



Annual Management Report of Fund Performance

December 31, 2019

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 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 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.

There were no changes to the Fund's risk rating during the reporting period.

Results of Operations

Equity markets were up significantly over the course of 2019, driven primarily by declining interest rates. Macroeconomic signals were mixed, with strong earnings in the first half of the year offset by concerns about the U.S.-China trade war and slowing global economic growth. In the second half of the year, headlines were dominated by the impeachment proceedings against U.S. President Donald Trump, political unrest in Hong Kong and the first interest-rate cuts by the U.S. Federal Reserve (the "Fed") since 2008. The Bank of Canada (the "BOC"), meanwhile, held interest rates steady, diverging in policy from the Fed, although headwinds such as a surprise uptick in November's unemployment rate fueled speculation of a future BOC rate cut. A delay in the ratification of the USMCA (United States-Mexico-Canada Agreement) to replace the North American Free Trade Agreement stretched all the way to December, with the U.S. and Mexico approving the deal with a few modifications late in the month.

Against this backdrop, Beutel Goodman Small Cap fund outperformed the benchmark S&P/TSX Small Cap Index, which returned 15.84%. 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. On a relative basis, outperformance was principally driven by an underweight to Energy, and both allocation effects and stock selection in the Financials and Industrials sectors. A combination of stock selection and asset allocation in the Materials sector detracted from performance.

On an absolute basis, Equitable Group Inc., WestJet Airlines Ltd. and IA Financial Corporation Inc. were the primary contributors. Equitable Group reported record quarterly results and increased its dividend by 10% in the third quarter and announced its intention to increase its dividend by 20%-25% per year for the next five years, up from its previous target of 10% per year. On May 13, WestJet signed a definitive agreement to be acquired by Onex at \$31 per share cash, a 65% premium to the share price, which in our view recognized a fair price for the underlying value of the asset. IA Financial had a strong second half of the year as the company reported strong third-quarter results and announced the US\$720 million acquisition of IAS Parent Holdings, a leading U.S. vehicle warranty provider. The acquisition of IAS is highly complementary to IAG's existing U.S. vehicle warranty business.

On an absolute basis, Uni-Select Inc., NuVista Energy Ltd. and Pinnacle Renewable Energy Inc. were the largest detractors. Uni-Select sold off sharply in the first part of the last quarter, due largely to weak results and a soft 2019 outlook caused by margin compression in its FinishMaster business, a distributor of automotive paints. Concerns about condensate pricing as a result of oil sands production curtailment and declining oil prices hampered NuVista's stock price. We believe condensate pricing should remain structurally advantaged vs light oil and that NuVista is currently undervalued. Pinnacle Renewable was weak in the first half of 2019 due to the risk of elevated costs as a result of feedstock issues in Western Canada. The company then revised their earnings estimates downward in September, citing British Columbia sawmill curtailments that impacted their margins, causing a selloff in the stock before it subsequently rebounded to close the year.

Two new positions were initiated over the reporting period: Richelieu Hardware Ltd. and Cineplex Inc. Badger Daylighting Ltd., WestJet Airlines Ltd., GDI Integrated Facilities Inc. and Real Matters Inc. all reached our target price and as a result we conducted process-driven trims in those positions. We subsequently fully exited WestJet.

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

Recent Developments

Through 2019, a key focus of investors has been the ongoing U.S.-China tariff dispute, with markets reacting to progress on the trade agreement and its anticipated effects on economic growth. With Phase I of the trade agreement expected to be signed in early 2020, recessionary fears faded at year-end. When combined with the declining interest rate environment, a more optimistic outlook for the new decade is emerging. We believe the receding uncertainty on the trade front should provide a tailwind for the emergence of more encouraging trends in the coming months. The TSX was one of the top-performing equity markets in the developed world, yet Financials and Energy, the two heaviest-weighted sectors in the index, underperformed during the year. In our view, valuations are undemanding and offer attractive upside potential.

Market Risk 2020

The impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Fund's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Fund's future investment results may be materially adversely affected.

Beutel Goodman Small Cap 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.

