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# BEUTEL GOODMAN MANAGED FUNDS

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Interim Management Report of Fund Performance  
June 30, 2016

BEUTEL GOODMAN American Equity Fund



## Beutel Goodman ■ American Equity Fund

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This interim 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

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## Management Discussion of Fund Performance

### Investment Objectives and Strategies

This Fund invests in common shares and other equity securities of established United States issuers.

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 American issuers with a medium tolerance for risk and a long-term investment horizon.

### Results of Operations

The Beutel Goodman American Equity portfolio posted a positive return and significantly outperformed its C\$ S&P500 Index benchmark over the semi-annual period.

North American equity markets diverged in the six months ending June. The continued momentum from March took the market to new highs, but as the period progressed, mixed data concerning the state of the U.S. economy and rising global uncertainty amid the pending June EU referendum in Britain resulted in dramatic volatility impacting all asset classes. Market volatility increased not only in Europe but also in most markets around the world, including the U.S. This culminated during the last week of the period as British citizens voted in favour of exiting the EU. Initial market reaction was swift, violent and widespread, pulling the S&P500 down by over 5% in two days. This downturn was quickly reversed as the markets rallied over the next five days with most of the initial losses being recouped. With that said, market uncertainty remained high as June concluded.

The market performance by style and capitalization that was seen in the first quarter carried over into this second as investors continued to recognize good fundamentals in many value-oriented names which had been ignored just nine months earlier. This was coupled with renewed interest in Small Cap and Emerging Market equities.

With respect to performance, market action was characterized by strong rotation out of economically-sensitive stocks and into defensive and safe-haven investments in the second half of the period. Investors preference for safety and yield was made evident by the performance of the Utilities and Telecom sectors in the S&P500 C\$ Index, both of which posted strong double-digit gains over the six months. The same drivers also contributed to positive performance for Consumer Staples. Energy also outperformed as oil prices rallied to over \$50, bringing up the whole group in lockstep. The weakest

sectors in the period were Information Technology, Financials, Health Care and Consumer Discretionary, with the latter pressured by the retailing space where consumer spending trends continued to disappoint.

The fund's outperformance for the semi-annual period was fully attributable to stock selection. The most significant contribution came from our largest holding, Verizon with notable contributions from our Health Care names including Baxalta, Baxter and Johnson & Johnson. Oil field services company, Halliburton, also posted solid performance as its shares outpaced an improving Energy sector in tandem with the termination of its proposed acquisition of Baker Hughes. Other significant contributors included security software provider, Symantec as the market reacted positively to the announced purchase of Blue Coat, the leader in Secure Web Gateway software. This acquisition will broaden the company's platform of products as well as bring a new and well respected CEO to the company. Kellogg provided a value added return in response to anticipated food manufacturer consolidation when global biscuit and confectionery giant, Mondelez, made an unsolicited bid to purchase chocolate maker, Hershey.

Impacted by mixed U.S. economic data and the Brexit outcome, which took global interest rates to new lows, the largest detractors from performance over the semi-annual period were several of our Financial holdings, including American Express, JPMorgan Chase, Ameriprise and BB&T.

The U.S. portfolio added only one new investment over the period; Cadence Design Systems, a leading designer of EDA (Electronic Design Automation) software used by semiconductor engineers. We also took advantage of the market volatility in the period, in particular post Brexit, to add to our existing holdings of American Express, Ameriprise, CVS Health, Ingersoll Rand, Parker Hannifin and Teradyne.

With respect to sales during the period, we sold our position in Kohl's, as our confidence in the company's free cash flow generation and ability to increase shareholder value without compromising its balance sheet over time, came into question. We also sold one-third of our Allegion holding as it had met our target price and was subject to our one-third sale process. We also exited our position in Baxalta as it was being purchased by U.K.-based Shire Biopharmaceuticals.

We reduced our positions in Caterpillar, CSX, and Verizon, all of which contributed to re-allocating funds for better portfolio upside and funded our new holding in Cadence Design Systems. Kellogg was also reduced following the offer by Mondelez to buy Hershey, with the purpose of repositioning the weight in the portfolio to better reflect its risk-adjusted return profile.

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

### Recent Developments

There have been no changes to the management of the fund over the period.

