



Annual Management Report of Fund Performance

December 31, 2021

Beutel Goodman Long Term Bond Fund

Beutel Goodman Long Term Bond 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 Long Term Bond Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

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

To achieve its objectives, the Fund focuses on creating a high-quality portfolio diversified across Government of Canada, Provincial and corporate bonds with a credit rating of BBB or higher by a recognized rating agency. The average minimum quality of the fixed income portfolio will be A. The portfolio will have a weighted average term of between 9 and 25 years.

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 Long Term Bond Fund (the "Fund"), Class B declined 5.28% versus a decline of 4.52% for the Fund's benchmark, the FTSE Canada Long Term Bond Index. Unlike the benchmark, the Fund's return is net of fees and expenses paid by the Fund. Please refer to the "Annual Compound Returns" in the Past Performance section for the returns of all classes of the Fund. Detailed performance is provided under the heading "Past Performance" in this report.

As if to continue the theme from 2020, the period fueled another bumpy ride for investors. Many events contributed to volatility, including the storming of the U.S. Capitol building, strong economic growth coming off the weakness of the previous year, a sell-off in Treasuries and Government of Canada bonds, sharp declines in unemployment, rising inflation, potential contagion events from China's real estate sector, and the initial unwinding of stimulative monetary policy. Additionally, COVID-19 remained a key theme for the period which saw a ramp-up in vaccination programs, renewed lockdowns in many parts of the world, and the emergence of prominent variants of the virus, the most recent of which set new records for global cases despite not being as proportionally lethal as previous variants.

Arguably, the most important stories for the bond markets were closely connected: the rise in inflation and the shift in monetary policy. Both Canadian and U.S. inflation rates accelerated throughout the period, rising to 4.8% and 7% annualized, respectively. Much of the rise in prices was directly related to supply chain issues stemming from COVID restrictions and infections disrupting the workforce. Initially, central banks labelled inflation as a transitory issue. However, by the end of the period, inflation was recognized as being more persistent.

The rise in inflation, combined with strong economic growth and an improving job market, led many central banks to shift towards a more hawkish perspective. The Bank of Canada (BoC) became one of the first central banks to begin and complete tapering its quantitative easing program by November. The U.S. Federal Reserve began to taper its stimulus later, but accelerated the pace of its tapering prior to the end of the period. Many central banks are also projecting higher interest rates moving forward.

Key Drivers of Performance

- The Fund's exposure to corporate credit added value. The Fund was overweight corporate bonds amid a tightening of credit spreads as central banks maintained their easier-for-longer stance to promote more stimulus and liquidity.
- Corporate security selection added value through the Fund's overweight position in the Energy sector, namely pipelines and midstream companies.
- The Fund's duration positioning was positive as the portfolio was generally short duration in a rising bond yield environment.
- The Fund's yield-curve positioning detracted due to the concentration in 10-year and longer-term (25+ year) bonds versus an underweight in 12- to 25-year bonds.

Portfolio Activity

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

Recent Developments

During the period, Beutel Goodman announced the annual management fee for the Fund will be reduced by eight basis points (0.08%) for Classes B, D and F, effective, July 1, 2021.

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.

We continue to believe inflation will trend lower in 2022, although likely not as much as central banks expect. Regardless of where the numbers ultimately settle, stickier inflation could increase the odds of interest rate hikes. Currently, we expect to see three hikes in both Canada and the U.S. this year, but there may be potential for more, particularly if the central banks are not satisfied with the trajectory of inflation.

The portfolio's duration positioning is short relative to the benchmark, with an underweight in 12- to 25-year bonds and an overweight in 10-year and long-term (25+ year) bonds. We are currently positioned with a view that while the BoC will raise interest rates in 2022, it will likely be less than the market is currently pricing. We remain overweight corporate bonds, but with a shorter corporate duration versus the index. We have also shifted to higher-quality debt by moving away from cyclical and into infrastructure, utilities, and telecoms. As always, we will monitor the situation and our portfolio positioning will be reflective of our macroeconomic views.

Beutel Goodman Long Term Bond Fund

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.

