



Annual Management Report of Fund Performance

December 31, 2021

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.

Beutel Goodman Managed Funds

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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

Over the 12-month period ended December 31, 2021, Beutel Goodman Small Cap Fund (the "Fund"), Class B returned 25.23% versus 20.27% for the Fund's benchmark, the S&P/TSX Small Cap 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 Canadian small capitalization equity market rose steadily over the period. Improved corporate earnings, accelerated vaccine distribution and prolonged central bank stimulus continued to strengthen markets. Higher commodity prices supported Canadian small cap equities and continued to fuel inflation fears. The latter half of the period saw an increase in volatility, as tapering by central banks around the world – and the promise of tightening in 2022 – coincided with rising geopolitical tensions, a setback in passing U.S. President Biden's Build Back Better bill and, at the end of November, the emergence of the Omicron COVID-19 variant. This surge in cases over the final weeks of the year injected significant uncertainty as to the timing of a full global economic recovery, given the knock-on effects of potential lockdowns on supply chains and inflation. The S&P/TSX Small Cap Index rose by 20.27% over the period, led by Energy, Financials and Real Estate. The weakest-performing sectors were Health Care, Materials and Consumer Staples.

Key Contributors to Performance

- The top-performing sectors during the period relative to the benchmark were Consumer Discretionary, Health Care and Industrials.
 - A combination of both stock selection and an overweight position in Consumer Discretionary, an area of relative strength in the benchmark, contributed to the Fund's relative performance.
 - A combination of both stock selection and an underweight position in Health Care, an area of relative weakness in the benchmark, contributed to the Fund's relative performance.
 - Stock selection in Industrials contributed to the Fund's relative performance.

- Over the period, the largest individual contributors to Fund performance included Aritzia Inc., ATS Automation Tooling Systems Inc., Equitable Group Inc., Colliers International Group Inc. and IA Financial Corp. Inc.

Key Detractors from Performance

- From a sector perspective, holdings in the Energy and Utilities sectors were the largest detractors from the Fund's relative performance over the period.
 - A combination of both stock selection and an underweight position in Energy, an area of relative strength in the benchmark, detracted from the Fund's relative performance.
 - Stock selection in the Utilities sector detracted from the Fund's relative performance.
- Over the period, the largest individual detractors from Fund performance included MDA Ltd., Real Matters Inc., Alamos Gold Inc., Badger Infrastructure Solutions Ltd. and Quebecor Inc.

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 Industrials, Financials and Information Technology sector weightings increased over the period because of relative performance and the team's buy/sell activities.
 - The Fund's Real Estate, Materials and Health Care sector weightings decreased over the period because of relative performance and the team's buy/sell activities.
 - New additions to the Fund over the period included Brookfield Business Partners L.P., MDA Ltd., ABC Technologies Holdings Inc., Magnet Forensics Inc., VerticalScope Holdings Inc., Altius Renewable Royalties Corp., High Liner Foods Inc., Definity Financial Corp. and Dye & Durham Ltd.
 - Some of the liquidations from the Fund included Richelieu Hardware Ltd., CRH Medical Corp., Magnet Forensics Inc., FirstService Corp. and Cervus Equipment Corp.
- At period-end, there were 38 equity holdings in the Fund, up from 33 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

On April 26, 2021, Ryan Laird, MBA, CFA joined the company as Credit Analyst, Fixed Income. With the addition of Ryan Laird to the Fixed income team, Mary Crowe, CFA transitioned from the Fixed Income team to the Canadian Equities team. There has been no impact on the portfolios as a result of these changes, nor does Beutel Goodman expect there to be.

Canada's headline inflation rate (CPI) reached its highest levels since 2003 with a 4.7% (annualized) increase in October. The Bank of Canada has begun talk of raising rates despite stating that the central bank continues to view much of the inflation as transitory due to supply-chain issues. However, we believe equities remain attractive and expect that the economy will continue to grow at reasonable levels globally. That said, COVID continues to present challenges and domestic growth may be constrained as we start the year with renewed lockdowns in Quebec and Ontario.

Given the strength of the Canadian small-cap market over the past year, we have had many stocks reach our target prices and have trimmed or liquidated those stocks. The proceeds from those holdings were recycled into existing holdings as well as new opportunities that we view as undervalued. As always, we remain focused on the valuation opportunities in the market to both protect capital and deliver capital appreciation over the long term.

