.21)	(0.17)
Realized gains (losses) for the year	0.38	0.81	1.04	0.44	0.46
Unrealized gains (losses) for the year	1.23	(1.03)	0.11	2.58	0.73
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	<b>1.82</b>	<b>(0.04)</b>	<b>1.35</b>	<b>3.19</b>	<b>1.35</b>
<b>Distribution to holders of redeemable units per unit:</b>					
Net interest income (excluding dividend)	—	—	—	—	—
Net dividend income	0.19	0.21	0.18	0.15	0.19
Net investment income	0.19	0.21	0.18	0.15	0.19
Realized gains on sale of investments	0.31	0.90	0.96	0.49	0.18
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	<b>0.50</b>	<b>1.11</b>	<b>1.14</b>	<b>0.64</b>	<b>0.37</b>
Net assets attributable to holders of redeemable units, end of year <sup>(4)</sup>	14.80	13.52	14.70	14.51	11.93

## 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) <sup>(5)</sup>	1,582	1,451	1,379	1,207	645
Number of outstanding redeemable units (000's) <sup>(5)</sup>	107	107	94	83	54
Management expense ratio <sup>(6)</sup>	1.49%	1.50%	1.47%	1.50%	1.51%
Management expense ratio before absorptions <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate <sup>(7)</sup>	41%	72%	37%	20%	26%
Trading expense ratio (%) <sup>(8)</sup>	0.10%	0.13%	0.08%	0.10%	0.07%
Net assets attributable to holders of redeemable units, end of year <sup>(9)</sup>	14.80	13.52	14.70	14.51	11.95

## 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 <sup>(1)</sup>	11.48	12.50	12.36	10.19	9.35
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>					
Total Interest Revenue	—	—	—	—	—
Total Dividend Revenue	0.37	0.37	0.39	0.34	0.33
Total revenue	0.37	0.37	0.39	0.34	0.33
Total expenses	(0.18)	(0.16)	(0.17)	(0.15)	(0.12)
Realized gains (losses) for the year	0.53	0.64	0.92	0.37	0.46
Unrealized gains (losses) for the year	1.22	(1.25)	(0.06)	2.37	0.73
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	<b>1.94</b>	<b>(0.40)</b>	<b>1.08</b>	<b>2.93</b>	<b>1.40</b>
<b>Distribution to holders of redeemable units per unit:</b>					
Net interest income (excluding dividend)	—	—	—	—	—
Net dividend income	0.27	0.25	0.23	0.18	0.22
Net investment income	0.27	0.25	0.23	0.18	0.22
Realized gains on sale of investments	0.26	0.77	0.82	0.42	0.15
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	<b>0.53</b>	<b>1.02</b>	<b>1.05</b>	<b>0.60</b>	<b>0.37</b>
Net assets attributable to holders of redeemable units, end of year <sup>(4)</sup>	12.49	11.48	12.50	12.36	10.18

## 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) <sup>(5)</sup>	1,057	252	126	67	16
Number of outstanding redeemable units (000's) <sup>(5)</sup>	85	22	10	5	2
Management expense ratio <sup>(6)</sup>	1.12%	1.09%	1.08%	1.13%	1.13%
Management expense ratio before absorptions <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate <sup>(7)</sup>	41%	72%	37%	20%	26%
Trading expense ratio (%) <sup>(8)</sup>	0.10%	0.13%	0.08%	0.10%	0.07%
Net assets attributable to holders of redeemable units, end of year <sup>(9)</sup>	12.49	11.48	12.50	12.36	10.19

