

# Annual Management Report of Fund Performance

December 31, 2023

**Beutel Goodman Small Cap Fund**

# Beutel Goodman Small Cap 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](http://www.beutelgoodman.com) or SEDAR at [www.sedar.com](http://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.

## **Beutel Goodman Managed Funds**

20 Eglinton Avenue West,  
Suite 2000, P.O. Box 2005  
Toronto, Ontario M4R 1K8

Telephone: (416) 932-6403

Toll-free: 1-855-247-9954

Fax: (416) 485-8194

[www.beutelgoodman.com](http://www.beutelgoodman.com)

# Beutel Goodman Small Cap Fund

## Management Discussion of Fund Performance

### Investment Objectives and Strategies

The Fund seeks long-term capital appreciation primarily through investments in common shares and other equity securities of smaller capitalization Canadian issuers.

To achieve its objectives, the Fund seeks the best economic value in the market regardless of what sector the issuer operates in. The strategy focuses on purchasing companies which qualify as smaller capitalization based on industry benchmarks, at discounts to their business value.

### 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 Small Cap Fund (the "Fund"), Class B returned 13.43% versus 4.80% for the Fund's benchmark, the S&P/TSX Small Cap Total Return 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.

Inflation and the response by central banks continued to be a major driver of market volatility in 2023, but it now appears likely that we have reached the end of the interest rate tightening cycle. This shift in sentiment contributed to a rally in stocks during the final quarter of the year.

### Key Contributors to Performance

- The top-performing sectors during the period relative to the benchmark were Financials, Industrials and Real Estate.
  - A combination of both stock selection and an overweight position in the Financials and Industrials, areas of relative strength in the benchmark, contributed to the Fund's relative performance.
  - A combination of both stock selection and an underweight position in the Real Estate sector, an area of relative weakness in the benchmark, contributed to the Fund's relative performance.
- Over the period, the largest individual contributors to Fund performance included EQB Inc., Alamos Gold Inc., ATS Corp., Badger Infrastructure Solutions Ltd. and IA Financial Corporation Inc.

### Key Detractors from Performance

- From a sector perspective, the Fund's holdings in the Consumer Discretionary, Information Technology, and Health Care sectors were the largest detractors from the Fund's relative performance over the period.
  - Stock selection in Consumer Discretionary detracted from the Fund's relative performance.
  - A combination of both stock selection and an underweight position in the Information Technology sector, an area of relative strength in the benchmark, detracted from the Fund's relative performance.
  - A zero-weight allocation to Health Care, an area of relative strength in the benchmark, detracted from the Fund's relative performance.
- Over the period, the largest individual detractors from Fund performance included Aritzia Inc., Major Drilling Group International Inc., GDI Integrated Facility Services Inc., Superior Plus Corp. and Birchcliff Energy Ltd.

### Portfolio Activity

- The portfolio management team (the "team") employs a stock selection process that is based on identifying securities trading at a significant discount to their business value. The Fund's sector and stock weights are outcomes of the team's investment decisions based on bottom-up fundamentals and business quality. As a by-product of the team's bottom-up investment process, market performance and general management activity, the following changes occurred in the Fund's portfolio during the reporting period:
  - The Fund's Consumer Staples, Financials, Materials, Real Estate and Industrials sector weightings increased over the period because of relative performance and the team's buy/sell activities.
  - The Fund's Consumer Discretionary, Energy, Utilities, Communication Services and Information Technology sector weightings decreased over the period because of relative performance and the team's buy/sell activities.
  - Triple Flag Precious Metals Corp. and Primo Water Corp. were new additions to the Fund. Some of the more significant additions in existing holdings included Maple Leaf Foods Inc., Altius Renewable Royalties Corp., Copperleaf Technologies Inc., Aritzia Inc. and Winpak Ltd.
  - The Fund's position in Birchcliff Energy Ltd., VerticalScope Holdings Inc., Russel Metals Inc. and ABC Technologies Holdings Inc. were liquidated. Some of the more significant trims from the Fund over the period included Alamos Gold Inc., Denison Mines Corp., Enerflex Ltd., ATS Corp. and Major Drilling Group International Inc.
- At period-end, there were 37 holdings in the Fund, down from 39 at the beginning of the period.
- The Fund's level of cash and cash equivalents decreased from the beginning of the period.

# Beutel Goodman Small Cap Fund

### Recent Developments

In March, Sara Shahram, CFA joined the company as Vice President, Canadian Equities. There has been no impact on the Fund as a result of this change, 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.

