BEUTEL GOODMAN MANAGED FUNDS

Interim Management Report of Fund Performance
June 30, 2016

BEUTEL GOODMAN Balanced Fund

BEUTEL GOODMAN
MANAGED FUNDS

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 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.

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Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund invests in cash and cash equivalents, fixed-income securities and Canadian, U.S. and international equity securities.

The asset mix process is based upon the observation that over longer time years equities have historically generated higher nominal and real rates of return than fixed income assets. The asset mix of the Fund will normally fall within a range of 60% equity and 40% fixed income.

The Fund's advisor uses a value based approach to select equity investments which means the advisor looks for stocks that are undervalued in relation to the asset value or earnings power of the issuer. The Fund's fixed income portfolio is invested in a diversified group of Canadian government and Canadian corporate bonds.

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 wish to preserve and enhance accumulated capital with less volatility than an all equity portfolio, and higher growth potential than an all bond portfolio. This Fund is appropriate for investors with a low to medium tolerance for risk and a medium-term investment horizon.

Results of Operations

The Beutel Goodman Balanced portfolio posted an absolute positive return for the first half of 2016, yet finished behind the BG Balanced Benchmark. The market began the year with a quick sell off in January followed by an Index rebound later in the months following. This tailspin was driven by a collapse in oil prices and another extreme pull back in Chinese equities at the beginning of the year, which exacerbated an already tenuous U.S. market pre-occupied with the timing of the next rate increase by the Federal Reserve. In March however markets rebounded as oil prices recovered off multi-year lows and central banks around the world re-positioned to support global markets. The main event in the latter part of the period was the U.K. Brexit vote. The ultimate 'Leave' vote in the U.K.'s historic referendum caught the market by surprise and the reaction was swift, violent, and widespread, leading to sharp currency moves, a sell-off in equity markets and the driving of yields on government bonds around the globe to historic lows. Equity markets quickly reversed direction and rallied over the following five days as the prospect of an indefinite extension of supportive monetary conditions allowed markets to recoup their post-Brexit losses by the end of June. With that said, market uncertainty remained high as the period came to an end.

The S&P/TSX Composite advanced 9.8% in the first half of the year, which ranked as the best return of any developed market over this period. The Canadian market's strong performance was primarily due to a 52.3% gain for the Materials sector. The group was led by a doubling in the price of gold and silver stocks, which far outstripped the 30% and 39% respective gains for the underlying commodities in Canadian dollar terms. The general demand for defensive investments was also evident in the performance of the Utilities and Telecom sectors, which gained 17.3% and 14.8%, respectively. A continued recovery for oil was the other main story in the Canadian market. Prior to the Brexit vote the benchmark WTI price had steadily moved up from this year's low of $33 to just over $50. After the Brexit vote, oil prices came under pressure, but the Energy sector was able to hold on to a good portion of its gains, ending up 19.3% year-to-date.

The Canadian equity segment of the portfolio had a positive return but underperformed the S&P/TSX Composite Index benchmark over the six month period under review. With respect to performance, market action was characterized by strong rotation out of economically-sensitive stocks and into defensive and safe-haven investments. The main beneficiaries of that shift were gold and silver stocks, which doubled in price over the period. Traditional yield areas such as pipelines and utilities also attracted investment flows, resulting in double-digit gains for these groups. Our lack of exposure to these already expensive segments of the market more than explained the portfolio's shortfall in the period. The largest positive offset was a lack of exposure to the Health Care sector.

In terms of stock selection, the portfolio's position in OpenText in the Information technology sector made the largest relative contribution. The stock gained after the company announced an acquisition of Recommind, a data-mining firm, and the purchase of certain software and service assets from HP.

Another positive area for the portfolio was the Industrials sector. The portfolio's holding in SNC-Lavalin advanced after the company reported results that included a 17% jump in profits on a combination of new contracts and cost cutting measures. Finning International also performed well, making a double digit move in response to gains in copper and oil prices. These positive effects more than offset weakness in our two railroad holdings, reflecting a decline in car volumes primarily tied to resource industries.

Selection effects in Financials were negative on a net basis. Strength in the Bank of Nova Scotia was more than offset by weakness in Manulife and the portfolio's asset management holdings. The combination of falling bond yields and concerns over the impact of the Brexit vote on capital markets weighed on the stocks.

The Fund's exposure to small cap stocks also added value relative to the large-cap benchmark.