Much of the volatility and hence opportunity has quickly vanished. It feels like we are in a "fear of missing the upside" market. The bad news (Brexit?) has quickly been dismissed and the march upward continues. Consequently, the opportunity set of high quality franchises trading at deep discounts to intrinsic value has narrowed since the early part of this year. The result is that as stocks hit their target prices, triggering automatic 1/3rd sales, and as a number of our gems are acquired by strategic buyers with excellent long term vision (versus a

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market which tends to measure intrinsic value on a quarterly basis, if that), the portfolio has become increasingly concentrated in terms of number of names and the average position weight. The good news is that while the number of opportunities has shrunk over the last few weeks, the market is still intensely focussed on near-term performance. We are confident that we will be able to convert our “watch lists” into new portfolio holdings, should a storm unfold.

This does not necessarily mean that the market is over heated and too expensive. We continue to see excellent value in our portfolio of great franchises across a broad range of sectors and as such we are adding to positions (like American Express and Parker Hannifin) because we continue to see market anomalies to exploit. More important to us than the upside, we are comfortable that our portfolio will limit downside exposure should volatility creep up again. We worry about only what we have direct control over, and that is finding great franchises and ensuring we pay the right price for them.

Our portfolio positioning has changed only slightly in the last 6-months. After our one-third sale of Allegion, our weight in Industrials declined slightly, but we continue to be well overweight the sector, and Ingersoll-Rand and Parker Hannifin remain two of our highest conviction ideas in the portfolio. With the sale of our remaining holding in Kohl's, we moved from well under-weight to zero weight the Consumer Discretionary sector. We continue to look for ideas in the sector, and are starting to see interesting value in media in particular; however, we are not yet comfortable on the sustainability of free cash flows as the business models are shifting rather quickly. With the addition of Cadence as a new Information Technology holding, our positioning in the sector moved from underweight to slightly overweight. Lastly, with the pending closure of the Baxalta acquisition by Shire, we sold our Baxalta position. This lowered our Healthcare exposure from overweight to underweight.

All of our holdings in the portfolio continue to generate free cash flow, have strong balance sheets and capital allocation policies that we feel strike the right balance between corporate needs and shareholder returns. High quality business models and company-specific catalysts factor into attractive risk/reward profiles and, importantly, downside protection. If there is a storm brewing, we expect a large portion of our holdings to have the balance sheet and valuation support to hold up much better than the broader market and add considerable value to our unit holders over the longer term.

## 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>
American Equity Fund	B	up to 1.85
American Equity Fund	D	up to 1.25
American 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 \$1,343,164 for the period ending June 30, 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 26.90% of total management fees paid by the Fund to the Manager in 2015.

**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; 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	June 2016	2015	2014
American Equity Fund	\$215,922	\$566,472	\$459,436

## 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 6 month period ended June 30, and for the past 5 years ended December 31. The December 31 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 6 month period ended June 30 and for the years ended December 31)

	June					
\$	2016	2015	2014	2013	2012	2011
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	19.42	18.23	15.98	11.82	10.81	10.52
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	—	—	—	—	—	—
Total Dividend Revenue	0.40	0.45	0.40	0.28	0.17	0.14
Total revenue	0.40	0.45	0.40	0.28	0.17	0.14
Total expenses	(0.27)	(0.54)	(0.49)	(0.24)	(0.26)	(0.24)
Realized gains (losses) for the period	0.55	1.80	2.30	0.73	0.40	0.23
Unrealized gains (losses) for the period	(0.82)	0.75	1.63	3.35	0.65	(0.04)
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	(0.14)	2.46	3.84	4.12	0.96	0.09
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	—	—	—	—	—	—
Net dividend income	—	—	0.01	0.20	0.08	—
Net investment income	—	—	0.01	0.20	0.08	—
Realized gains on sale of investments	—	1.48	1.46	0.18	0.32	—
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	—	1.48	1.47	0.38	0.40	—
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	19.31	19.42	18.23	15.98	11.82	10.81

### Ratios and Supplemental Data for Class B Units (for the 6 month period ended June 30 and for the years ended December 31)

	June					
	2016	2015	2014	2013	2012	2011
<b>Total net assets attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	42,469	43,843	29,672	16,785	2,683	60
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	2,200	2,258	1,627	1,050	227	6
<b>Management expense ratio <sup>(6)</sup></b>	2.17%	2.18%	2.14%	2.18%	2.20%	2.20%
<b>Management expense ratio before absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	10%	39%	38%	24%	34%	36%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.05%	0.07%	0.08%	0.12%	0.15%	0.15%
<b>Net assets attributable to holders of redeemable units, end of year <sup>(9)</sup></b>	19.31	19.42	18.23	15.98	11.82	10.81

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## Financial Highlights for Class D Units

(for the 6 month period ended June 30 and for the years ended December 31)

