
BEUTEL GOODMAN MANAGED FUNDS

Interim Management Report of Fund Performance
June 30, 2016

BEUTEL GOODMAN Canadian Dividend Fund

Beutel Goodman ■ Canadian Dividend Fund

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.

BEUTEL GOODMAN Managed Funds

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Management Discussion of Fund Performance

Investment Objectives and Strategies

The Fund's objective is to achieve a balance between high dividend income and capital growth by investing mainly in a diversified portfolio of blue-chip Canadian common stocks and, to a lesser extent, in high-yield preferred stocks and interest-bearing securities. The Fund may invest in foreign securities.

The Fund's advisor chooses primarily blue-chip common stocks. The Fund may also invest in preferred stocks, bonds, purchase warrants and rights, royalty trusts and income trusts, and foreign securities that provide a stable income.

The selection gives preference to capital growth, while providing a high, regular level of income. The portfolio advisor chooses the investments by seeking out reputable stocks that are undervalued on the market compared to their true worth, focusing on small/mid and large capitalization Canadian corporations in a variety of industries, favouring equity securities.

Investments by the Fund in non-Canadian securities, will generally not exceed 49% of the Fund's assets taken at book value.

The Fund may use derivatives from time to time. The Fund may use derivatives to protect against losses from changes in stock prices, exchange rates or market indices.

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 seeking capital growth with a medium tolerance for risk and a long-term investment horizon.

Results of Operations

The Fund had a positive return but underperformed the S&P/TSX Composite Index benchmark over the six month period under review.

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 demand for precious metals was driven by concerns over extreme central bank policies and the U.K. referendum. 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. Production interruptions in Nigeria and some tentative signs of tighter conditions in the U.S. were the main reasons. 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 timing of the Brexit shock was unfortunate, as it took attention away from some welcome signs of improvement in key parts of the U.S. economy before the vote. After several months of weakness, the manufacturing sector showed some strength, with ISM's index of manufacturing activity rising to

53.2 in June, its highest level since February, 2015. The consumer continued to strengthen, with retail sales jumping 0.5% in May and existing home sales hitting a nine-year high. Offsetting the encouraging news was ongoing weakness in the some regional Fed surveys and a sizeable miss of only 38,000 new jobs in May, far below expectations of over 160,000. Given the mixed nature of the data and increasing concern leading up to the U.K referendum, the Fed decided to pass on a June rate increase, striking a notably dovish tone in its meeting statement.

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 Valeant Pharmaceuticals in the Health Care sector. The stock declined 81.5% on a number of alarming developments, including the resignation of the CEO, a violation of debt covenants and admissions of accounting problems.

In domestic portion of the portfolio, the portfolio's holdings in the Industrials sector made the largest positive contribution. Finning International made a double digit move in response to gains in copper and oil prices. While conditions for the company remain challenging, it has taken steps to preserve cash flow in the downturn and is in a good position to benefit from any improvement in resource demand. Other strong performers included Canadian Natural Resources in Energy and Rogers in Telecom.

Selection effects in the Financials and Consumer Discretionary sector were flat and negative respectively on a net basis. In Financials, strength in bank of Nova Scotia was offset by weakness in Manulife and Power Financial as the combination of falling bond yields and concerns over the impact of the Brexit vote on asset management activities weighed on the stocks. In the case of the Consumer Discretionary sector, a strong advance from Canadian Tire was outweighed by a double-digit decline in Magna on concerns that the global auto cycle may have peaked, despite continued good results from the company and no signs of declining sales in any major market.

With respect to the portfolio's non-domestic exposure, strong contributions from Verizon, Atea, Baxter and Kellogg were marginally outweighed by weakness in Health Care stocks Eli Lilly and Merck KGAA.