In the period, we added a new position in Suncor to the portfolio. In the same group, we exited our holding in Ensign Energy Services, given reduced upside potential for the stock in the current environment. The portfolio also received shares in two entities as a result of stock distributions. The first was a small position in PrairieSky Royalty received from Canadian Natural Resources. We sold the shares into the market, given their limited upside potential at this point. The other was shares in Brookfield Business Partners, distributed by Brookfield Asset Management. Based on considerations of valuation, we plan to hold the position for now.

We took advantage of volatility to increase exposure to a number of existing positions with attractive upside potential. We added to our holdings in Cenovus, Cameco, Agrium, Finning, Canadian Tire, Magna and Brookfield Asset Management. On the sale side, we reduced our holdings in Teck Resources, Loblaw, Metro, Molson Coors, IGM Financial and Onex on valuation.

The American equity segment posted a positive return and significantly outperformed its C$ S&P500 Index benchmark over the semi-annual 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 Baxalta, Baxter and Johnson & Johnson. Oil field services company Halliburton also posted solid performance. Other significant contributors included security software provider Symantec and Consumer Staples holding Kellogg. 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.

The international equity segment of the portfolio solidly outperformed the negative return for the MSCI EAFE Index C$ benchmark for the six month period ending June.

The MSCI EAFE C$ Index, returned a weak negative 10.16% return in the first half of the year in Canadian dollar terms. On a regional basis, Pacific ex Japan was the only region which outperformed the Index. While the UK underperformed the benchmark, the region markedly outperformed the Europe ex UK, which fared the worst over the period. At the sector level, Energy led returns as oil prices rallied to over $50, bringing up the whole group in lockstep. Consumer Staples, Materials, Utilities, Telecom and Health Care also outperformed the benchmark, albeit with negative returns. The weakest groups in the period were Information Technology, Consumer Discretionary, and Financials, the latter significantly impacted by the fallout from Brexit.

The portfolio outperformed its C$ MSCI EAFE Index benchmark over the semi-annual period primarily as a result of strong stock selection. The single largest contributor was Japanese telecom NTT Docomo. In relative terms, our technology holding Atea outpaced its peers and added significant value. Consumer Staples was another area where our stocks added considerable value primarily from increases in FamilyMart and Henkel. Other highlights in the portfolio included strength from Industrials, primarily from GEA Group and Philips.

The Materials sector was the largest detractor from performance for the period. All of our holdings faced weak short term markets driven by temporary oversupply dynamics or weak end markets, but continue to have excellent long term prospects. Stock selection in Health Care was also negative as Bayer, the German diversified life sciences business, underperformed, with sentiment only made worse by its attempt to acquire Monsanto. We view the valuation of Bayer as being very compelling, and the likelihood of the Monsanto deal being completed as very low. The Consumer Discretionary sector also had a negative impact on performance over the semi-annual period, with all three holdings following the group lower.

With regards to sector weights, there was a positive effect on performance largely due to an underweight in Financials and overweights in Materials and Telecommunications

The portfolio management team took advantage of market volatility over the period, building positions across a variety of sectors. Several new holdings were added including Compagnie Financière Richemont, Carlsberg and Henkel AG & Co.

We also added to our positions in Akzo Nobel and BASF in the Materials sector, Healthcare names Bayer and Merck KGaA, Financial companies Deutsche Boerse and Julius Baer, and Information Technology company, Atea. To fund these positions and newly added names, we trimmed our weights in Gjensidige and Sky. We also exited three stocks in the period – in Financials, Banco Santander and Aberdeen Asset Management, as well as Philips, a Dutch leader in healthcare and lighting. Later in the period, we added to our positions in financial companies DBS Group, Deutsche Boerse and Julius Baer, Telecoms Sky and Telefonica Deutschland, and Consumer Discretionary company Richemont. We also exited Norwegian insurer Gjensidige. The stock achieved our initial target price in 2015 and its position was trimmed in accordance with our investment process. Seeing remaining opportunities with more promising risk/return tradeoffs, we exited our position in June.

For the six month period under review, the FTSE TMX Canada Bond Universe Index increased 4.05% on a total return basis. The Provincial and Municipal sectors both outperformed the Index during the period, returning 5.34% and 4.64%, respectively. The Corporate and Federal sectors underperformed the Index during the period, returning 4.00% and 2.82%, respectively. Yields across the Canadian curve decreased by 23 basis points on average whereas yields across the U.S. curve decreased, more dramatically, by 67 basis points on average. The flight to quality trade following the Brexit vote sent bond yields plummeting in both markets. Foreign transactions continue to influence the Canadian curve with buying of Canadian product from asset managers, insurance companies and sovereign wealth funds whose domestic interest rates are negative seeking any sort of positive yield.

