



Annual Management Report of Fund Performance

December 31, 2019

Beutel Goodman North American Focused Equity Fund

Beutel Goodman North American Focused Equity 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 North American Focused Equity Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

The Fund seeks long-term capital growth through investments primarily in common shares and other equity securities of issuers in Canada and the United States.

The Fund seeks to hold a concentrated portfolio of quality companies for the long-term. The investment portfolio of the Fund will therefore consist of a small number of large positions with low turnover. It is not expected that the fund will invest in more than 24 issuers at one time. Currently, the Fund does not expect to invest more than 49% of its assets in securities of U.S. issuers.

The Fund's strategy is to identify companies that can grow their intrinsic value at above normal rates over long periods of time. Companies generating free cash flow are favoured. Securities are purchased when they are trading at a substantial discount 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.

As the result of an annual review conducted using the investment risk classification methodology set forth in National Instrument 81-102 – Investment Funds, during the period the Fund's risk rating changed from "Medium" to "Low to Medium", effective May 23, 2019.

Results of Operations

Equity markets were characterized by volatility over the course of 2019, as investors responded to mixed macroeconomic signals. Strong earnings in the first half of the year were offset by concerns about the U.S.-China trade war and slowing global economic growth. In the second half of the year, the 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. As a result, the S&P/TSX Composite Index rose 22.88% and the S&P 500 (C\$) Index was up 24.84%.

Against this backdrop, the Beutel Goodman North American Focused Equity Fund underperformed the benchmark, which is comprised of 60% S&P/TSX Composite and 40% S&P 500 (C\$). 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. Within the Canadian portion of the portfolio, stock selection in the Industrials and Communication services sectors, and selection and weighting effects in Consumer Discretionary and Consumer Staples, were among the primary detractors. Within the U.S. component of the portfolio, stock selection in the Communication Services, Consumer Staples and Energy sectors was the primary driver of underperformance.

On an absolute basis, SNC-Lavalin Group Inc. Halliburton Company and The Molson Coors Beverage Company were the largest detractors over the reporting period. SNC's stock price declined notably, although it was a relatively small weight in the portfolio. When the stock breached our downside target, we conducted a full review, which resulted in the position being fully sold. Weakness in oil prices and spending in the U.S. shale industry weighed heavily on Halliburton's revenues. Despite what we believed was significant upside, the share price hit our downside target price and we exited the position, as we remained concerned that the end-market situation in North American land drilling remained under pressure. Molson Coors has been operating in a challenging industry environment, with continuing soft volumes, specifically in the U.S. with Coors Light. Despite this, the company generates significant free cash flow and the valuation remains attractive. Management is working on improving volumes in key brands, Coors Light and Miller Lite.

On an absolute basis, KLA Corp. (formerly KLA-Tencor Corp.), Sun Life Financial Inc. and Brookfield Asset Management were the primary contributors. KLA saw a relatively steady rise in 2019, benefiting from a flattening of memory prices, which the market took to indicate an inflection point in the cycle. The company also benefitted from a surprise increase in management's forward guidance. Sun Life performed well in the reporting period due to its combination of attractive valuation and good results that reinforced its medium-term earnings growth guidance, as well as market recognition of the benefits of its broad asset base, strong balance sheet and lower sensitivity to the interest rate backdrop. Brookfield benefitted from positive earnings results as well as the declining interest rate backdrop. The company continues to deploy capital effectively, as evidenced by the Oaktree Capital acquisition.

A new position in Amgen, Inc. was initiated in the reporting period. Brookfield, Oracle Corp., The American Express Company and KLA Corp. hit their target prices and triggered process-driven one-third trims. After review, we fully exited KLA. We also exited Halliburton during the reporting period.

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. In particular, the S&P/TSX Composite Index, like the S&P 500 (C\$) Index, was among the top-performing equity markets in the developed world, yet Financials and Energy, the two heaviest-weighted sectors in the TSX, underperformed during the year. In our view, valuations are undemanding and offer attractive upside potential.

Beutel Goodman North American Focused Equity Fund

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.