With respect to transactions, in the Canadian portion of the Fund we added new positions in Suncor Energy and Brookfield Asset Management. We also added to our current holdings in Agrium, Finning, Canadian Tire and Magna. On the sale side, we sold our position in SNC-Lavalin and reduced our holding in Thomson Reuters. In other transactions, the portfolio 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. The new vehicle creates a structure for Brookfield's private equity business that is consistent with its other operations. Based on considerations of valuation, we plan to hold the position for now.

In the foreign segment of the portfolio, we added a new position in Unilever and sold our holding in Baxalta on valuation. We also added to our position in IT services firm, Atea.

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At the end of June, the yield on the portfolio was 3.5% compared to a yield of 3.0% for S&P/TSX Composite Index.

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

Recent Developments

There have been no changes to the Fund’s Manager for the review period.

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 gold, pipeline and utility stocks, where downside risk is now significant.

With respect to our current holdings, our analysis indicates that developments out of Britain do not represent a material risk to the longer-term value of the companies affected. While there are positions in the portfolio with direct or indirect exposures to the British economy, in each case the risks are manageable. 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 low commodity prices and an uncertain outlook for 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.

Outside the cyclical areas, the longer-term impact of the Brexit vote on the companies we hold in Industrials, Consumer, Health Care, Financials, Information Technology and Telecom sectors is likely to be negligible over a meaningful horizon. 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.

With respect to investment strategy, the Fund continues to focus on acquiring high-quality, liquid companies that generate free cash flow, earn their cost of capital and grow their business values over time. The Fund continues to have a strong “value” bias in terms of style.

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⁾ |
|------------------------|-------|------------------------------------|
| Canadian Dividend Fund | B | up to 1.85 |
| Canadian Dividend Fund | D | up to 1.25 |
| Canadian Dividend 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 \$550,241 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 26.37% 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 |
|------------------------|-----------|----------|----------|
| Canadian Dividend Fund | \$39,819 | \$80,519 | \$55,838 |

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⁾ | 13.11 | 13.77 | 12.95 | 10.66 | 10.19 | 10.41 |
| Increase (decrease) in net assets attributable to holders of redeemable units: | | | | | | |
| Total Interest Revenue | — | — | — | — | — | — |
| Total Dividend Revenue | 0.31 | 0.50 | 0.47 | 0.35 | 0.23 | 0.21 |
| Total revenue | 0.31 | 0.50 | 0.47 | 0.35 | 0.23 | 0.21 |
| Total expenses | (0.16) | (0.32) | (0.33) | (0.23) | (0.23) | (0.22) |
| Realized gains (losses) for the period | 0.12 | 0.57 | 0.68 | 0.66 | 0.39 | 0.27 |
| Unrealized gains (losses) for the period | 0.44 | (0.90) | 0.45 | 2.26 | 0.28 | (0.25) |
| Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾ | 0.71 | (0.15) | 1.27 | 3.04 | 0.67 | 0.01 |
| Distribution to holders of redeemable units per unit: | | | | | | |
| Net interest income (excluding dividend) | 0.06 | — | — | 0.06 | — | — |
| Net dividend income | 0.11 | 0.17 | 0.17 | 0.21 | 0.19 | 0.16 |
| Net investment income | 0.17 | 0.17 | 0.17 | 0.27 | 0.19 | 0.16 |
| Realized gains on sale of investments | — | 0.43 | 0.35 | 0.22 | 0.37 | 0.16 |
| Total distribution to holders of redeemable units ⁽³⁾ | 0.17 | 0.60 | 0.52 | 0.49 | 0.56 | 0.32 |
| Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾ | 13.60 | 13.11 | 13.77 | 12.95 | 10.65 | 10.19 |