Market Risk 2022

The impact of the coronavirus ("COVID-19") pandemic 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. This public health crisis 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 continue to be impacted for an extended period, the Fund's future investment results may be materially adversely affected.

In February 2022, Russian forces invaded Ukraine, resulting in an armed conflict and economic sanctions on Russia. Price volatility, trading restrictions, including the potential for extended halting of Russian market trading, and general default risk has impacted Russian securities and global financial markets. The conflict may contribute to an increase in short-term market volatility. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether they will escalate further. The manager is actively monitoring the situation.

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)

\$	2021	2020	2019	2018	2017
Net assets, beginning of year	13.29	12.50	10.48	14.57	13.62
Increase (decrease) from operations					
Total revenue	0.26	0.20	0.23	0.22	0.20
Total expenses	(0.37)	(0.26)	(0.28)	(0.32)	(0.34)
Realized gains (losses) for the year	2.39	(0.42)	0.97	1.45	0.55
Unrealized gains (losses) for the year	1.21	0.76	1.63	(4.09)	0.51
Total increase (decrease) from operations ⁽¹⁾	3.49	0.28	2.55	(2.74)	0.92
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	0.77	–	0.50	1.33	0.01
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	0.77	–	0.50	1.33	0.01
Net assets, end of year ⁽³⁾	15.85	13.29	12.50	10.48	14.57

Ratios and Supplemental Data

Class B Units

(for the years ended December 31)

	2021	2020	2019	2018	2017
Total net asset value (\$) (000's) ⁽⁴⁾	3,508	3,359	4,335	5,306	6,717
Number of outstanding units (000's) ⁽⁴⁾	221	253	347	506	461
Management expense ratio ⁽⁵⁾	2.29%	2.29%	2.28%	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⁾	19%	12%	8%	12%	16%
Trading expense ratio (%) ⁽⁸⁾	0.05%	0.07%	0.06%	0.06%	0.07%
Net asset value per unit, end of year	15.85	13.29	12.50	10.48	14.57

Financial Highlights per unit

Class D Units

(for the years ended December 31)

\$	2021	2020	2019	2018	2017
Net assets, beginning of year	28.00	26.19	21.88	30.19	28.03
Increase (decrease) from operations					
Total revenue	0.55	0.44	0.48	0.45	0.41
Total expenses	(0.50)	(0.36)	(0.38)	(0.43)	(0.45)
Realized gains (losses) for the year	5.07	(0.85)	2.10	3.05	1.17
Unrealized gains (losses) for the year	2.39	1.81	3.37	(8.43)	1.06
Total increase (decrease) from operations ⁽¹⁾	7.51	1.04	5.57	(5.36)	2.19
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	–	–	–	–	–
From dividends	0.05	0.07	0.11	–	0.03
From capital gains	1.63	–	1.04	2.77	0.01
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	1.68	0.07	1.15	2.77	0.04
Net assets, end of year ⁽³⁾	33.62	28.00	26.19	21.88	30.19

Ratios and Supplemental Data

Class D Units

(for the years ended December 31)

	2021	2020	2019	2018	2017
Total net asset value (\$) (000's) ⁽⁴⁾	54,673	49,015	57,462	52,289	76,395
Number of outstanding units (000's) ⁽⁴⁾	1,626	1,750	2,194	2,390	2,531
Management expense ratio ⁽⁵⁾	1.49%	1.50%	1.50%	1.50%	1.50%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	19%	12%	8%	12%	16%
Trading expense ratio (%) ⁽⁸⁾	0.05%	0.07%	0.06%	0.06%	0.07%
Net asset value per unit, end of year	33.62	28.00	26.19	21.88	30.19

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)

\$	2021	2020	2019	2018	2017
Net assets, beginning of year	28.52	26.70	22.31	30.75	28.61
Increase (decrease) from operations					
Total revenue	0.57	0.46	0.49	0.46	0.43
Total expenses	(0.43)	(0.31)	(0.33)	(0.36)	(0.38)
Realized gains (losses) for the year	5.12	(0.69)	2.16	3.08	1.18
Unrealized gains (losses) for the year	2.22	2.75	3.36	(8.45)	0.91
Total increase (decrease) from operations ⁽¹⁾	7.48	2.21	5.68	(5.27)	2.14
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.17	0.19	0.18	0.05	0.18
From capital gains	1.67	—	1.07	2.83	0.01
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	1.84	0.19	1.25	2.88	0.19
Net assets, end of year ⁽³⁾	34.20	28.52	26.70	22.31	30.75