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	1.85	54	46
Class D	1.25	19	81
Class F	0.90	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 North American Focused Equity 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	16.39	17.41	15.95	13.57	13.76
Increase (decrease) from operations					
Total revenue	0.48	0.43	0.41	0.44	0.38
Total expenses	(0.42)	(0.42)	(0.40)	(0.36)	(0.34)
Realized gains (losses) for the year	0.16	0.54	0.71	0.96	0.02
Unrealized gains (losses) for the year	2.02	(1.30)	1.06	2.07	0.29
Total increase (decrease) from operations ⁽¹⁾	2.24	(0.75)	1.78	3.11	0.35
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	0.04
From dividends	0.07	—	0.03	0.13	0.16
From capital gains	—	0.32	0.40	0.38	0.08
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.07	0.32	0.43	0.51	0.28
Net assets, end of year ⁽³⁾	18.62	16.39	17.41	15.95	13.57

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⁾	12,360	10,373	9,068	2,576	1,125
Number of outstanding units (000's) ⁽⁴⁾	664	633	521	161	83
Management expense ratio ⁽⁵⁾	2.16%	2.18%	2.19%	2.20%	2.19%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	15%	23%	18%	21%	10%
Trading expense ratio (%) ⁽⁸⁾	0.02%	0.04%	0.03%	0.05%	0.04%
Net asset value per unit, end of year	18.62	16.39	17.41	15.95	13.57

Financial Highlights per unit

Class D Units

(for the years ended December 31)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	10.01	10.59	9.67	8.20	8.22
Increase (decrease) from operations					
Total revenue	0.30	0.26	0.25	0.27	0.23
Total expenses	(0.17)	(0.16)	(0.15)	(0.12)	(0.12)
Realized gains (losses) for the year	0.08	0.32	0.46	0.53	0.10
Unrealized gains (losses) for the year	1.29	(0.72)	0.64	1.21	(0.08)
Total increase (decrease) from operations ⁽¹⁾	1.50	(0.30)	1.20	1.89	0.13
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	0.02
From dividends	0.09	0.03	0.05	0.11	0.07
From capital gains	—	0.20	0.24	0.23	0.05
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.09	0.23	0.29	0.34	0.14
Net assets, end of year ⁽³⁾	11.39	10.01	10.59	9.67	8.20

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⁾	15,325	15,116	15,654	9,435	5,854
Number of outstanding units (000's) ⁽⁴⁾	1,345	1,511	1,478	976	714
Management expense ratio ⁽⁵⁾	1.50%	1.50%	1.51%	1.51%	1.51%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	15%	23%	18%	21%	10%
Trading expense ratio (%) ⁽⁸⁾	0.02%	0.04%	0.03%	0.05%	0.04%
Net asset value per unit, end of year	11.39	10.01	10.59	9.67	8.20

Beutel Goodman North American Focused Equity 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	17.11	18.15	16.60	14.07	14.11
Increase (decrease) from operations					
Total revenue	0.50	0.45	0.43	0.46	0.40
Total expenses	(0.24)	(0.24)	(0.23)	(0.21)	(0.19)
Realized gains (losses) for the year	0.17	0.57	0.73	0.97	0.17
Unrealized gains (losses) for the year	2.01	(1.49)	1.16	2.01	(0.16)
Total increase (decrease) from operations ⁽¹⁾	2.44	(0.71)	2.09	3.23	0.22
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	0.04
From dividends	0.27	0.17	0.18	0.25	0.16
From capital gains	—	0.34	0.42	0.40	0.08
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.27	0.51	0.60	0.65	0.28
Net assets, end of year ⁽³⁾	19.44	17.11	18.15	16.60	14.07

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⁾	24,637	16,588	11,284	2,275	1,039
Number of outstanding units (000's) ⁽⁴⁾	1,267	969	622	137	74
Management expense ratio ⁽⁵⁾	1.11%	1.12%	1.13%	1.13%	1.13%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	15%	23%	18%	21%	10%
Trading expense ratio (%) ⁽⁸⁾	0.02%	0.04%	0.03%	0.05%	0.04%
Net asset value per unit, end of year	19.44	17.11	18.15	16.60	14.07