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⁾ | 18,290 | 11,744 | 10,684 | 4,642 | 675 | 53 |
| Number of outstanding redeemable units (000's) ⁽⁵⁾ | 1,345 | 896 | 776 | 358 | 63 | 5 |
| Management expense ratio ⁽⁶⁾ | 2.12% | 2.10% | 2.10% | 2.10% | 2.20% | 2.20% |
| Management expense ratio before absorptions ⁽⁶⁾ | N/A | N/A | N/A | N/A | N/A | N/A |
| Portfolio turnover rate ⁽⁷⁾ | 9% | 29% | 31% | 33% | 28% | 26% |
| Trading expense ratio (%) ⁽⁸⁾ | 0.06% | 0.07% | 0.08% | 0.10% | 0.09% | 0.07% |
| Net assets attributable to holders of redeemable units, end of period ⁽⁹⁾ | 13.60 | 13.11 | 13.77 | 12.95 | 10.66 | 10.21 |

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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 ⁽¹⁾ | 8.48 | 8.90 | 8.34 | 6.80 | 6.42 | 6.50 |
| Increase (decrease) in net assets attributable to holders of redeemable units: | | | | | | |
| Total Interest Revenue | — | — | — | — | — | — |
| Total Dividend Revenue | 0.20 | 0.32 | 0.30 | 0.22 | 0.23 | 0.21 |
| Total revenue | 0.20 | 0.32 | 0.30 | 0.22 | 0.23 | 0.21 |
| Total expenses | (0.07) | (0.14) | (0.14) | (0.10) | (0.08) | (0.08) |
| Realized gains (losses) for the period | 0.08 | 0.35 | 0.47 | 0.31 | 0.39 | 0.27 |
| Unrealized gains (losses) for the period | 0.25 | (0.52) | 0.28 | 1.44 | 0.28 | (0.25) |
| Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾ | 0.46 | 0.01 | 0.91 | 1.87 | 0.82 | 0.15 |
| Distribution to holders of redeemable units per unit: | | | | | | |
| Net interest income (excluding dividend) | 0.04 | — | — | 0.04 | — | — |
| Net dividend income | 0.08 | 0.16 | 0.14 | 0.13 | 0.11 | 0.09 |
| Net investment income | 0.12 | 0.16 | 0.14 | 0.17 | 0.11 | 0.09 |
| Realized gains on sale of investments | — | 0.28 | 0.22 | 0.14 | 0.24 | 0.10 |
| Total distribution to holders of redeemable units ⁽³⁾ | 0.12 | 0.44 | 0.36 | 0.31 | 0.35 | 0.19 |
| Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾ | 8.81 | 8.48 | 8.90 | 8.34 | 6.79 | 6.42 |

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⁾ | 65,514 | 53,436 | 42,441 | 28,185 | 15,738 | 14,885 |
| Number of outstanding redeemable units (000's) ⁽⁵⁾ | 7,435 | 6,300 | 4,770 | 3,382 | 2,315 | 2,314 |
| Management expense ratio ⁽⁶⁾ | 1.48% | 1.47% | 1.47% | 1.50% | 1.50% | 1.48% |
| Management expense ratio before absorptions ⁽⁶⁾ | N/A | N/A | N/A | N/A | N/A | N/A |
| Portfolio turnover rate ⁽⁷⁾ | 9% | 29% | 31% | 33% | 28% | 26% |
| Trading expense ratio (%) ⁽⁸⁾ | 0.06% | 0.07% | 0.08% | 0.10% | 0.09% | 0.07% |
| Net assets attributable to holders of redeemable units, end of period ⁽⁹⁾ | 8.81 | 8.48 | 8.90 | 8.34 | 6.80 | 6.43 |