	As a Percentage of Management Fees		
	Maximum Annual Management Fee Rate %	Dealer Compensation %	General Administration, Investment Advice and Profit %
Class B	1.95	51	49
Class D	1.25	19	81
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)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	10.48	14.57	13.62	11.38	11.66
Increase (decrease) from operations					
Total revenue	0.23	0.22	0.20	0.17	0.26
Total expenses	(0.28)	(0.32)	(0.34)	(0.30)	(0.33)
Realized gains (losses) for the year	0.97	1.45	0.55	0.65	0.33
Unrealized gains (losses) for the year	1.63	(4.09)	0.51	1.60	(0.42)
Total increase (decrease) from operations ⁽¹⁾	2.55	(2.74)	0.92	2.12	(0.16)
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	0.50	1.33	0.01	—	0.16
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.50	1.33	0.01	—	0.16
Net assets, end of year ⁽³⁾	12.50	10.48	14.57	13.62	11.38

Ratios and Supplemental Data

Class B Units

(for the years ended December 31)

	2019	2018	2017	2016	2015
Total net asset value (\$) (000's) ⁽⁴⁾	4,335	5,306	6,717	5,354	4,428
Number of outstanding units (000's) ⁽⁴⁾	347	506	461	393	389
Management expense ratio ⁽⁵⁾	2.28%	2.29%	2.29%	2.29%	2.29%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	8%	12%	16%	23%	23%
Trading expense ratio (%) ⁽⁸⁾	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of year	12.50	10.48	14.57	13.62	11.38

Financial Highlights per unit

Class D Units

(for the years ended December 31)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	21.88	30.19	28.03	23.22	23.76
Increase (decrease) from operations					
Total revenue	0.48	0.45	0.41	0.36	0.52
Total expenses	(0.38)	(0.43)	(0.45)	(0.40)	(0.43)
Realized gains (losses) for the year	2.10	3.05	1.17	1.29	0.75
Unrealized gains (losses) for the year	3.37	(8.43)	1.06	3.51	(0.81)
Total increase (decrease) from operations ⁽¹⁾	5.57	(5.36)	2.19	4.76	0.03
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	0.01
From dividends	0.11	—	0.03	—	0.14
From capital gains	1.04	2.77	0.01	—	0.34
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	1.15	2.77	0.04	—	0.49
Net assets, end of year ⁽³⁾	26.19	21.88	30.19	28.03	23.22

Ratios and Supplemental Data

Class D Units

(for the years ended December 31)

	2019	2018	2017	2016	2015
Total net asset value (\$) (000's) ⁽⁴⁾	57,462	52,289	76,395	72,046	64,117
Number of outstanding units (000's) ⁽⁴⁾	2,194	2,390	2,531	2,570	2,761
Management expense ratio ⁽⁵⁾	1.50%	1.50%	1.50%	1.49%	1.49%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	8%	12%	16%	23%	23%
Trading expense ratio (%) ⁽⁸⁾	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of year	26.19	21.88	30.19	28.03	23.22

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)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	22.31	30.75	28.61	23.67	24.28
Increase (decrease) from operations					
Total revenue	0.49	0.46	0.43	0.36	0.55
Total expenses	(0.33)	(0.36)	(0.38)	(0.35)	(0.36)
Realized gains (losses) for the year	2.16	3.08	1.18	1.55	0.48
Unrealized gains (losses) for the year	3.36	(8.45)	0.91	3.26	(1.04)
Total increase (decrease) from operations ⁽¹⁾	5.68	(5.27)	2.14	4.82	(0.37)
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	0.02
From dividends	0.18	0.05	0.18	0.05	0.25
From capital gains	1.07	2.83	0.01	—	0.34
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	1.25	2.88	0.19	0.05	0.61
Net assets, end of year ⁽³⁾	26.70	22.31	30.75	28.61	23.67

Ratios and Supplemental Data

Class F Units

(for the years ended December 31)