Financial Highlights per unit

Class I Units

(for the years ended December 31)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	10.90	11.54	10.51	8.87	8.89
Increase (decrease) from operations					
Total revenue	0.33	0.30	0.27	0.30	0.26
Total expenses	(0.04)	(0.04)	(0.03)	(0.04)	(0.03)
Realized gains (losses) for the year	0.12	0.41	0.50	0.55	0.10
Unrealized gains (losses) for the year	1.34	(1.23)	0.76	1.31	(0.11)
Total increase (decrease) from operations ⁽¹⁾	1.75	(0.56)	1.50	2.12	0.22
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	—	—	—	—	0.04
From dividends	0.28	0.20	0.18	0.23	0.17
From capital gains	—	0.22	0.27	0.25	0.05
From return of capital	—	—	—	—	—
Total annual distributions ⁽²⁾	0.28	0.42	0.45	0.48	0.26
Net assets, end of year ⁽³⁾	12.40	10.90	11.54	10.51	8.87

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⁾	10,871	8,355	4,567	3,683	2,862
Number of outstanding units (000's) ⁽⁴⁾	877	766	396	351	323
Management expense ratio ⁽⁵⁾	0.11%	0.11%	0.11%	0.11%	0.11%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	15%	23%	18%	21%	10%
Trading expense ratio (%) ⁽⁸⁾	0.02%	0.04%	0.03%	0.05%	0.04%
Net asset value per unit, end of year	12.40	10.90	11.54	10.51	8.87

Beutel Goodman North American Focused Equity 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.**

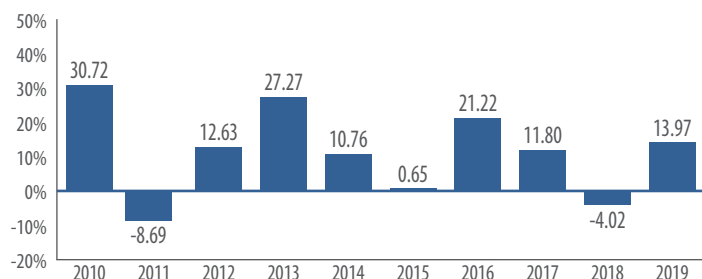
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman North American Focused Equity Fund

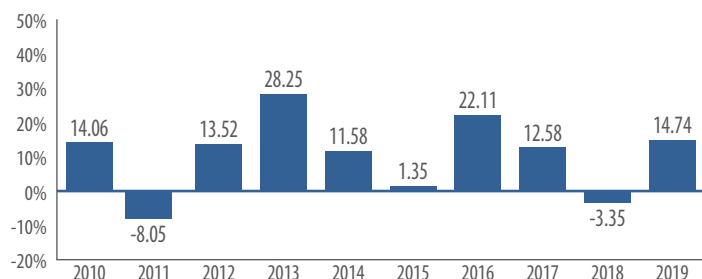
Year-by-Year Returns

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.

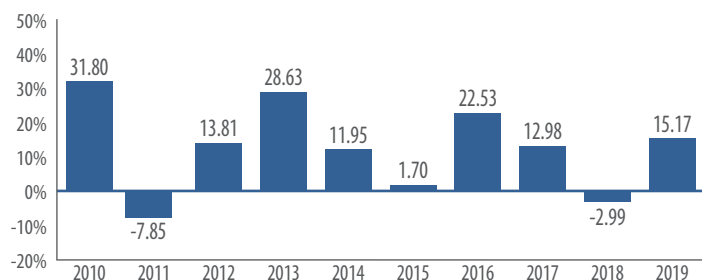
Class B



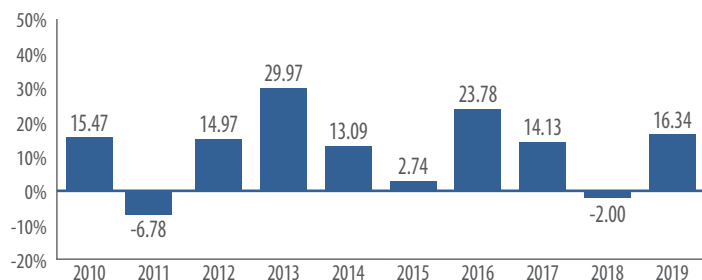
Class D



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 both the North American Focused Equity Benchmark [comprised of S&P/TSX Composite Index (60%), and the S&P 500 (C\$) Index (40%)] and respective indices.*