The Fund had a positive return and outperformed the FTSE TMX Canada Bond Universe Index for the 6 month period. Decisions that contributed to performance include the following: (1) our corporate security selection of safe haven corporate issues, especially in the energy and infrastructure sectors, outperformed not only other corporate sectors, but also provincials; (2) our underweight position in federal securities which underperformed the other sectors during the period. Decisions that detracted from performance include the following: (1) our curve positioning as the yield curve flattened in the latter part of the period and the area of the curve where we are overweight (4-6 years) underperformed other areas of the curve; and (2) our duration positioning as the yield on the FTSE TMX Canada Bond Universe declined by approximately 24 basis points during the period to 1.77%. The negative performance was mitigated during the period as we trimmed some of the magnitude of our short position versus the Index early in the year, and ultimately closed the duration gap in the latter three months.

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

Recent Developments

On January 11, 2016, Derek Brown joined the firm as Senior Vice President, Fixed Income. He joins David Gregoris as co-lead manager of the Fund.

World equity markets were clearly unprepared for the negative result in the British referendum. As with any surprise, we expect a period of volatility, as investors sort out exposures and adjust positions. Given the complex political issues involved, it is reasonable to expect this issue to drag on for some time. During this period, there is likely to be a continued bid for defensive equities, potentially stretching valuations to unsustainable levels. This is already the situation with many utility and consumer staple stocks, where downside risk is now significant.

With respect to our equity portfolios, our analysis of current investments indicates that developments out of Britain represent a manageable risk to the longer-term value of the companies affected – even those domiciled in the U.K. Regarding the more general concern of slower global growth, the assumptions we use in valuing our economically-sensitive positions are already quite conservative. And at this point, the higher-quality cyclical stocks we hold in the portfolio have already discounted a challenging pricing environment and uncertain global growth. As a result, they typically offer a more attractive risk/reward profile than many of the so-called safe-haven investments currently leading the market. On the positive side, the confused state of affairs related to Brexit will keep central bankers on the sidelines for some time, prolonging the positive monetary backdrop for equity markets.

Brexit ushered in a new era of uncertainty with global growth already challenged and disinflationary forces were already at work. Nonetheless, accommodative monetary conditions should continue to help consumers, financial institutions and businesses to deleverage. The positive economic effects will likely flow through with increases in consumer spending and easing credit conditions. Low commodity prices continue to plague resource dependent economies such as Canada, Australia, Russia and Brazil, but also act as an economic boost to consumer spending and business investment in other countries. Canada and the U.S. are set on diverging paths for monetary policy. The Federal Reserve has tightened whereas the Bank of Canada is more likely to ease or at the very least keep the overnight rate at its current 0.50% level for a lengthy period of time. We are cautious on the Canadian economy and have concerns over where growth and leadership will come from. The strength in the U.S. trade-weighted dollar stemming from the declines in sterling and the euro will likely negatively affect the U.S. economy.

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]
Balanced Fund	B	up to 1.75
Balanced Fund	D	up to 1.00
Balanced Fund	F	up to 0.85

(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 $980,610 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 30.09% 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
Balanced Fund	$699,834	$2,301,303	$2,843,406

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
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	11.50	11.66	11.39	10.32	9.72	10.14
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.05	0.12	0.13	0.12	0.23	0.26
Total Dividend Revenue	0.15	0.22	0.23	0.19	0.32	0.31
Total revenue	0.20	0.34	0.36	0.31	0.55	0.56
Total expenses	(0.14)	(0.33)	(0.34)	(0.19)	(0.23)	(0.23)
Realized gains (losses) for the period	0.15	0.39	0.58	0.47	0.41	0.15
Unrealized gains (losses) for the period	(0.08)	(0.17)	0.13	1.16	0.90	(0.65)
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.13	0.23	0.73	1.75	1.63	(0.17)
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.06	0.07	0.10	0.13	0.05	0.08
Net dividend income	0.03	0.04	0.05	0.06	0.08	0.10
Net investment income	0.09	0.11	0.15	0.19	0.13	0.18
Realized gains on sale of investments	—	0.36	0.40	0.28	0.15	0.08
Total distribution to holders of redeemable units (3)	0.09	0.47	0.55	0.47	0.28	0.26
Net assets attributable to holders of redeemable units, end of period (4)	11.52	11.50	11.66	11.39	10.31	9.72