	June					
\$	2016	2015	2014	2013	2012	2011
Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup>	13.35	12.52	10.95	8.06	7.29	7.05
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	—	—	—	—	—	—
Total Dividend Revenue	0.28	0.31	0.27	0.19	0.17	0.14
Total revenue	0.28	0.31	0.27	0.19	0.17	0.14
Total expenses	(0.14)	(0.26)	(0.24)	(0.12)	(0.12)	(0.12)
Realized gains (losses) for the period	0.39	1.24	1.60	0.47	0.40	0.23
Unrealized gains (losses) for the period	(0.56)	0.53	1.06	2.45	0.65	(0.04)
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	<b>(0.03)</b>	<b>1.82</b>	<b>2.69</b>	<b>2.99</b>	<b>1.10</b>	<b>0.21</b>
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	—	—	—	—	—	—
Net dividend income	—	0.07	0.07	0.01	0.02	0.01
Net investment income	—	0.07	0.07	0.01	0.02	0.01
Realized gains on sale of investments	—	1.02	1.00	0.12	0.22	—
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	<b>—</b>	<b>1.09</b>	<b>1.07</b>	<b>0.13</b>	<b>0.24</b>	<b>0.01</b>
Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup>	13.32	13.35	12.52	10.95	8.06	7.29

## Ratios and Supplemental Data for Class D Units

(for the 6 month period ended June 30 and for the years ended December 31)

	June					
	2016	2015	2014	2013	2012	2011
Total net assets attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup>	106,227	106,897	76,674	46,462	11,591	7,330
Number of outstanding redeemable units (000's) <sup>(5)</sup>	7,978	8,009	6,126	4,243	1,438	1,006
Management expense ratio <sup>(6)</sup>	1.50%	1.50%	1.47%	1.47%	1.49%	1.48%
Management expense ratio before absorptions <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate <sup>(7)</sup>	10%	39%	38%	24%	34%	36%
Trading expense ratio (%) <sup>(8)</sup>	0.05%	0.07%	0.08%	0.12%	0.15%	0.15%
Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup>	13.32	13.35	12.52	10.95	8.06	7.29

## Financial Highlights for Class F Units

(for the 6 month period ended June 30 and for the years ended December 31)

	June					
\$	2016	2015	2014	2013	2012	2011
Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup>	13.54	12.71	11.12	8.19	7.42	7.17
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	—	—	—	—	—	—
Total Dividend Revenue	0.28	0.32	0.28	0.20	0.17	0.14
Total revenue	0.28	0.32	0.28	0.20	0.17	0.14
Total expenses	(0.12)	(0.21)	(0.20)	(0.10)	(0.10)	(0.09)
Realized gains (losses) for the period	0.38	1.21	1.63	0.60	0.40	0.23
Unrealized gains (losses) for the period	(0.58)	0.54	1.12	2.61	0.65	(0.04)
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	<b>(0.04)</b>	<b>1.86</b>	<b>2.83</b>	<b>3.31</b>	<b>1.12</b>	<b>0.24</b>
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	—	—	—	—	—	—
Net dividend income	—	0.13	0.11	0.22	0.06	0.03
Net investment income	—	0.13	0.11	0.22	0.06	0.03
Realized gains on sale of investments	—	1.04	1.03	0.12	0.22	—
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	<b>—</b>	<b>1.17</b>	<b>1.14</b>	<b>0.34</b>	<b>0.28</b>	<b>0.03</b>
Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup>	13.54	13.54	12.71	11.12	8.19	7.42

## Ratios and Supplemental Data for Class F Units

(for the 6 month period ended June 30 and for the years ended December 31)

	June					
	2016	2015	2014	2013	2012	2011
Total net assets attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup>	52,297	54,805	35,693	16,987	1,589	658
Number of outstanding redeemable units (000's) <sup>(5)</sup>	3,864	4,047	2,809	1,528	194	89
Management expense ratio <sup>(6)</sup>	1.10%	1.10%	1.10%	1.11%	1.06%	1.05%
Management expense ratio before absorptions <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate <sup>(7)</sup>	10%	39%	38%	24%	34%	36%
Trading expense ratio (%) <sup>(8)</sup>	0.05%	0.07%	0.08%	0.12%	0.15%	0.15%
Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup>	13.54	13.54	12.71	11.12	8.19	7.42