The Canadian economy is facing potential headwinds heading into 2024, with consumer confidence declining and vulnerabilities in Canada's housing market a concern. Inflation is less of a worry than this time last year, however, with the rate hiking cycle of central banks having the desired effect of cooling price increases.

### 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	1.95	51	49
Class D	1.25	20	80
Class F	1.00	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 Small Cap 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
<b>Net assets, beginning of year</b>	13.91	15.85	13.29	12.50	10.48
<b>Increase (decrease) from operations</b>					
Total revenue	0.28	0.26	0.26	0.20	0.23
Total expenses	(0.35)	(0.34)	(0.37)	(0.26)	(0.28)
Realized gains (losses) for the year	0.67	1.47	2.39	(0.42)	0.97
Unrealized gains (losses) for the year	1.30	(2.43)	1.21	0.76	1.63
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	1.90	(1.04)	3.49	0.28	2.55
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	0.13	0.86	0.77	—	0.50
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.13	0.86	0.77	—	0.50
<b>Net assets, end of year <sup>(3)</sup></b>	15.64	13.91	15.85	13.29	12.50

### Ratios and Supplemental Data

#### Class B Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	2,886	2,811	3,508	3,359	4,335
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	185	202	221	253	347
<b>Management expense ratio <sup>(5)</sup></b>	2.30%	2.29%	2.29%	2.29%	2.28%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	11%	12%	19%	12%	8%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.03%	0.03%	0.05%	0.07%	0.06%
<b>Net asset value per unit, end of year</b>	15.64	13.91	15.85	13.29	12.50

### Financial Highlights per unit

#### Class D Units

(for the years ended December 31)

\$	2023	2022	2021	2020	2019
<b>Net assets, beginning of year</b>	29.72	33.62	28.00	26.19	21.88
<b>Increase (decrease) from operations</b>					
Total revenue	0.60	0.52	0.55	0.44	0.48
Total expenses	(0.48)	(0.47)	(0.50)	(0.36)	(0.38)
Realized gains (losses) for the year	1.45	4.46	5.07	(0.85)	2.10
Unrealized gains (losses) for the year	2.75	(3.91)	2.39	1.81	3.37
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	4.32	0.60	7.51	1.04	5.57
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.07	—	0.05	0.07	0.11
From capital gains	0.29	1.83	1.63	—	1.04
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.36	1.83	1.68	0.07	1.15
<b>Net assets, end of year <sup>(3)</sup></b>	33.63	29.72	33.62	28.00	26.19

### Ratios and Supplemental Data

#### Class D Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	11,545	12,240	54,673	49,015	57,462
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	343	412	1,626	1,750	2,194
<b>Management expense ratio <sup>(5)</sup></b>	1.50%	1.49%	1.49%	1.50%	1.50%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	11%	12%	19%	12%	8%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.03%	0.03%	0.05%	0.07%	0.06%
<b>Net asset value per unit, end of year</b>	33.63	29.72	33.62	28.00	26.19

# Beutel Goodman Small Cap 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
<b>Net assets, beginning of year</b>	30.10	34.20	28.52	26.70	22.31
<b>Increase (decrease) from operations</b>					
Total revenue	0.61	0.60	0.57	0.46	0.49
Total expenses	(0.41)	(0.39)	(0.43)	(0.31)	(0.33)
Realized gains (losses) for the year	1.46	2.45	5.12	(0.69)	2.16
Unrealized gains (losses) for the year	2.75	(5.93)	2.22	2.75	3.36
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	4.41	(3.27)	7.48	2.21	5.68
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.22	0.23	0.17	0.19	0.18
From capital gains	0.29	1.87	1.67	—	1.07
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.52	2.10	1.84	0.19	1.25
<b>Net assets, end of year <sup>(3)</sup></b>	33.99	30.10	34.20	28.52	26.70

### Ratios and Supplemental Data

#### Class F Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	61,452	54,598	21,084	16,888	15,991
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	1,808	1,814	616	592	599
<b>Management expense ratio <sup>(5)</sup></b>	1.23%	1.23%	1.23%	1.23%	1.22%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate <sup>(7)</sup></b>	11%	12%	19%	12%	8%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.03%	0.03%	0.05%	0.07%	0.06%
<b>Net asset value per unit, end of year</b>	33.99	30.10	34.20	28.52	26.70