# Beutel Goodman ■ Total World Equity Fund

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

\$	2016	2015	2014	2013	2012
<b>Net assets attributable to holders of redeemable units per unit, beginning of year <sup>(1)</sup></b>	14.48	15.77	15.58	12.78	11.70
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>					
Total Interest Revenue	—	—	—	—	—
Total Dividend Revenue	0.51	0.47	0.45	0.41	0.33
Total revenue	0.51	0.47	0.45	0.41	0.33
Total expenses	(0.06)	(0.02)	(0.03)	(0.02)	(0.02)
Realized gains (losses) for the year	0.44	0.87	1.19	0.47	0.46
Unrealized gains (losses) for the year	1.24	(1.16)	(0.78)	2.77	0.73
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	2.13	0.16	0.83	3.63	1.50
<b>Distribution to holders of redeemable units per unit:</b>					
<b>Net interest income (excluding dividend)</b>	—	—	—	—	—
<b>Net dividend income</b>	0.45	0.47	0.42	0.34	0.40
<b>Net investment income</b>	0.45	0.47	0.42	0.34	0.40
<b>Realized gains on sale of investments</b>	0.33	0.98	1.04	0.53	0.19
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	0.78	1.45	1.46	0.87	0.59
<b>Net assets attributable to holders of redeemable units, end of year <sup>(4)</sup></b>	15.85	14.48	15.77	15.58	12.77

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

	2016	2015	2014	2013	2012
<b>Total net assets attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	192	159	156	34	21
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	12	11	10	2	2
<b>Management expense ratio <sup>(6)</sup></b>	0.11%	0.11%	0.11%	0.11%	0.09%
<b>Management expense ratio before absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	41%	72%	37%	20%	26%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.10%	0.13%	0.08%	0.10%	0.07%
<b>Net assets attributable to holders of redeemable units, end of year <sup>(9)</sup></b>	15.85	14.48	15.77	15.58	12.78

- (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.**

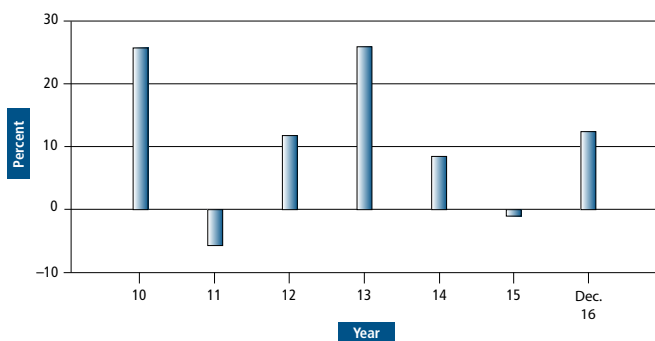
**Please remember that the past performance of the Fund is not an accurate prediction of future returns.**



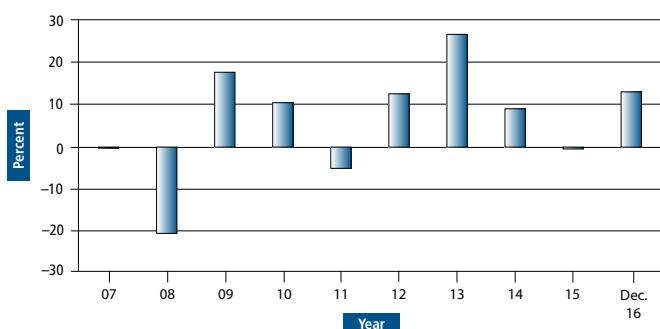
# Beutel Goodman ■ Total World Equity Fund

## Year-by-Year Returns

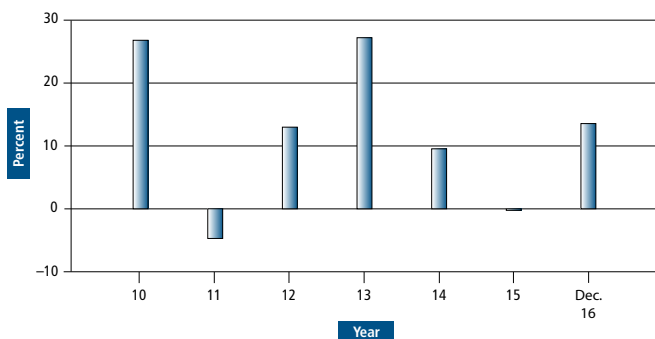
### Class B



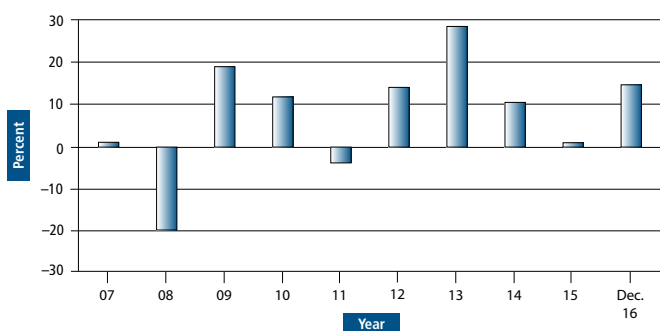
### Class D



### Class F



### Class I



## Annual Compound Returns

The following table shows the historical annual compound total returns, as compared to the performance of the S&P/TSX Index, the S&P 500 (C\$) Index and the MSCI EAFE (C\$) Index.\*

