

Annual Management Report of Fund Performance

December 31, 2023

Beutel Goodman Income Fund

Beutel Goodman Income Fund

This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual or interim financial statements of the investment fund. You can get a copy of the annual or interim financial statements at your request at no cost (contact details on this page) or by visiting our website at www.beutelgoodman.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request the investment fund's prospectus, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Certain portions of this report, including, but not limited to, "Results of Operations" and "Recent Developments", may contain forward-looking statements about the Fund, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and other similar forward-looking expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and forecasts about future events and are inherently subject to, among other things, risks, uncertainties and assumptions which could cause actual events, results, performance or prospects to be incorrect or to differ materially from those expressed in, or implied by, these forward-looking statements.

These risks, uncertainties and assumptions include, but are not limited to, general economic, political and market factors, domestic and international, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. This list of important factors is not exhaustive. Please consider these and other factors carefully before making any investment decisions and avoid placing undue reliance on forward-looking statements. The Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

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Beutel Goodman Income Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to earn income by investing primarily in fixed income securities of Canadian government and corporate issuers.

To achieve its objectives, the Fund focuses on creating a high-quality portfolio diversified across Government of Canada, Provincial and corporate bonds, which will usually have a credit rating of BBB or higher by a recognized rating agency. The average minimum quality of the fixed income portfolio will be A.

Risk

There were no significant changes to the investment objectives or strategies that affected the Fund's overall level of risk during the year. The risks of investing in this Fund and the suitability of the Fund for investors remain as discussed in the Prospectus.

Results of Operations

Over the 12-month period ended December 31, 2023, Beutel Goodman Income Fund (the "Fund"), Class B returned 5.80% versus 6.69% for the Fund's benchmark, the FTSE Canada Universe Bond Index. Unlike the benchmark, the Fund's return is net of fees and expenses paid by the Fund. Please refer to the "Annual Compound Returns" in the Past Performance section for the returns of all classes of the Fund. Detailed performance is provided under the heading "Past Performance" in this report.

The period began and ended with strong performance in bond markets, which allowed the index to deliver a positive annual return for the first time since 2020. There was however heightened volatility throughout the year. The period was also notable for the banking crisis in March and April of 2023 with the collapse of Silicon Valley Bank, Signature Bank and First Republic in the U.S., as well as Swiss banking giant Credit Suisse. This saw heightened volatility in markets as the stability of the global banking system was called into question. Amid this upheaval, regulators in the U.S. and Europe were quick to respond with measures designed to protect the banking system in their respective jurisdictions, containing the crisis. Throughout the period, the central bank tightening cycle was the main driver of market performance. The final quarter of 2023 proved particularly eventful and included one of the most extreme whipsaws in interest rate markets since the beginning of the pandemic. A shift to a more dovish tone by the U.S. Federal Reserve at its November and December meetings spurred a rally in both equity and fixed income markets as the prospect of interest rate cuts came into view.

Key Drivers of Performance

- The Fund's long duration positioning relative to the benchmark detracted from performance amid a rise in yields during Q2 and Q3.
- Curve positioning was positive during the year as 10-year bonds, where the portfolio was overweight, outperformed.
- Sector allocation contributed to performance as credit spreads tightened over the year.
- Security selection in government bonds detracted from performance during the period as mid- and long-term provincials underperformed short-term provincial bonds, where the portfolio was underweight.
- Corporate security selection detracted from performance as financial securities, where the portfolio was overweight, underperformed other corporate sectors.

Portfolio Activity

- The portfolio management team (the "team") employs macroeconomic analysis, rigorous bottom-up credit research and proprietary risk-management tools to search for opportunities where the market has mispriced risk and reward. As a by-product of the team's investment process, market performance and general management activity, the following changes occurred in the Fund's portfolio during the reporting period:
 - The Fund's weighting in federal and municipal bonds decreased over the period.
 - The Fund's weighting in provincial and corporate bonds increased over the period.
 - The Fund's level of cash and cash equivalents decreased over the period.

Recent Developments

As announced in 2022, David Gregoris, Managing Director, Fixed Income officially retired at the end of June. Derek Brown is now Head of Fixed Income, overseeing the strategy and direction of Beutel Goodman's fixed income team. There has been no impact on the Fund as a result of these changes, nor does Beutel Goodman expect there to be.