	Maximum Annual Management Fee Rate %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Class B	1.00	52	48
Class D	0.70	18	82
Class F	0.50	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 Long Term Bond 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	10.45	9.99	9.41	9.71	9.37
Increase (decrease) from operations					
Total revenue	0.30	0.31	0.32	0.33	0.35
Total expenses	(0.11)	(0.13)	(0.12)	(0.11)	(0.11)
Realized gains (losses) for the year	(0.16)	0.79	0.33	(0.05)	(0.12)
Unrealized gains (losses) for the year	(0.67)	0.13	(0.07)	(0.25)	0.36
Total increase (decrease) from operations ⁽¹⁾	(0.64)	1.10	0.46	(0.08)	0.48
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.19	0.17	0.24	0.23	0.20
From dividends	–	–	–	–	–
From capital gains	–	0.51	0.25	–	–
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	0.19	0.68	0.49	0.23	0.20
Net assets, end of year ⁽³⁾	9.71	10.45	9.99	9.41	9.71

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⁾	466	613	822	93	101
Number of outstanding units (000's) ⁽⁴⁾	48	59	82	10	10
Management expense ratio ⁽⁵⁾	1.19%	1.18%	1.20%	1.21%	1.17%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	81%	234%	169%	158%	335%
Trading expense ratio (%) ⁽⁸⁾	–	–	–	–	–
Net asset value per unit, end of year	9.71	10.45	9.99	9.41	9.71

Financial Highlights per unit

Class D Units

(for the years ended December 31)

\$	2021	2020	2019	2018	2017
Net assets, beginning of year	6.05	5.79	5.43	5.60	5.42
Increase (decrease) from operations					
Total revenue	0.18	0.18	0.19	0.19	0.20
Total expenses	(0.04)	(0.05)	(0.05)	(0.04)	(0.04)
Realized gains (losses) for the year	(0.10)	0.43	0.23	(0.03)	(0.07)
Unrealized gains (losses) for the year	(0.40)	0.06	0.24	(0.17)	0.25
Total increase (decrease) from operations ⁽¹⁾	(0.36)	0.62	0.61	(0.05)	0.34
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.13	0.13	0.14	0.15	0.15
From dividends	–	–	–	–	–
From capital gains	–	0.30	0.15	–	–
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	0.13	0.43	0.29	0.15	0.15
Net assets, end of year ⁽³⁾	5.62	6.05	5.79	5.43	5.60

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⁾	5,347	6,741	6,164	5,568	7,568
Number of outstanding units (000's) ⁽⁴⁾	952	1,114	1,065	1,025	1,351
Management expense ratio ⁽⁵⁾	0.74%	0.78%	0.79%	0.78%	0.78%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.90%	0.90%	0.90%	0.89%	0.89%
Portfolio turnover rate ⁽⁷⁾	81%	234%	169%	158%	335%
Trading expense ratio (%) ⁽⁸⁾	–	–	–	–	–
Net asset value per unit, end of year	5.62	6.05	5.79	5.43	5.60

Beutel Goodman Long Term Bond 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	10.58	10.10	9.47	9.76	9.40
Increase (decrease) from operations					
Total revenue	0.31	0.31	0.33	0.34	0.34
Total expenses	(0.06)	(0.07)	(0.07)	(0.06)	(0.06)
Realized gains (losses) for the year	(0.17)	0.62	0.39	(0.05)	0.13
Unrealized gains (losses) for the year	(0.64)	(0.24)	0.64	(0.40)	0.11
Total increase (decrease) from operations ⁽¹⁾	(0.56)	0.62	1.29	(0.17)	0.52
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.25	0.23	0.25	0.27	0.23
From dividends	–	–	–	–	–
From capital gains	–	0.52	0.26	–	–
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	0.25	0.75	0.51	0.27	0.23
Net assets, end of year ⁽³⁾	9.82	10.58	10.10	9.47	9.76

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⁾	244	275	190	321	359
Number of outstanding units (000's) ⁽⁴⁾	25	26	19	34	37
Management expense ratio ⁽⁵⁾	0.63%	0.66%	0.65%	0.65%	0.66%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	81%	234%	169%	158%	335%
Trading expense ratio (%) ⁽⁸⁾	–	–	–	–	–
Net asset value per unit, end of year	9.82	10.58	10.10	9.47	9.76