Class B	Since Inception	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman Total World Equity Fund – Class B	8.92%	11.19%	6.47%	12.43%
S&P/TSX Index	6.53%	8.25%	7.06%	21.08%
S&P 500 Index	18.69%	21.21%	17.66%	8.62%
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 year periods ended December 31, 2016 has been provided.

Class D	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman Total World Equity Fund – Class D	5.60%	11.92%	7.12%	13.13%
S&P/TSX Index	4.72%	8.25%	7.06%	21.08%
S&P 500 Index	8.47%	21.21%	17.66%	8.62%
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	Since Inception	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman Total World Equity Fund – Class F	10.04%	12.33%	7.54%	13.57%
S&P/TSX Index	6.53%	8.25%	7.06%	21.08%
S&P 500 Index	18.69%	21.21%	17.66%	8.62%
MSCI EAFE Index	8.60%	12.62%	6.34%	-2.02%

For Class F units, a return calculated since its inception of October 4, 2010 and ended December 31, 2016, and for the past 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 Total World Equity Fund – Class I	6.99%	13.53%	8.67%	14.81%
S&P/TSX Index	4.72%	8.25%	7.06%	21.08%
S&P 500 Index	8.47%	21.21%	17.66%	8.62%
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 S&P/TSX Composite Index is designed to represent the Canadian mid-large cap equity market.  
The S&P 500 (C\$) Index is designed to represent the U.S. equity market.  
The MSCI EAFE (C\$) Index is designed to reflect non-North American stock markets.

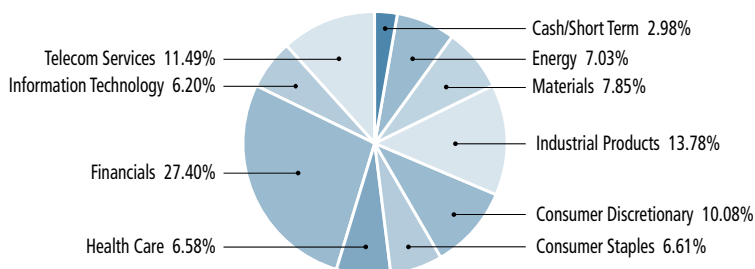
## Summary of Investment Portfolio

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](http://www.beutelgoodman.com).

### Summary of Top 25 Holdings

Issuer Name	% of Net Assets	Issuer Name	% of Net Assets
1. The Toronto-Dominion Bank	4.18	14. Merck KGaA	2.25
2. Royal Bank of Canada	4.16	15. Canadian Natural Resources Ltd.	2.10
3. Rogers Communications Inc., Class B	2.99	16. Cie Financière Richemont SA	2.06
4. Bank of Nova Scotia	2.91	17. Magna International Inc.	1.98
5. GEA Group AG	2.77	18. Ingersoll-Rand PLC	1.96
6. Sky PLC	2.42	19. Bayer AG	1.95
7. Verizon Communications Inc.	2.39	20. BASF SE	1.93
8. Kellogg Co.	2.38	21. Koninklijke KPN NV	1.93
9. Eli Lilly & Co.	2.37	22. Brookfield Asset Management Inc.	1.92
10. American Express Co.	2.35	23. Akzo Nobel NV	1.91
11. Kao Corp.	2.34	24. Parker-Hannifin Corp.	1.91
12. Teradyne Inc.	2.34	25. Vodafone Group PLC, ADR	1.90
13. Cenovus Energy Inc.	2.26		

## Asset 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 Total World 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](http://www.beutelgoodman.com) or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Company Ltd. at [mutualfunds@beutelgoodman.com](mailto:mutualfunds@beutelgoodman.com).

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