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⁾ | 13.38 | 14.06 | 13.21 | 10.81 | 10.30 | 10.44 |
| Increase (decrease) in net assets attributable to holders of redeemable units: | | | | | | |
| Total Interest Revenue | — | — | — | — | — | — |
| Total Dividend Revenue | 0.33 | 0.52 | 0.48 | 0.35 | 0.23 | 0.21 |
| Total revenue | 0.33 | 0.52 | 0.48 | 0.35 | 0.23 | 0.21 |
| Total expenses | (0.10) | (0.19) | (0.19) | (0.13) | (0.12) | (0.12) |
| Realized gains (losses) for the period | 0.10 | 0.58 | 0.68 | 0.46 | 0.39 | 0.27 |
| Unrealized gains (losses) for the period | 0.56 | (0.89) | 0.36 | 2.22 | 0.28 | (0.25) |
| Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾ | 0.89 | 0.02 | 1.33 | 2.90 | 0.78 | 0.11 |
| Distribution to holders of redeemable units per unit: | | | | | | |
| Net interest income (excluding dividend) | 0.08 | 0.01 | — | 0.07 | — | — |
| Net dividend income | 0.16 | 0.31 | 0.29 | 0.24 | 0.26 | 0.18 |
| Net investment income | 0.24 | 0.32 | 0.29 | 0.31 | 0.26 | 0.18 |
| Realized gains on sale of investments | — | 0.44 | 0.36 | 0.22 | 0.38 | 0.16 |
| Total distribution to holders of redeemable units ⁽³⁾ | 0.24 | 0.76 | 0.65 | 0.53 | 0.64 | 0.34 |
| Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾ | 13.89 | 13.38 | 14.06 | 13.21 | 10.80 | 10.30 |

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⁾ | 17,261 | 8,079 | 7,176 | 3,479 | 1,896 | 109 |
| Number of outstanding redeemable units (000's) ⁽⁵⁾ | 1,243 | 604 | 510 | 263 | 175 | 11 |
| Management expense ratio ⁽⁶⁾ | 1.11% | 1.13% | 1.12% | 1.12% | 1.13% | 1.13% |
| Management expense ratio before absorptions ⁽⁶⁾ | N/A | N/A | N/A | N/A | N/A | N/A |
| Portfolio turnover rate ⁽⁷⁾ | 9% | 29% | 31% | 33% | 28% | 26% |
| Trading expense ratio (%) ⁽⁸⁾ | 0.06% | 0.07% | 0.08% | 0.10% | 0.09% | 0.07% |
| Net assets attributable to holders of redeemable units, end of period ⁽⁹⁾ | 13.89 | 13.38 | 14.06 | 13.21 | 10.81 | 10.31 |

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⁾ | 9.10 | 9.56 | 8.97 | 7.34 | 6.96 | 7.01 |
| Increase (decrease) in net assets attributable to holders of redeemable units: | | | | | | |
| Total Interest Revenue | — | — | — | — | — | — |
| Total Dividend Revenue | 0.22 | 0.35 | 0.33 | 0.24 | 0.23 | 0.21 |
| Total revenue | 0.22 | 0.35 | 0.33 | 0.24 | 0.23 | 0.21 |
| Total expenses | (0.02) | (0.02) | (0.03) | (0.01) | (0.01) | (0.01) |
| Realized gains (losses) for the period | 0.09 | 0.33 | 0.47 | 0.30 | 0.39 | 0.27 |
| Unrealized gains (losses) for the period | 0.26 | (0.71) | 0.31 | 1.58 | 0.28 | (0.25) |
| Total increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾ | 0.55 | (0.05) | 1.08 | 2.11 | 0.89 | 0.22 |
| Distribution to holders of redeemable units per unit: | | | | | | |
| Net interest income (excluding dividend) | 0.06 | 0.01 | — | 0.06 | — | — |
| Net dividend income | 0.13 | 0.31 | 0.28 | 0.23 | 0.23 | 0.15 |
| Net investment income | 0.19 | 0.32 | 0.28 | 0.29 | 0.23 | 0.15 |
| Realized gains on sale of investments | — | 0.30 | 0.24 | 0.15 | 0.26 | 0.11 |
| Total distribution to holders of redeemable units ⁽³⁾ | 0.19 | 0.62 | 0.52 | 0.44 | 0.49 | 0.26 |
| Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾ | 9.46 | 9.10 | 9.56 | 8.97 | 7.33 | 6.96 |