	2019	2018	2017	2016	2015
Total net asset value (\$) (000's) ⁽⁴⁾	15,991	14,218	21,092	12,595	8,322
Number of outstanding units (000's) ⁽⁴⁾	599	637	686	440	352
Management expense ratio ⁽⁵⁾	1.22%	1.21%	1.19%	1.20%	1.21%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	8%	12%	16%	23%	23%
Trading expense ratio (%) ⁽⁸⁾	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of year	26.70	22.31	30.75	28.61	23.67

Financial Highlights per unit

Class I Units

(for the years ended December 31)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	23.40	32.43	30.12	24.87	25.50
Increase (decrease) from operations					
Total revenue	0.51	0.49	0.45	0.38	0.56
Total expenses	(0.03)	(0.04)	(0.05)	(0.06)	(0.03)
Realized gains (losses) for the year	2.27	3.29	1.26	1.39	0.78
Unrealized gains (losses) for the year	3.65	(9.16)	1.16	3.74	(0.92)
Total increase (decrease) from operations ⁽¹⁾	6.40	(5.42)	2.82	5.45	0.39
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	0.03
From dividends	0.53	0.44	0.49	0.31	0.51
From capital gains	1.13	3.02	0.01	—	0.37
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	1.66	3.46	0.50	0.31	0.91
Net assets, end of year ⁽³⁾	27.99	23.40	32.43	30.12	24.87

Ratios and Supplemental Data

Class I Units

(for the years ended December 31)

	2019	2018	2017	2016	2015
Total net asset value (\$) (000's) ⁽⁴⁾	460,395	441,367	584,215	558,265	493,636
Number of outstanding units (000's) ⁽⁴⁾	16,448	18,860	18,017	18,536	19,850
Management expense ratio ⁽⁵⁾	0.07%	0.07%	0.07%	0.11%	0.11%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.11%	0.11%	0.11%	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	8%	12%	16%	23%	23%
Trading expense ratio (%) ⁽⁸⁾	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of year	27.99	23.40	32.43	30.12	24.87

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.**

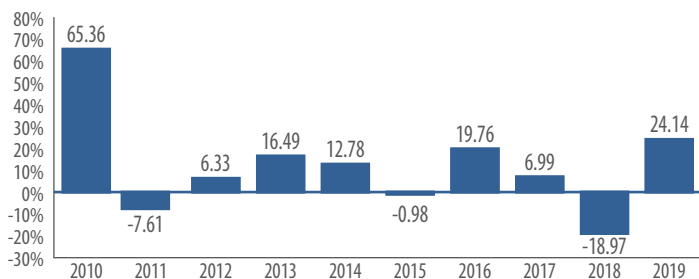
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Small Cap Fund

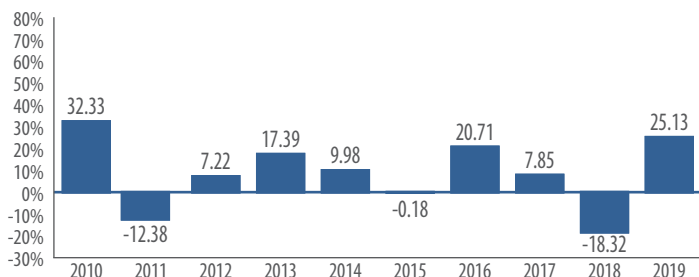
Year-by-Year Returns

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.

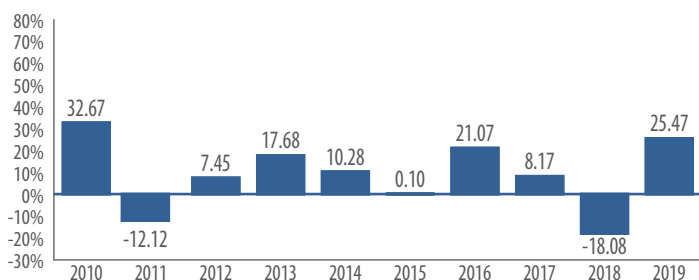
Class B



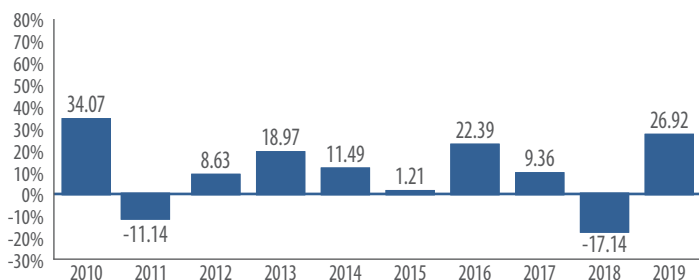
Class D



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, 2019, as compared to the performance of the S&P/TSX Small Cap Total Return Index.*