### Financial Highlights per unit

#### Class I Units

(for the years ended December 31)

\$	2023	2022	2021	2020	2019
<b>Net assets, beginning of year</b>	31.65	35.92	29.95	27.99	23.40
<b>Increase (decrease) from operations</b>					
Total revenue	0.65	0.61	0.60	0.48	0.51
Total expenses	(0.03)	(0.03)	(0.04)	(0.03)	(0.03)
Realized gains (losses) for the year	1.54	3.32	5.40	(0.72)	2.27
Unrealized gains (losses) for the year	2.87	(5.69)	2.63	2.67	3.65
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	5.03	(1.79)	8.59	2.40	6.40
<b>Distributions to unitholders per unit:</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.63	0.56	0.59	0.49	0.53
From capital gains	0.31	1.98	1.77	—	1.13
From return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(2)</sup></b>	0.95	2.54	2.36	0.49	1.66
<b>Net assets, end of year <sup>(3)</sup></b>	35.75	31.65	35.92	29.95	27.99

### Ratios and Supplemental Data

#### Class I Units

(for the years ended December 31)

	2023	2022	2021	2020	2019
<b>Total net asset value (\$) (000's) <sup>(4)</sup></b>	439,932	408,244	490,489	455,872	460,395
<b>Number of outstanding units (000's) <sup>(4)</sup></b>	12,306	12,899	13,655	15,221	16,448
<b>Management expense ratio <sup>(5)</sup></b>	0.07%	0.07%	0.07%	0.07%	0.07%
<b>Management expense ratio before waivers or absorptions <sup>(6)</sup></b>	0.11%	0.11%	0.11%	0.11%	0.11%
<b>Portfolio turnover rate <sup>(7)</sup></b>	11%	12%	19%	12%	8%
<b>Trading expense ratio (%) <sup>(8)</sup></b>	0.03%	0.03%	0.05%	0.07%	0.06%
<b>Net asset value per unit, end of year</b>	35.75	31.65	35.92	29.95	27.99

# Beutel Goodman Small Cap 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.**

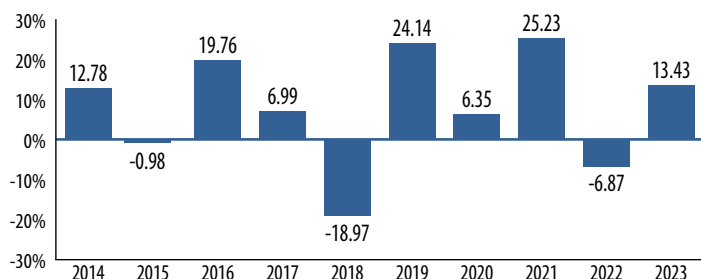
**Please remember that the past performance of the Fund is not an accurate prediction of future returns.**

# Beutel Goodman Small Cap Fund

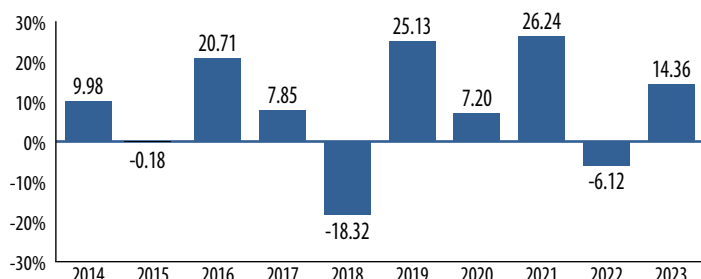
## Year-by-Year Returns

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.