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⁾ | 63,676 | 57,065 | 28,011 | 15,040 | 10,806 | 4,388 |
| Number of outstanding redeemable units (000's) ⁽⁵⁾ | 6,731 | 6,268 | 2,929 | 1,676 | 1,473 | 629 |
| Management expense ratio ⁽⁶⁾ | 0.11% | 0.10% | 0.11% | 0.11% | 0.11% | 0.11% |
| Management expense ratio before absorptions ⁽⁶⁾ | N/A | N/A | N/A | N/A | N/A | N/A |
| Portfolio turnover rate ⁽⁷⁾ | 9% | 29% | 31% | 33% | 28% | 26% |
| Trading expense ratio (%) ⁽⁸⁾ | 0.06% | 0.07% | 0.08% | 0.10% | 0.09% | 0.07% |
| Net assets attributable to holders of redeemable units, end of period ⁽⁹⁾ | 9.46 | 9.10 | 9.56 | 8.97 | 7.34 | 6.98 |

- (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 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.

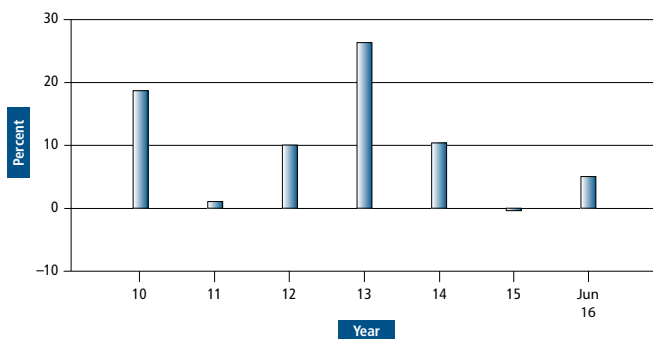
The performance returns in all cases:

- 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.**

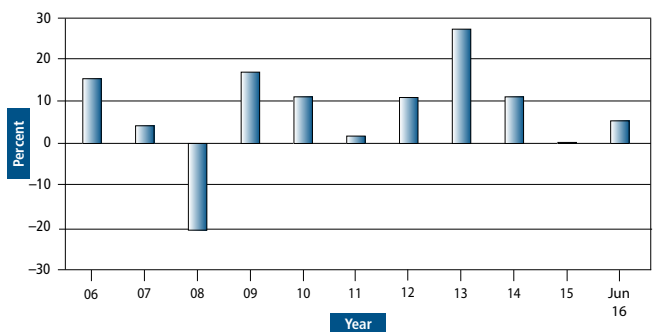
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Year-by-Year Returns

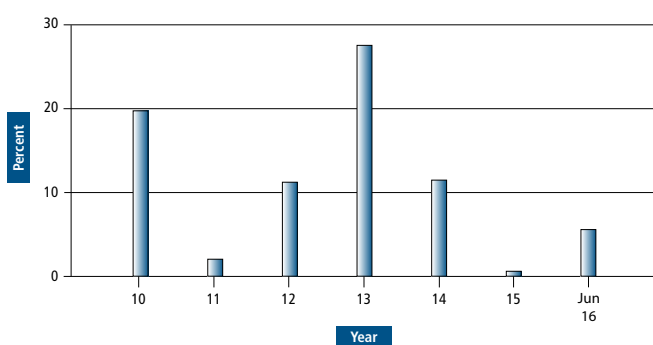
Class B



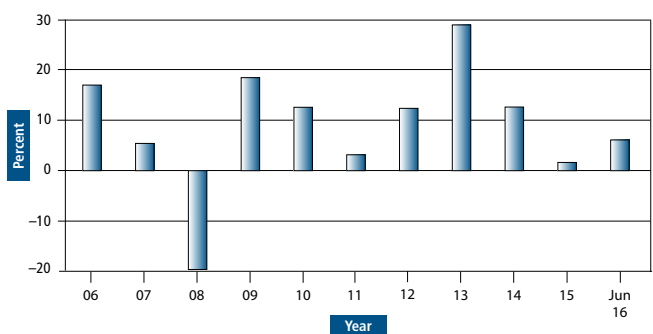
Class D



Class F



Class I



Annual Compound Returns

The following table shows the historical annual compound total return, as compared to the performance of the S&P/TSX Index.

