

**BEUTEL GOODMAN MANAGED FUNDS' INDEPENDENT REVIEW
COMMITTEE
2016 REPORT TO UNITHOLDERS**

December 31, 2016

Dear Investor:

I am pleased to present our annual report for 2016.

The Beutel Goodman Managed Funds' Independent Review Committee was established in 2007 to advise the manager of the Funds, then Beutel Goodman Managed Funds Inc. and currently Beutel, Goodman & Company Ltd., on conflicts of interest in mutual fund management under the provisions of the Canadian Securities Administrators' *National Instrument 81-107 Independent Review Committee for Investment Funds*. The Instrument has been designed to promote investor protection in mutual funds.

The Committee reviews conflict of interest matters identified and referred to it by the manager of the Funds, and provides its recommendation as to whether the manager's policies resolve such conflict matters in a way which achieves a fair and reasonable result for the mutual fund. In addition, there are certain actions under the Instrument that require the approval of the Committee before they can be undertaken.

In addition, at least once per year, the Committee reviews and assesses the adequacy and effectiveness of the manager's policies and procedures relating to conflict of interest matters with respect to the Funds. We also review and assess our independence, effectiveness and compensation each year.

The Committee looks forward to continuing its effective relationship with Beutel Goodman Managed Funds.

A handwritten signature in black ink, appearing to read "Jeff Norton". The signature is written in a cursive, flowing style.

Jeff Norton,
Chair of Beutel Goodman Managed Funds' Independent Review Committee.

Members of the Independent Review Committee

| Name | Residence | First Appointed |
|--------------------|---------------------|-----------------|
| Jeff Norton, Chair | Winnipeg, Manitoba | July 2012 |
| Gary Brent | Burlington, Ontario | May 2007 |
| Idon Biron | Toronto, Ontario | May 2007 |

Mr. Norton became Chair of the Committee on May 1, 2014.

None of the members of the Committee serves on the independent review committee of another investment fund.

Holdings

As at December 31, 2016, no member of the Committee beneficially owned, directly or indirectly, any units in any of the Funds nor any securities of the manager or any material service provider to the Funds or the manager with respect to its fund business.

Compensation and Indemnities

The aggregate compensation paid by the Funds to the Committee for the twelve-month period from January 1, 2016 to December 31, 2016 was \$60,000 plus taxes.

No indemnities were paid to any of the Committee members by the Funds during the period.

At least annually, the Committee, after considering any recommendations from the manager, reviews compensation, giving consideration to the:

1. best interests of the Funds;
2. number, nature, size and complexity of the Funds;
3. the nature and extent of the workload, including the time and energy required to serve;
4. responsibilities undertaken and exposure to liabilities; and
5. best practices of the industry, including industry averages and surveys on compensation levels of other similar committees.

Conflict of Interest Matters

The Committee is not aware of any instance in which the manager acted in a conflict of interest matter referred to the Committee for which the Committee did not give a positive recommendation.

The Committee is not aware of any instance in which the manager acted in a conflict of interest matter but did not meet a condition imposed by the Committee in its recommendation.

The Committee is not aware of any instance in which the manager acted in a conflict of interest matter referred to the Committee for which the Committee was required to give its approval.

Standing Instructions

The Committee has provided standing instructions to the manager regarding the conflict of interest matters covered by the following policies. In each case, the standing instructions require the manager to comply with the related policy and procedures and to report periodically to the Committee.

1. Personal Trading
2. Soft Dollar Arrangements
3. Allocation of Trades
4. Trade Errors
5. Gifts
6. Fund Valuation
7. Expense Allocation
8. Increase in Management Fees
9. Related Transactions – Inter-Fund Trading

Beutel Goodman Managed Funds

Beutel Goodman Canadian Equity Fund
Beutel Goodman Total World Equity Fund
Beutel Goodman North American Focused Equity Fund
Beutel Goodman Fundamental Canadian Equity Fund
Beutel Goodman Canadian Dividend Fund
Beutel Goodman Small Cap Fund
Beutel Goodman Income Fund
Beutel Goodman Long Term Bond Fund
Beutel Goodman Corporate/Provincial Active Bond Fund
Beutel Goodman Balanced Fund
Beutel Goodman Money Market Fund
Beutel Goodman American Equity Fund
Beutel Goodman International Equity Fund
Beutel Goodman World Focus Equity Fund
Beutel Goodman Global Equity Fund
Beutel Goodman Global Dividend Fund
Beutel Goodman Short Term Bond Fund