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
Total net assets attributable to holders of redeemable units ($) (000's) (5)	23,155	21,294	14,244	6,147	560	226
Number of outstanding redeemable units (000's) (5)	2,010	1,852	1,222	540	54	23
Management expense ratio (6)	2.03%	2.03%	1.99%	2.01%	2.20%	2.09%
Management expense ratio before absorptions (6)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	38%	61%	61%	51%	58%	54%
Trading expense ratio (%) (8)	0.04%	0.06%	0.08%	0.09%	0.08%	0.07%
Net assets attributable to holders of redeemable units, end of period (9)	11.52	11.50	11.66	11.39	10.32	9.74

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 (1)	19.15	19.38	18.89	16.97	15.91	16.47
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.08	0.19	0.21	0.19	0.23	0.26
Total Dividend Revenue	0.26	0.38	0.39	0.32	0.32	0.31
Total revenue	0.34	0.57	0.60	0.51	0.55	0.56
Total expenses	(0.14)	(0.32)	(0.33)	(0.19)	(0.18)	(0.18)
Realized gains (losses) for the period	0.25	0.67	0.94	0.72	0.41	0.15
Unrealized gains (losses) for the period	(0.17)	(0.36)	0.20	1.83	0.90	(0.65)
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.28	0.56	1.41	2.87	1.68	(0.12)
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.16	0.20	0.24	0.23	0.12	0.14
Net dividend income	0.07	0.11	0.11	0.11	0.18	0.18
Net investment income	0.23	0.31	0.35	0.34	0.30	0.32
Realized gains on sale of investments	—	0.59	0.66	0.47	0.24	0.14
Total distribution to holders of redeemable units (3)	0.23	0.90	1.01	0.81	0.54	0.46
Net assets attributable to holders of redeemable units, end of period (4)	19.19	19.15	19.38	18.89	16.95	15.91

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) (5)	148,275	143,296	112,436	65,963	35,946	32,708
Number of outstanding redeemable units (000's) (5)	7,726	7,482	5,801	3,492	2,118	2,053
Management expense ratio (6)	1.20%	1.20%	1.20%	1.21%	1.19%	1.18%
Management expense ratio before absorptions (6)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	38%	61%	61%	51%	58%	54%
Trading expense ratio (%) (8)	0.04%	0.06%	0.08%	0.09%	0.08%	0.07%
Net assets attributable to holders of redeemable units, end of period (9)	19.19	19.15	19.38	18.89	16.97	15.94

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 (1)	11.67	11.83	11.54	10.39	9.77	10.17
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.05	0.12	0.13	0.12	0.23	0.26
Total Dividend Revenue	0.15	0.23	0.24	0.18	0.32	0.31
Total revenue	0.20	0.35	0.37	0.30	0.55	0.56
Total expenses	(0.08)	(0.18)	(0.19)	(0.10)	(0.12)	(0.13)
Realized gains (losses) for the period	0.16	0.38	0.57	0.52	0.41	0.15
Unrealized gains (losses) for the period	(0.09)	(0.29)	0.04	1.32	0.90	(0.65)
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.19	0.26	0.79	2.04	1.74	(0.07)
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.10	0.14	0.17	0.16	0.09	0.11
Net dividend income	0.05	0.08	0.08	0.07	0.13	0.14
Net investment income	0.15	0.22	0.25	0.23	0.22	0.25
Realized gains on sale of investments	—	0.36	0.40	0.28	0.15	0.08
Total distribution to holders of redeemable units (3)	0.15	0.58	0.65	0.51	0.37	0.33
Net assets attributable to holders of redeemable units, end of period (4)	11.69	11.67	11.83	11.54	10.37	9.77

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) (5)	8,115	7,335	4,334	1,638	472	252
Number of outstanding redeemable units (000's) (5)	694	629	366	142	45	26
Management expense ratio (6)	1.06%	1.05%	1.04%	1.07%	1.07%	1.07%
Management expense ratio before absorptions (6)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	38%	61%	61%	51%	58%	54%
Trading expense ratio (%) (8)	0.04%	0.06%	0.08%	0.09%	0.08%	0.07%
Net assets attributable to holders of redeemable units, end of period (9)	11.69	11.67	11.83	11.54	10.39	9.79