| Class B | Since Inception | Past 5 Years | Past 3 Years | Past Year |
|---|-----------------|--------------|--------------|-----------|
| Beutel Goodman Canadian Dividend Fund – Class B | 9.66% | 9.03% | 9.97% | 5.02% |
| S&P/TSX Index | 5.32% | 4.21% | 8.27% | -0.20% |

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 Canadian Dividend Fund – Class D | 7.74% | 9.76% | 10.67% | 5.70% |
| S&P/TSX Index | 4.94% | 4.21% | 8.27% | -0.20% |

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 Canadian Dividend Fund – Class F | 10.75% | 10.12% | 11.05% | 6.07% |
| S&P/TSX Index | 5.32% | 4.21% | 8.27% | -0.20% |

For Class F 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 I | Past 10 Years | Past 5 Years | Past 3 Years | Past Year |
|---|---------------|--------------|--------------|-----------|
| Beutel Goodman Canadian Dividend Fund – Class I | 8.99% | 11.25% | 12.19% | 7.15% |
| S&P/TSX Index | 4.94% | 4.21% | 8.27% | -0.20% |

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

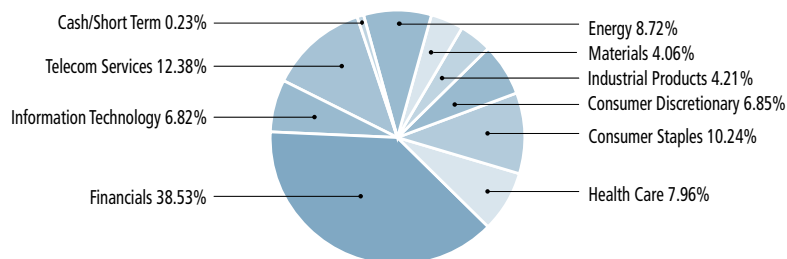
Summary of Investment Portfolio

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.

Summary of Top 25 Holdings

| Issuer Name | % of Net Assets | Issuer Name | % of Net Assets |
|--|-----------------|---------------------------------------|-----------------|
| 1. The Toronto-Dominion Bank | 9.35 | 14. Magna International Inc. | 2.82 |
| 2. Royal Bank of Canada | 9.18 | 15. Canadian Tire Corp Ltd., Class A | 2.70 |
| 3. Bank of Nova Scotia | 7.21 | 16. Symantec Corp. | 2.66 |
| 4. Rogers Communications Inc., Class B | 7.11 | 17. Merck KGaA | 2.56 |
| 5. Kellogg Co. | 5.03 | 18. Agrium Inc. | 2.48 |
| 6. Cenovus Energy Inc. | 4.59 | 19. Unilever NV | 2.25 |
| 7. Verizon Communications Inc. | 4.18 | 20. Intact Financial Corp. | 2.21 |
| 8. Atea ASA | 4.15 | 21. Finning International Inc. | 2.13 |
| 9. Canadian Natural Resources Ltd. | 4.09 | 22. Manulife Financial Corp. | 2.09 |
| 10. Canadian Imperial Bank of Commerce | 3.98 | 23. Parker-Hannifin Corp. | 2.05 |
| 11. Baxter International Inc. | 3.45 | 24. Eli Lilly & Co. | 1.93 |
| 12. Power Financial Corp. | 3.20 | 25. Potash Corp. of Saskatchewan Inc. | 1.56 |
| 13. Molson Coors Canada Inc., Class B | 2.93 | | |

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 Canadian Dividend 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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