Financial Highlights per unit

Class I Units

(for the years ended December 31)

\$	2021	2020	2019	2018	2017
Net assets, beginning of year	6.14	5.88	5.52	5.69	5.51
Increase (decrease) from operations					
Total revenue	0.18	0.18	0.19	0.19	0.20
Total expenses	–	–	–	–	–
Realized gains (losses) for the year	(0.10)	0.44	0.23	(0.03)	(0.09)
Unrealized gains (losses) for the year	(0.34)	0.14	0.27	(0.15)	0.18
Total increase (decrease) from operations ⁽¹⁾	(0.26)	0.76	0.69	0.01	0.29
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.18	0.18	0.19	0.20	0.20
From dividends	–	–	–	–	–
From capital gains	–	0.30	0.15	–	–
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	0.18	0.48	0.34	0.20	0.20
Net assets, end of year ⁽³⁾	5.70	6.14	5.88	5.52	5.69

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⁾	347,485	376,337	391,866	353,933	378,675
Number of outstanding units (000's) ⁽⁴⁾	60,941	61,250	66,662	64,149	66,505
Management expense ratio ⁽⁵⁾	0.04%	0.04%	0.04%	0.04%	0.04%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	0.11%
Portfolio turnover rate ⁽⁷⁾	81%	234%	169%	158%	335%
Trading expense ratio (%) ⁽⁸⁾	–	–	–	–	–
Net asset value per unit, end of year	5.70	6.14	5.88	5.52	5.69

Beutel Goodman Long Term Bond 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.**

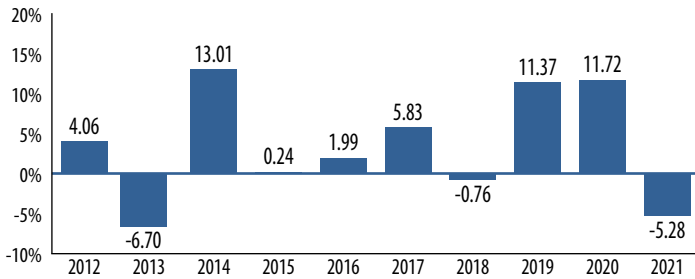
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Long Term Bond Fund

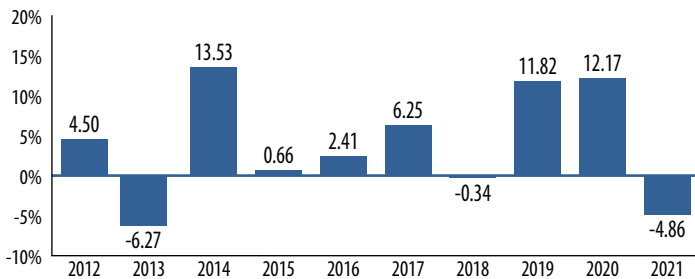
Year-by-Year Returns

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.

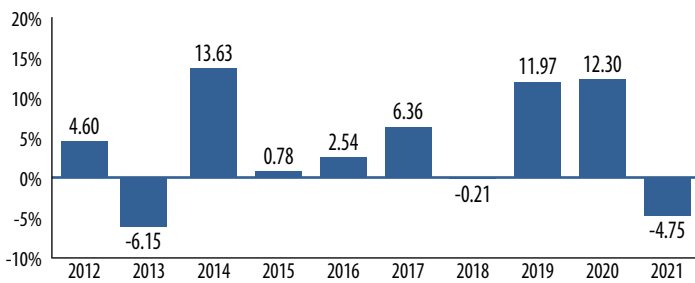
Class B



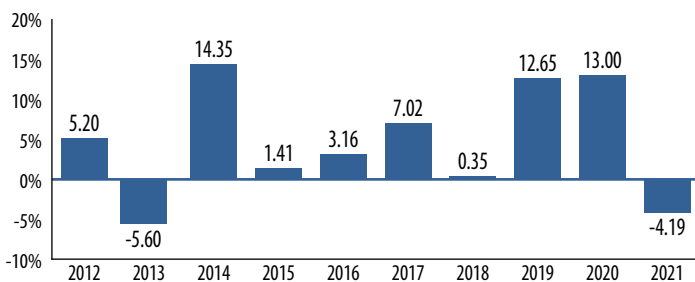
Class D



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 FTSE Canada Long Term Bond Index.*