During the review period, Independent Review Committee (IRC) member Gary Brent retired and was replaced by John Smeeton.

Data shows that economic growth is slowing, and interest rate cuts are likely because inflation is coming down. The level of rate cuts in 2024 will depend on the impact the cuts have on economic growth. The unemployment rate will also likely drive policy. It is a lagging indicator and is typically the reason central banks may overtighten.

With a weak growth forecast for 2024, our fixed income portfolio is currently positioned defensively, holding mostly higher-rated, liquid credit, with a bias towards less cyclical sectors and the short end of the curve. We anticipate that this positioning could change with an economic slowdown as spreads move wider and opportunities arise to add higher-beta credit.

Beutel Goodman Income Fund

Related Party Transactions

Beutel, Goodman & Company Ltd. ("BG") is the Manager, Trustee and Portfolio Advisor to this Fund. The Fund pays a management fee to BG as compensation for its services. The Fund pays a fixed administration fee to BG, which in turn pays certain operating expenses of the Fund. BG as trustee of the Fund earns a fee which is paid by the Manager from the fixed administration fee paid by the 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 and the management and administrative fees as described above, as approved by the Independent Review Committee by standing instructions, and subject to regulatory requirements.

Management Fees: As Manager, BG is paid a management fee from each class of the 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 the Fund as set out in the table below. Management fees for Class I units are negotiated and paid directly by the investor, not by the Fund, and, therefore, are not listed.

	Maximum Annual Management Fee Rate %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Class B	0.92	55	45
Class D	0.62	19	81
Class F	0.42	0	100

Administration Fee: The Manager receives a fixed administration fee to pay certain operating expenses of the Fund. These expenses include audit and legal fees; custodian and transfer agent fees; costs attributable to the issue, redemption and change of units, including the cost of the security holder record-keeping system; expenses incurred in respect of preparing and distributing all regulatory reports; fund accounting and valuation costs; independent review committee fees and filing fees, including those incurred by us. The administration fee may vary by class of units and by Fund.

BG, as trustee of the Fund, earns a fee which is paid by the Manager from the administration fee paid by the Fund.

Beutel Goodman Income Fund

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years ended December 31. This information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights per unit

Class B Units

(for the years ended December 31)

\$	2023	2022	2021	2020	2019
Net assets, beginning of year	8.18	9.52	10.00	9.63	9.38
Increase (decrease) from operations					
Total revenue	0.30	0.25	0.23	0.26	0.28
Total expenses	(0.09)	(0.08)	(0.11)	(0.12)	(0.12)
Realized gains (losses) for the year	(0.24)	(0.55)	(0.11)	0.49	0.25
Unrealized gains (losses) for the year	0.47	(0.94)	(0.37)	0.26	0.12
Total increase (decrease) from operations ⁽¹⁾	0.44	(1.32)	(0.36)	0.89	0.53
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.21	0.13	0.12	0.15	0.16
From dividends	—	—	—	—	—
From capital gains	—	—	0.04	0.38	0.12
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.21	0.13	0.16	0.53	0.28
Net assets, end of year ⁽³⁾	8.44	8.18	9.52	10.00	9.63

Ratios and Supplemental Data

Class B Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
Total net asset value (\$) (000's) ⁽⁴⁾	1,165	1,208	1,831	2,222	2,119
Number of outstanding units (000's) ⁽⁴⁾	138	148	192	222	220
Management expense ratio ⁽⁵⁾	1.11%	1.10%	1.16%	1.20%	1.19%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	109%	100%	170%	181%	144%
Trading expense ratio (%) ⁽⁸⁾	—	—	—	—	—
Net asset value per unit, end of year	8.44	8.18	9.52	10.00	9.63

Financial Highlights per unit

Class D Units

(for the years ended December 31)