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
Net assets attributable to holders of redeemable units per unit, beginning of period (1)	19.95	20.21	19.69	17.71	16.64	17.26
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total Interest Revenue	0.09	0.20	0.22	0.20	0.23	0.26
Total Dividend Revenue	0.26	0.40	0.41	0.34	0.32	0.31
Total revenue	0.35	0.60	0.63	0.54	0.55	0.56
Total expenses	(0.03)	(0.04)	(0.06)	(0.03)	(0.03)	(0.03)
Realized gains (losses) for the period	0.26	0.73	0.99	0.72	0.41	0.15
Unrealized gains (losses) for the period	(0.21)	(0.35)	0.25	1.83	0.90	(0.65)
Total increase (decrease) in net assets attributable to holders of redeemable units (2)	0.37	0.94	1.81	3.06	1.83	0.03
Distribution to holders of redeemable units per unit:						
Net interest income (excluding dividend)	0.24	0.36	0.40	0.38	0.21	0.23
Net dividend income	0.12	0.20	0.19	0.18	0.31	0.29
Net investment income	0.36	0.56	0.59	0.56	0.52	0.52
Realized gains on sale of investments	—	0.62	0.69	0.49	0.25	0.14
Total distribution to holders of redeemable units (3)	0.36	1.18	1.28	1.05	0.77	0.67
Net assets attributable to holders of redeemable units, end of period (4)	19.99	19.95	20.21	19.69	17.69	16.64

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
Total net assets attributable to holders of redeemable units ($) (000's) (5)	3,326,383	3,424,755	3,356,090	3,209,050	2,350,126	1,959,924
Number of outstanding redeemable units (000's) (5)	166,372	171,628	166,077	162,921	132,717	117,594
Management expense ratio (6)	0.07%	0.07%	0.07%	0.07%	0.08%	0.11%
Management expense ratio before absorptions (6)	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (7)	38%	61%	61%	51%	58%	54%
Trading expense ratio (%) (8)	0.04%	0.06%	0.08%	0.09%	0.08%	0.07%
Net assets attributable to holders of redeemable units, end of period (9)	19.99	19.95	20.21	19.69	17.71	16.67

(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 ended 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.

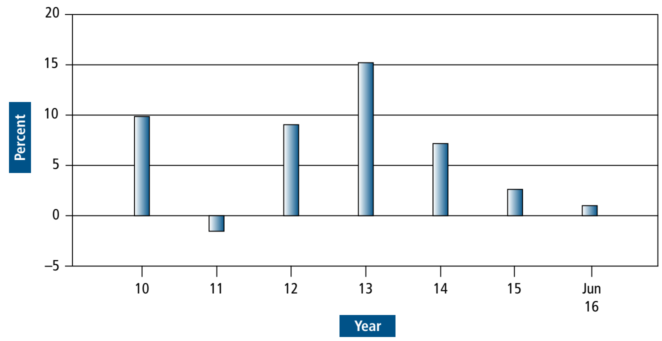
The performance returns in all cases:

- 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.**

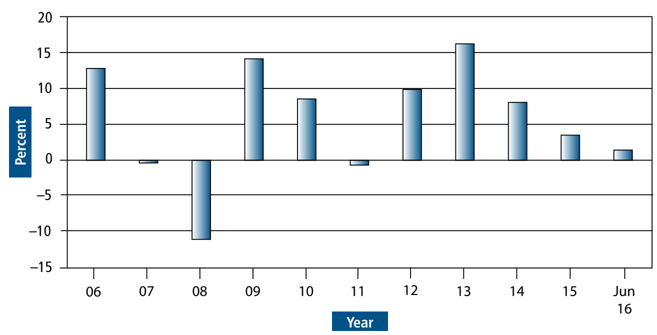
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Year-by-Year Returns