Ratios and Supplemental Data

Class F Units

(for the years ended December 31)

	2021	2020	2019	2018	2017
Total net asset value (\$) (000's) ⁽⁴⁾	21,084	16,888	15,991	14,218	21,092
Number of outstanding units (000's) ⁽⁴⁾	616	592	599	637	686
Management expense ratio ⁽⁵⁾	1.23%	1.23%	1.22%	1.21%	1.19%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	19%	12%	8%	12%	16%
Trading expense ratio (%) ⁽⁸⁾	0.05%	0.07%	0.06%	0.06%	0.07%
Net asset value per unit, end of year	34.20	28.52	26.70	22.31	30.75

Financial Highlights per unit

Class I Units

(for the years ended December 31)

\$	2021	2020	2019	2018	2017
Net assets, beginning of year	29.95	27.99	23.40	32.43	30.12
Increase (decrease) from operations					
Total revenue	0.60	0.48	0.51	0.49	0.45
Total expenses	(0.04)	(0.03)	(0.03)	(0.04)	(0.05)
Realized gains (losses) for the year	5.40	(0.72)	2.27	3.29	1.26
Unrealized gains (losses) for the year	2.63	2.67	3.65	(9.16)	1.16
Total increase (decrease) from operations ⁽¹⁾	8.59	2.40	6.40	(5.42)	2.82
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.59	0.49	0.53	0.44	0.49
From capital gains	1.77	—	1.13	3.02	0.01
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	2.36	0.49	1.66	3.46	0.50
Net assets, end of year ⁽³⁾	35.92	29.95	27.99	23.40	32.43

Ratios and Supplemental Data

Class I Units

(for the years ended December 31)

	2021	2020	2019	2018	2017
Total net asset value (\$) (000's) ⁽⁴⁾	490,489	455,872	460,395	441,367	584,215
Number of outstanding units (000's) ⁽⁴⁾	13,655	15,221	16,448	18,860	18,017
Management expense ratio ⁽⁵⁾	0.07%	0.07%	0.07%	0.07%	0.07%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	0.11%
Portfolio turnover rate ⁽⁷⁾	19%	12%	8%	12%	16%
Trading expense ratio (%) ⁽⁸⁾	0.05%	0.07%	0.06%	0.06%	0.07%
Net asset value per unit, end of year	35.92	29.95	27.99	23.40	32.43

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.**

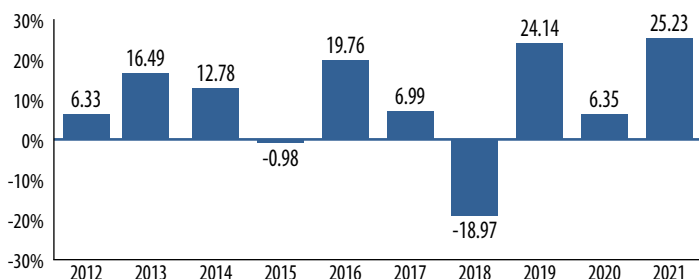
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Small Cap Fund

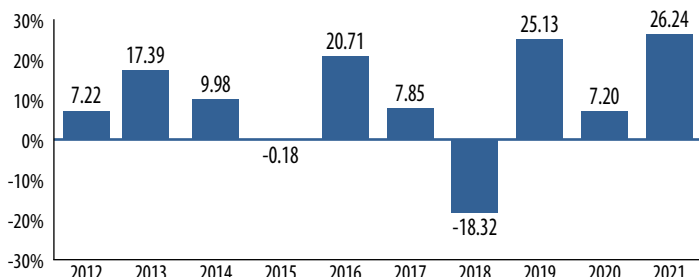
Year-by-Year Returns

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.