## Financial Highlights for Class I Units (for the 6 month period ended June 30 and for the years ended December 31)

	June					
\$	2016	2015	2014	2013	2012	2011
<b>Net assets attributable to holders of redeemable units per unit, beginning of period <sup>(1)</sup></b>	14.53	13.62	11.89	8.71	7.86	7.61
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>						
Total Interest Revenue	—	—	—	—	—	—
Total Dividend Revenue	0.30	0.34	0.30	0.21	0.17	0.14
Total revenue	0.30	0.34	0.30	0.21	0.17	0.14
Total expenses	(0.05)	(0.07)	(0.06)	(0.03)	(0.02)	(0.02)
Realized gains (losses) for the period	0.42	1.39	1.72	0.46	0.40	0.23
Unrealized gains (losses) for the period	(0.59)	0.62	1.11	2.84	0.65	(0.04)
<b>Total increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	0.08	2.28	3.07	3.48	1.20	0.31
<b>Distribution to holders of redeemable units per unit:</b>						
Net interest income (excluding dividend)	—	—	—	—	—	—
Net dividend income	—	0.28	0.22	0.27	0.12	0.12
Net investment income	—	0.28	0.22	0.27	0.12	0.12
Realized gains on sale of investments	—	1.13	1.11	0.13	0.24	—
<b>Total distribution to holders of redeemable units <sup>(3)</sup></b>	—	1.41	1.33	0.40	0.36	0.12
<b>Net assets attributable to holders of redeemable units, end of period <sup>(4)</sup></b>	14.60	14.53	13.62	11.89	8.71	7.86

## Ratios and Supplemental Data for Class I Units (for the 6 month period ended June 30 and for the years ended December 31)

	June					
	2016	2015	2014	2013	2012	2011
<b>Total net assets attributable to holders of redeemable units (\$) (000's) <sup>(5)</sup></b>	692,845	675,737	531,249	402,763	174,805	96,847
<b>Number of outstanding redeemable units (000's) <sup>(5)</sup></b>	47,463	46,502	38,993	33,860	20,072	12,318
<b>Management expense ratio <sup>(6)</sup></b>	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
<b>Management expense ratio before absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	10%	39%	38%	24%	34%	36%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.05%	0.07%	0.08%	0.12%	0.15%	0.15%
<b>Net assets attributable to holders of redeemable units, end of period <sup>(9)</sup></b>	14.60	14.53	13.62	11.89	8.71	7.86

- (1) The information for June 2016, December 2015, December 2014 and December 2013 is derived from the Fund's 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 period.
- (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 period end of the period 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 period.
- (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 period.
- (9) The information for June 2016, December 2015, December 2014 and December 2013 is derived from the Fund's 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 period ending June 30, 2016 and for the years ended 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 and for the first 6 months of the current 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.**

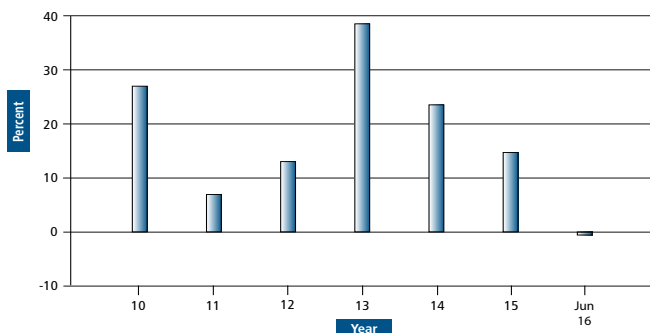
**Please remember that the past performance of the Fund is not an accurate prediction of future returns.**



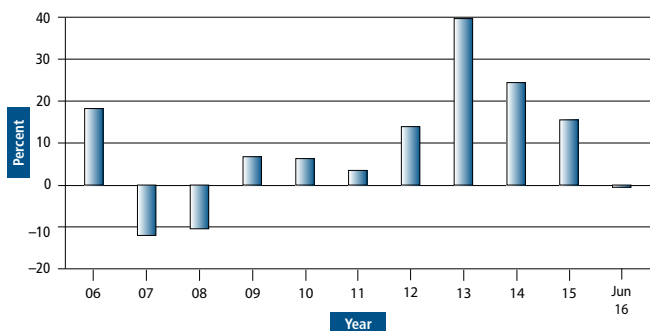
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## Year-by-Year Returns