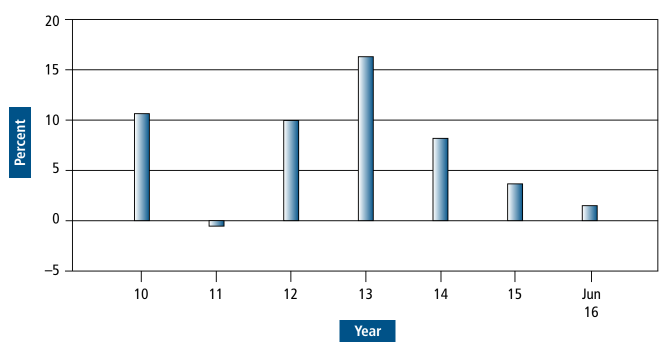
Class B



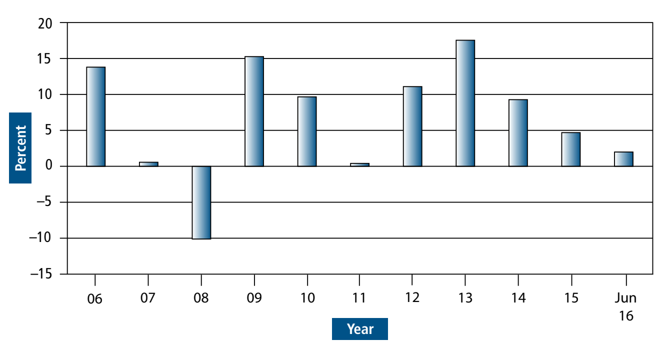
Class D



Class F



Class I



Annual Compound Returns

The following table shows the historical annual compound total return, as compared to the performance of the Balanced Fund Benchmark, which is comprised of the FTSE TMX Canada Universe Bond Index (40%), Morgan Stanley EAFE Index (13%), S&P 500-Cdn. (12%), S&P/TSX (30%) and the Scotia Capital Markets (5%).

Class B	Since Inception	Past 5 Years	Past 3 Years	Past Year
Beutel Goodman Balanced Fund – Class B	6.39%	5.95%	6.35%	0.22%
Balanced Fund Benchmark	6.92%	6.88%	8.60%	2.69%

For Class B units, a return calculated since its inception of September 27, 2010 and ended June 30, 2016, 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 Balanced Fund – Class D	5.64%	7.08%	7.83%	1.10%
Balanced Fund Benchmark	5.64%	6.88%	8.60%	2.69%

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 Balanced Fund – Class F	7.44%	7.01%	7.41%	1.24%
Balanced Fund Benchmark	6.92%	6.88%	8.60%	2.69%

For Class F units, a return calculated since its inception of September 27, 2010 and ended June 30, 2016, or 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 Balanced Fund – Class I	6.97%	8.29%	9.06%	2.25%
Balanced Fund Benchmark	5.64%	6.88%	8.60%	2.69%

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

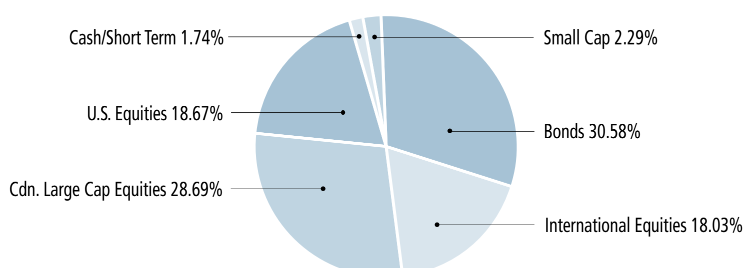
Summary of Investment Portfolio

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.

Summary of Top 25 Holdings

Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. The Toronto-Dominion Bank			2.68
2. Royal Bank of Canada			2.67
3. Rogers Communications Inc., Class B			2.29
4. Bank of Nova Scotia			1.87
5. Government of Canada	0.506%	8-Sep-16	1.61
6. Canadian Natural Resources Ltd.			1.53
7. Cenovus Energy Inc.			1.43
8. Canada Government	3.500%	1-Dec-45	1.41
9. Verizon Communications Inc.			1.39
10. Brookfield Asset Management Inc.			1.32
11. Merck KGaA			1.28
12. Canadian Imperial Bank of Commerce			1.20
13. JPMorgan Chase & Co.			1.17
14. Oracle Corp.			1.14
15. Canadian Tire Corp Ltd., Class A			1.09
16. Magna International Inc.			1.09
17. Great-West Lifeco Inc.			1.06
18. Canada Housing Trust No. 1	2.350%	15-Dec-18	1.04
19. Province of Ontario	2.900%	2-Dec-46	1.04
20. Canada Housing Trust No. 1	1.950%	15-Jun-19	1.00
21. Province of Ontario	2.850%	2-Jun-23	1.00
22. Canadian National Railway Co.			0.99
23. Canada Government	0.750%	1-Mar-21	0.99
24. TELUS Corp.			0.97
25. Ingersoll-Rand PLC			0.97

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 Balanced 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 or at the unitholder's request, at no cost, by contacting Beutel, Goodman & Co. Ltd. at mutualfunds@beutelgoodman.com.

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