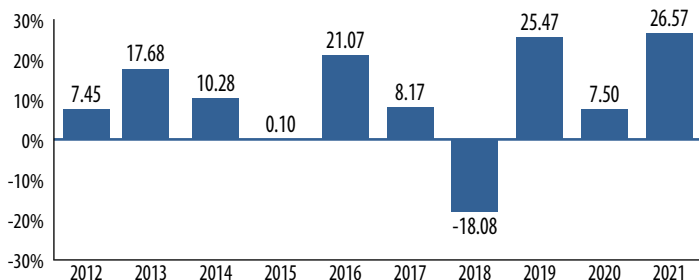
Class B



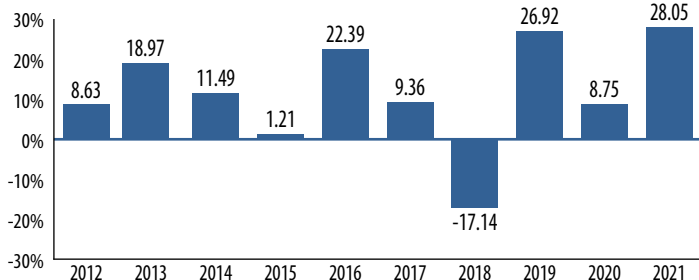
Class D



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, 2021, 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	8.68	7.47	18.25	25.23
S&P/TSX Small Cap Total Return Index	5.01	5.75	16.29	20.27

Class D

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Small Cap Fund	9.54	8.33	19.19	26.24
S&P/TSX Small Cap Total Return Index	5.01	5.75	16.29	20.27

Class F

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Small Cap Fund	9.84	8.63	19.52	26.57
S&P/TSX Small Cap Total Return Index	5.01	5.75	16.29	20.27

Class I

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Small Cap Fund	11.07	9.88	20.91	28.05
S&P/TSX Small Cap Total Return Index	5.01	5.75	16.29	20.27

* 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.

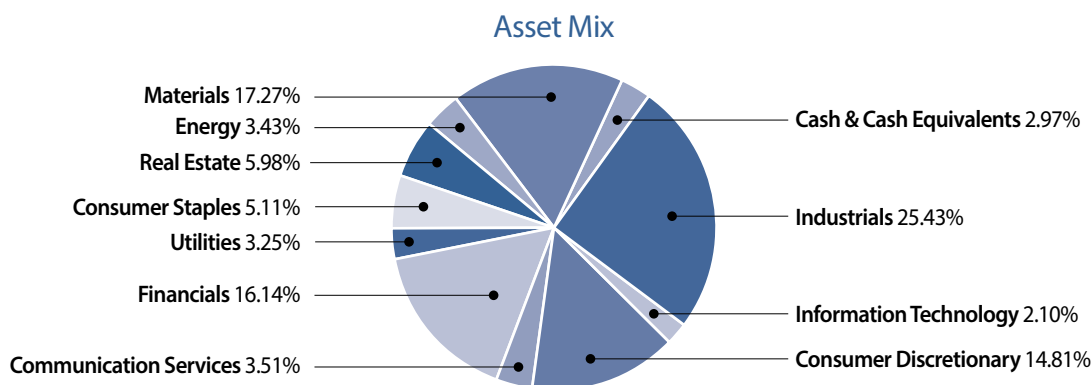
Beutel Goodman Small Cap Fund

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.	7.88	14. Badger Infrastructure Solutions Ltd.			3.08
2. Aritzia Inc.	6.40	15. Superior Plus Corp.			2.96
3. ATS Automation Tooling Systems Inc.	6.31	16. Government of Canada	0.122	3-Mar-22	2.58
4. iA Financial Corp Inc.	5.60	17. Quebecor Inc., Class B			2.39
5. Alamos Gold Inc.	5.12	18. Toromont Industries Ltd.			2.21
6. Colliers International Group Inc.	4.96	19. Uni-Select Inc.			2.13
7. Linamar Corp.	4.63	20. GDI Integrated Facility Services Inc.			2.02
8. Maple Leaf Foods Inc.	4.12	21. MDA Ltd.			1.79
9. Intertape Polymer Group Inc.	3.94	22. Canadian Western Bank			1.77
10. Brookfield Business Partners LP	3.88	23. Dye & Durham Ltd.			1.68
11. Major Drilling Group International Inc.	3.45	24. Winpak Ltd.			1.44
12. AG Growth International Inc.	3.31	25. Denison Mines Corp.			1.27
13. Lundin Mining Corp.	3.30				





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