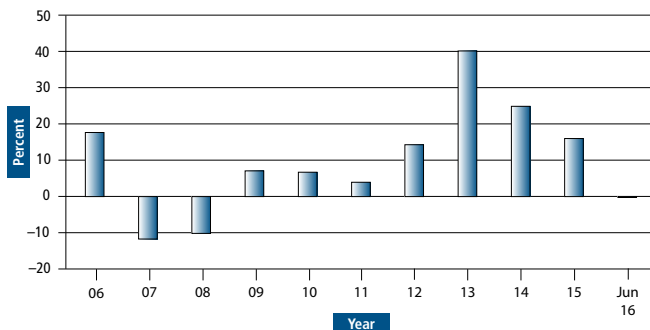
### Class B



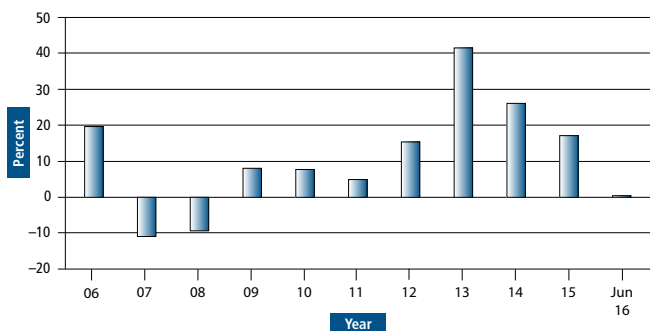
### Class D



### 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 500 Index.

Class B	Since Inception	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman American Equity Fund – Class B	16.62%	17.35%	16.58%	4.69%
S&P 500 Index	18.27%	19.02%	19.88%	8.46%

For Class B units, a return calculated since its inception of October 4, 2010 and ended June 30, 2016, and for the past five, three and one year periods ended June 30, 2016 has been provided.

Class D	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman American Equity Fund – Class D	9.60%	18.18%	17.37%	5.41%
S&P 500 Index	9.09%	19.02%	19.88%	8.46%

For Class D units, a return calculated for the past ten, five, three and one year periods ended on June 30, 2016 has been provided.

Class F	Since Inception	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman American Equity Fund – Class F	9.74%	18.61%	17.82%	5.83%
S&P 500 Index	8.94%	19.02%	19.88%	8.46%

For Class F units, a return calculated since its inception of July 25, 2006 and ended June 30, 2016, and for the past five, three and one year periods ended June 30, 2016, has been provided.

Class I	Past 10 Years	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman American Equity Fund – Class I	11.04%	19.78%	18.99%	6.89%
S&P 500 Index	9.09%	19.02%	19.88%	8.46%

For Class I units, a return calculated for the past ten, five, three and one year periods ended June 30, 2016, has been provided.

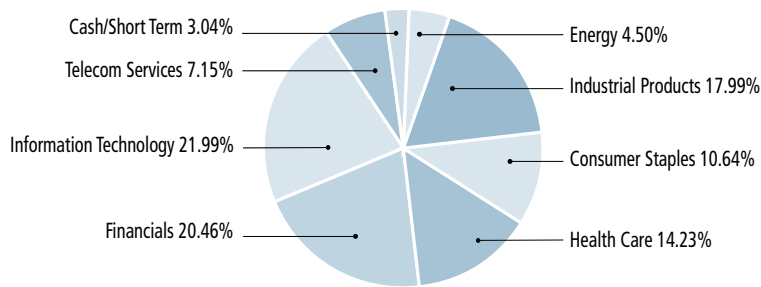
## Summary of Investment Portfolio

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	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Verizon Communications Inc.	7.15	14. Eli Lilly & Co.			3.81
2. JPMorgan Chase & Co.	6.12	15. Caterpillar Inc.			3.53
3. Oracle Corp.	5.96	16. Johnson & Johnson			3.37
4. Ingersoll-Rand PLC	5.02	17. The Procter & Gamble Co.			3.20
5. American Express Co.	4.98	18. Merck & Co., Inc.			3.00
6. Parker-Hannifin Corp.	4.96	19. Ameriprise Financial Inc.			2.81
7. Symantec Corp.	4.89	20. CVS Health Corp.			2.58
8. Kellogg Co.	4.86	21. Wells Fargo & Co.			2.27
9. Teradyne Inc.	4.73	22. Cadence Design Systems Inc.			2.20
10. Halliburton Co.	4.49	23. United Technologies Corp.			1.79
11. BB&T Corp.	4.27	24. CSX Corp.			1.68
12. Amdocs Ltd.	4.20	25. Government of Canada	0.517%	8-Sep-16	1.57
13. Baxter International Inc.	4.04				

## 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 American 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 2015 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 & Co. Ltd. at [mutualfunds@beutelgoodman.com](mailto:mutualfunds@beutelgoodman.com).

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