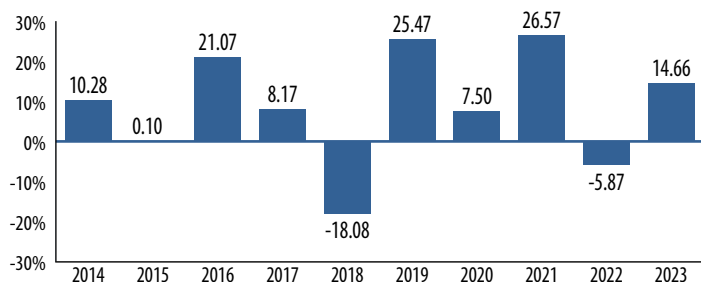
### Class B



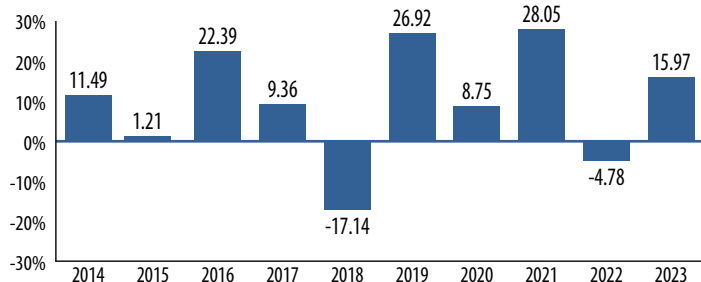
### Class D



### 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 S&P/TSX Small Cap Total Return Index.

### Class B

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Small Cap Fund	6.96	11.80	9.78	13.43
S&P/TSX Small Cap Total Return Index	3.95	8.37	4.57	4.80

### Class D

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Small Cap Fund	7.82	12.70	10.67	14.36
S&P/TSX Small Cap Total Return Index	3.95	8.37	4.57	4.80

### Class F

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Small Cap Fund	8.12	13.00	10.96	14.66
S&P/TSX Small Cap Total Return Index	3.95	8.37	4.57	4.80

### Class I

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Small Cap Fund	9.34	14.31	12.24	15.97
S&P/TSX Small Cap Total Return Index	3.95	8.37	4.57	4.80

\* The S&P/TSX Small Cap Total Return Index is designed to represent the Canadian small cap equity market.

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

# Beutel Goodman Small Cap Fund

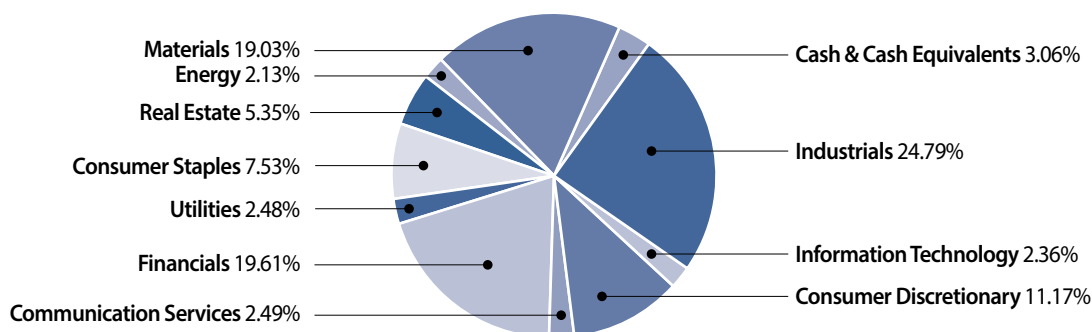
## Summary of Investment Portfolio

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](http://www.beutelgoodman.com).

### Summary of Top 25 Holdings

Issuer Name	% of Net Assets	Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. EQB Inc.	9.41	14. Canadian Western Bank			2.53
2. Alamos Gold Inc.	6.69	15. Quebecor Inc., Class B			2.48
3. iA Financial Corp Inc.	6.58	16. Winpak Ltd.			2.40
4. AG Growth International Inc.	4.98	17. Primo Water Corp.			2.21
5. Linamar Corp.	4.78	18. Toromont Industries Ltd.			2.12
6. Maple Leaf Foods Inc.	4.58	19. Superior Plus Corp.			2.06
7. ATS Corp.	4.44	20. MDA Ltd.			2.05
8. Aritzia Inc.	3.94	21. Government of Canada	5.041	14-Mar-24	2.04
9. Colliers International Group Inc.	3.82	22. NFI Group Inc.			1.77
10. Badger Infrastructure Solutions Ltd.	3.72	23. Brookfield Business Partners LP			1.71
11. Major Drilling Group International Inc.	3.62	24. Denison Mines Corp.			1.60
12. Lundin Mining Corp.	3.41	25. Sleep Country Canada Holdings Inc.			1.57
13. Triple Flag Precious Metals Corp.	2.89				

### Asset Mix





Beutel, Goodman & Company Ltd.  
20 Eglinton Avenue West, Suite 2000  
P.O. Box 2005, Toronto, Ontario  
M4R 1K8

Telephone: (416) 932-6403  
Toll-free: 1-855-247-9954  
Fax: (416) 485-8194

E-mail: [mutualfunds@beutelgoodman.com](mailto:mutualfunds@beutelgoodman.com)

[www.beutelgoodman.com](http://www.beutelgoodman.com)