Class B

		Since Inception	10 Years	5 Years	3 Years	Past Year
Beutel Goodman Small Cap Fund	%	6.20	—	5.00	2.48	24.14
S&P/TSX Small Cap Total Return Index	%	1.87	—	3.18	-0.87	15.84

Class B units have been available for sale to unitholders since October 4, 2010.

Class D

		10 Years	5 Years	3 Years	Past Year
Beutel Goodman Small Cap Fund	%	7.86	5.84	3.30	25.13
S&P/TSX Small Cap Total Return Index	%	3.10	3.18	-0.87	15.84

Class F

		10 Years	5 Years	3 Years	Past Year
Beutel Goodman Small Cap Fund	%	8.16	6.15	3.60	25.47
S&P/TSX Small Cap Total Return Index	%	3.10	3.18	-0.87	15.84

Class I

		10 Years	5 Years	3 Years	Past Year
Beutel Goodman Small Cap Fund	%	9.35	7.34	4.77	26.92
S&P/TSX Small Cap Total Return Index	%	3.10	3.18	-0.87	15.84

* 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

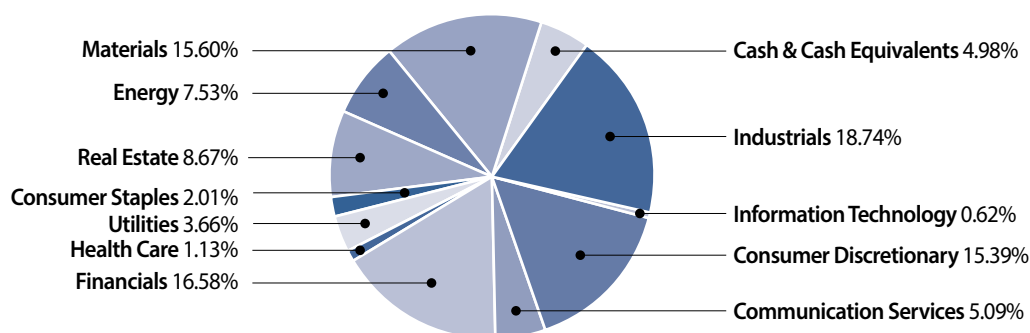
Summary of Investment Portfolio

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.

Summary of Top 25 Holdings

Issuer Name	% of Net Assets	Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Equitable Group Inc.	8.44	14. Lundin Mining Corp.			2.40
2. Colliers International Group Inc.	6.38	15. FirstService Corp.			2.28
3. iA Financial Corp Inc.	6.04	16. Major Drilling Group International Inc.			2.23
4. Aritzia Inc.	5.58	17. Government of Canada	1.688	23-Jan-20	2.15
5. Alamos Gold Inc.	5.12	18. Canadian Western Bank			2.08
6. AG Growth International Inc.	4.62	19. Maple Leaf Foods Inc.			2.01
7. Linamar Corp.	4.10	20. Uni-Select Inc.			2.00
8. Superior Plus Corp.	3.65	21. ATS Automation Tooling Systems Inc.			1.98
9. Quebecor Inc., Class B	3.51	22. Toromont Industries Ltd.			1.78
10. Intertape Polymer Group Inc.	3.36	23. Paramount Resources Ltd., Class A			1.74
11. Badger Daylighting Ltd.	3.24	24. GDI Integrated Facility Services Inc.			1.72
12. Real Matters Inc.	2.54	25. Cineplex Inc.			1.57
13. Winpak Ltd.	2.46				

Asset Mix





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