\$	2023	2022	2021	2020	2019
Net assets, beginning of year	10.23	11.91	12.52	12.05	11.73
Increase (decrease) from operations					
Total revenue	0.37	0.31	0.29	0.33	0.34
Total expenses	(0.07)	(0.07)	(0.09)	(0.10)	(0.09)
Realized gains (losses) for the year	(0.30)	(0.66)	(0.14)	0.61	0.31
Unrealized gains (losses) for the year	0.59	(1.34)	(0.47)	0.34	0.19
Total increase (decrease) from operations ⁽¹⁾	0.59	(1.76)	(0.41)	1.18	0.75
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.30	0.23	0.20	0.23	0.25
From dividends	—	—	—	—	—
From capital gains	—	—	0.04	0.47	0.15
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.30	0.23	0.24	0.70	0.40
Net assets, end of year ⁽³⁾	10.55	10.23	11.91	12.52	12.05

Ratios and Supplemental Data

Class D Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
Total net asset value (\$) (000's) ⁽⁴⁾	10,664	11,974	22,720	29,005	31,182
Number of outstanding units (000's) ⁽⁴⁾	1,011	1,171	1,907	2,318	2,587
Management expense ratio ⁽⁵⁾	0.68%	0.69%	0.73%	0.78%	0.78%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.79%	0.80%	0.89%	0.89%	0.89%
Portfolio turnover rate ⁽⁷⁾	109%	100%	170%	181%	144%
Trading expense ratio (%) ⁽⁸⁾	—	—	—	—	—
Net asset value per unit, end of year	10.55	10.23	11.91	12.52	12.05

Beutel Goodman Income Fund

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years ended December 31. This information is derived from the Fund's audited annual financial statements and is provided for each class of units.

Financial Highlights per unit

Class F Units

(for the years ended December 31)

\$	2023	2022	2021	2020	2019
Net assets, beginning of year	8.20	9.57	10.05	9.69	9.43
Increase (decrease) from operations					
Total revenue	0.30	0.26	0.23	0.26	0.27
Total expenses	(0.05)	(0.05)	(0.06)	(0.07)	(0.07)
Realized gains (losses) for the year	(0.24)	(0.65)	(0.11)	0.48	0.25
Unrealized gains (losses) for the year	0.48	(0.41)	(0.34)	0.25	0.10
Total increase (decrease) from operations ⁽¹⁾	0.49	(0.85)	(0.28)	0.92	0.55
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.25	0.21	0.18	0.20	0.22
From dividends	—	—	—	—	—
From capital gains	—	—	0.04	0.38	0.12
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.25	0.21	0.22	0.58	0.34
Net assets, end of year ⁽³⁾	8.46	8.20	9.57	10.05	9.69

Ratios and Supplemental Data

Class F Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
Total net asset value (\$) (000's) ⁽⁴⁾	7,491	7,812	4,056	4,802	3,763
Number of outstanding units (000's) ⁽⁴⁾	886	953	424	478	388
Management expense ratio ⁽⁵⁾	0.58%	0.58%	0.62%	0.67%	0.67%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	109%	100%	170%	181%	144%
Trading expense ratio (%) ⁽⁸⁾	—	—	—	—	—
Net asset value per unit, end of year	8.46	8.20	9.57	10.05	9.69

Financial Highlights per unit

Class I Units

(for the years ended December 31)

\$	2023	2022	2021	2020	2019
Net assets, beginning of year	10.46	12.20	12.82	12.35	12.02
Increase (decrease) from operations					
Total revenue	0.38	0.32	0.30	0.33	0.35
Total expenses	—	—	—	—	—
Realized gains (losses) for the year	(0.31)	(0.73)	(0.15)	0.62	0.32
Unrealized gains (losses) for the year	0.66	(1.01)	(0.44)	0.33	0.18
Total increase (decrease) from operations ⁽¹⁾	0.73	(1.42)	(0.29)	1.28	0.85
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.38	0.32	0.30	0.34	0.35
From dividends	—	—	—	—	—
From capital gains	—	—	0.05	0.48	0.16
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.38	0.32	0.35	0.82	0.51
Net assets, end of year ⁽³⁾	10.79	10.46	12.20	12.82	12.35

Ratios and Supplemental Data

Class I Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
Total net asset value (\$) (000's) ⁽⁴⁾	1,156,840	1,035,771	1,221,008	1,095,502	1,034,390
Number of outstanding units (000's) ⁽⁴⁾	107,228	99,051	100,112	85,455	83,754
Management expense ratio ⁽⁵⁾	0.03%	0.03%	0.03%	0.03%	0.03%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	0.11%
Portfolio turnover rate ⁽⁷⁾	109%	100%	170%	181%	144%
Trading expense ratio (%) ⁽⁸⁾	—	—	—	—	—
Net asset value per unit, end of year	10.79	10.46	12.20	12.82	12.35