Class B

		Since Inception	10 Years	5 Years	3 Years	Past Year
Beutel Goodman North American Focused Equity Fund	%	9.57	–	8.33	6.94	13.97
North American Focused Equity Benchmark	%	10.91	10.63	9.56	9.79	23.76
S&P/TSX Composite Index	%	6.65	6.90	6.28	6.89	22.88
S&P 500 (C\$) Index	%	17.13	16.01	14.20	13.92	24.84

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 North American Focused Equity Fund	%	10.16	9.09	7.68	14.74
North American Focused Equity Benchmark	%	10.63	9.56	9.79	23.76
S&P/TSX Composite Index	%	6.90	6.28	6.89	22.88
S&P 500 (C\$) Index	%	16.01	14.20	13.92	24.84

Class F

		Since Inception	10 Years	5 Years	3 Years	Past Year
Beutel Goodman North American Focused Equity Fund	%	10.71	–	9.48	8.07	15.17
North American Focused Equity Benchmark	%	10.91	10.63	9.56	9.79	23.76
S&P/TSX Composite Index	%	6.65	6.90	6.28	6.89	22.88
S&P 500 (C\$) Index	%	17.13	16.01	14.20	13.92	24.84

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

Class I

		10 Years	5 Years	3 Years	Past Year
Beutel Goodman North American Focused Equity Fund	%	11.65	10.60	9.17	16.34
North American Focused Equity Benchmark	%	10.63	9.56	9.79	23.76
S&P/TSX Composite Index	%	6.90	6.28	6.89	22.88
S&P 500 (C\$) Index	%	16.01	14.20	13.92	24.84

* The S&P/TSX Composite Index is designed to represent the Canadian mid-large cap equity market. The S&P 500 (C\$) Index is designed to represent the U.S. equity market.

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

Beutel Goodman North American Focused Equity Fund

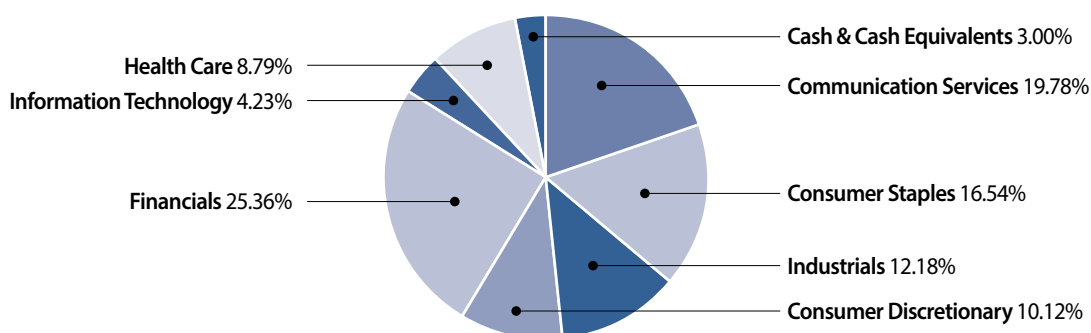
Summary of Investment Portfolio

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. Royal Bank of Canada	6.44	14. Kellogg Co.			4.62
2. The Toronto-Dominion Bank	6.32	15. Oracle Corp.			4.23
3. Sun Life Financial Inc.	5.85	16. Amgen Inc.			4.11
4. Parker Hannifin Corp.	5.36	17. Saputo Inc.			3.79
5. Verizon Communications Inc.	5.24	18. Brookfield Asset Management Inc.			3.56
6. Magna International Inc.	5.22	19. American Express Co.			3.22
7. Comcast Corp.	5.04	20. Molson Coors Brewing Co.			3.13
8. Metro Inc., Class A	5.01	21. Canadian Pacific Railway Ltd.			2.06
9. Canadian Tire Corp Ltd., Class A	4.91	22. Government of Canada	1.646	20-Feb-20	1.37
10. Rogers Communications Inc., Class B	4.79	23. Government of Canada	1.671	6-Feb-20	0.79
11. Finning International Inc.	4.77	24. Government of Canada	1.656	19-Mar-20	0.67
12. Omnicom Group Inc.	4.72	25. Government of Canada	1.660	2-Apr-20	0.12
13. AmerisourceBergen Corp.	4.69				

Asset Mix





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