Beutel Goodman Income Fund

- (1) Net asset value per unit and distributions to unitholders per unit are based on the actual number of units outstanding for the relevant class at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding for the relevant class over the fiscal year.
- (2) Distributions were paid in cash or automatically reinvested in additional units of the Fund.
- (3) This is not a reconciliation of the beginning and ending net assets per unit.
- (4) This information is provided as at year end of the year shown.
- (5) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year.
- (6) The Manager may have waived or absorbed some of the fund expenses. If this had occurred, the management fee ratio before any such waiver or absorption is listed. The Manager may terminate the waiver or absorption at any time, at its discretion. It is not known when such waivers or absorptions will be terminated.
- (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 the costs of purchases and proceeds of sales of portfolio securities for the year divided by the average value of the portfolio securities of the Fund calculated on a monthly basis, excluding short-term securities.
- (8) The trading expense ratio represents total commissions and other portfolio transaction costs disclosed in the Statements of Comprehensive Income expressed as an annualized percentage of daily average net asset value of the Fund during the year.

Past Performance

The performance returns below:

- are calculated as of **December 31** in each year;
- assume **all distributions** made by the Fund **are reinvested** to purchase additional 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 that would have reduced returns on performance.**

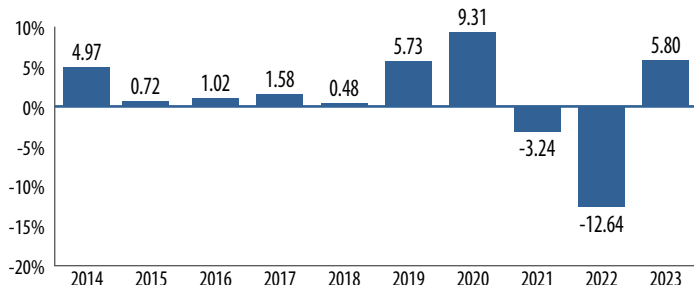
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Income Fund

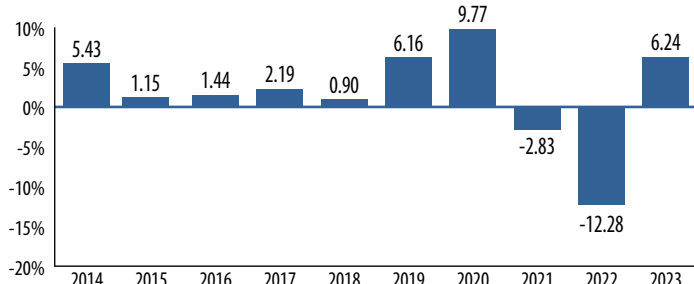
Year-by-Year Returns

The bar chart indicates the Fund's annual performance for each of the year's shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows in percentage terms how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

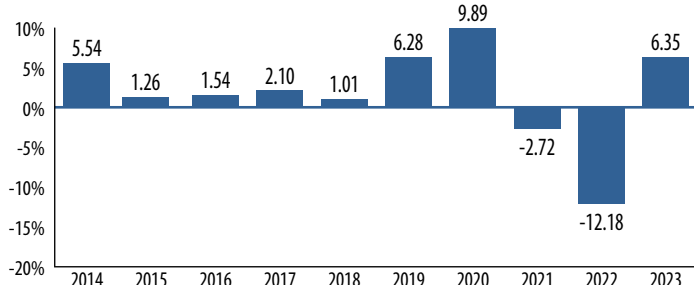
Class B



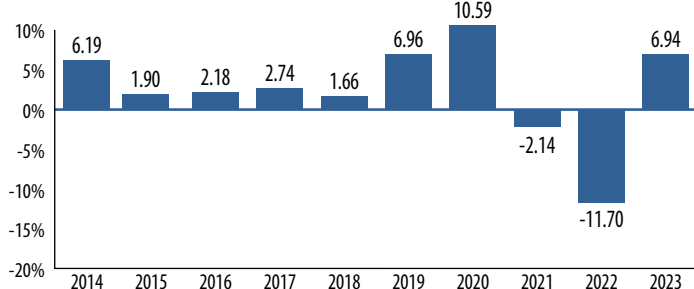
Class D



Class F



Class I



Annual Compound Returns

The following table shows the Fund's historical annual compound total returns for each of the periods indicated ended on December 31, 2023, as compared to the performance of the FTSE Canada Universe Bond Index.*

Class B

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	1.20	0.66	-3.65	5.80
FTSE Canada Universe Bond Index	2.42	1.30	-2.80	6.69

Class D

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	1.63	1.08	-3.25	6.24
FTSE Canada Universe Bond Index	2.42	1.30	-2.80	6.69

Class F

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	1.73	1.20	-3.14	6.35
FTSE Canada Universe Bond Index	2.42	1.30	-2.80	6.69

Class I

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Income Fund	2.36	1.79	-2.60	6.94
FTSE Canada Universe Bond Index	2.42	1.30	-2.80	6.69

* The FTSE Canada Universe Bond Index is designed to reflect the Canadian bond market.

A discussion of the relative performance of the Fund is under the Results of Operations section of this report.

Beutel Goodman Income Fund

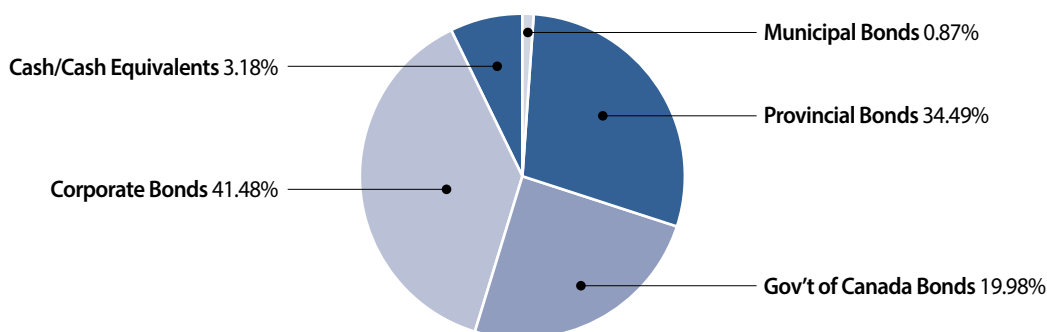
Summary of Investment Portfolio

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	Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Canadian Government Bond	2.000	1-Jun-32	4.77	14. Royal Bank of Canada	5.235	2-Nov-26	1.64
2. Canadian Government Bond	2.750	1-Jun-33	3.94	15. Province of Ontario	1.050	8-Sep-27	1.61
3. Province of Ontario	3.650	2-Jun-33	3.90	16. Province of Quebec	3.100	1-Dec-51	1.57
4. Province of Ontario	4.700	2-Jun-37	3.11	17. Canadian Imperial Bank of Commerce	5.050	7-Oct-27	1.53
5. Province of Ontario	3.500	2-Jun-43	2.57	18. Province of Alberta	3.100	1-Jun-50	1.44
6. Province of Quebec	3.500	1-Dec-45	2.36	19. Canadian Government Bond	5.000	1-Jun-37	1.43
7. Province of Quebec	3.600	1-Sep-33	2.31	20. The Toronto-Dominion Bank	4.680	8-Jan-29	1.38
8. Province of Ontario	3.450	2-Jun-45	2.23	21. Province of British Columbia	3.550	18-Jun-33	1.30
9. Canadian Government Bond	3.250	1-Dec-33	1.98	22. Canadian Government Bond	1.250	1-Mar-27	1.26
10. The Toronto-Dominion Bank	5.491	8-Sep-28	1.90	23. Canadian Imperial Bank of Commerce	5.000	7-Dec-26	1.23
11. Canadian Government Bond	2.000	1-Dec-51	1.84	24. Province of Ontario	1.900	2-Dec-51	1.23
12. Government of Canada	5.039	29-Feb-24	1.80	25. PSP Capital Inc.	0.900	15-Jun-26	1.21
13. Province of Alberta	2.050	1-Jun-30	1.74				

Asset Mix





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