Class B

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Long Term Bond Fund	3.33	4.35	5.62	-5.28
FTSE Canada Long Term Bond Index	4.78	5.27	6.39	-4.52

Class D

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Long Term Bond Fund	3.77	4.79	6.07	-4.86
FTSE Canada Long Term Bond Index	4.78	5.27	6.39	-4.52

Class F

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Long Term Bond Fund	3.90	4.92	6.20	-4.75
FTSE Canada Long Term Bond Index	4.78	5.27	6.39	-4.52

Class I

	10 Years (%)	5 Years (%)	3 Years (%)	Past Year (%)
Beutel Goodman Long Term Bond Fund	4.52	5.55	6.84	-4.19
FTSE Canada Long Term Bond Index	4.78	5.27	6.39	-4.52

* The FTSE Canada Long Term Bond Index is designed to reflect the Canadian long term bond market, where the effective term for all issues is equal to or exceeds 10 years.

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

Beutel Goodman Long Term Bond Fund

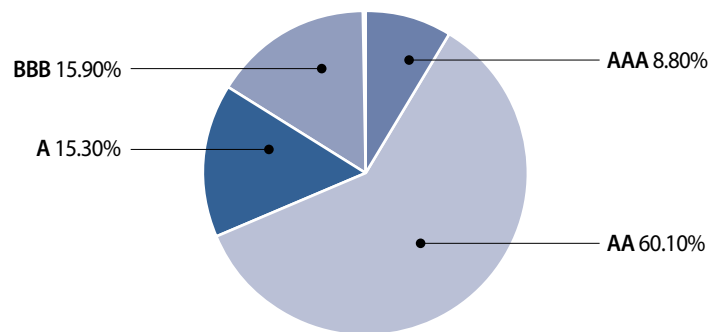
Summary of Investment Portfolio

The following information may change due to the ongoing portfolio transactions of the Fund. More current information regarding the holdings of the Fund may be obtained on our website at www.beutelgoodman.com.

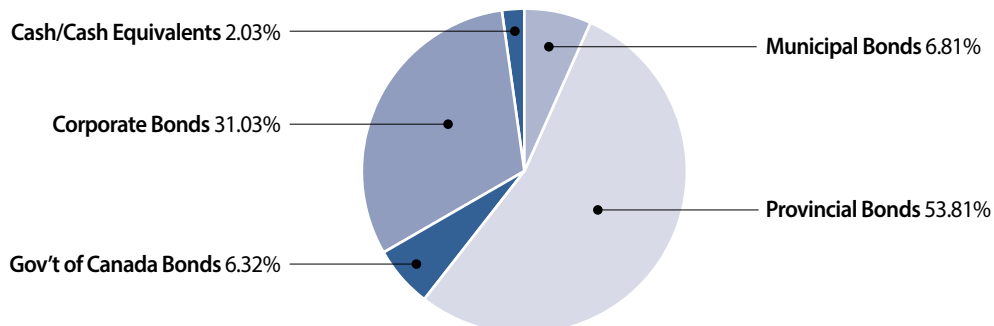
Summary of Top 25 Holdings

Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets	Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Province of Ontario	4.650	2-Jun-41	6.97	14. Hydro-Québec	–	15-Feb-50	1.83
2. Canadian Government Bond	2.000	1-Dec-51	5.85	15. Province of Alberta	3.900	1-Dec-33	1.78
3. Province of Ontario	3.500	2-Jun-43	5.35	16. Province of Saskatchewan	5.800	5-Sep-33	1.76
4. Province of Quebec	3.500	1-Dec-48	4.87	17. Enbridge Pipelines Inc.	4.200	12-May-51	1.67
5. Province of Ontario	2.800	2-Jun-48	4.47	18. Government of Canada	0.071	17-Mar-22	1.63
6. Province of Alberta	3.100	1-Jun-50	4.26	19. Bell Canada	6.170	26-Feb-37	1.53
7. Province of Ontario	1.900	2-Dec-51	4.20	20. Transcanada Trust	4.650	18-May-77	1.53
8. Province of Ontario	2.900	2-Dec-46	2.80	21. Enbridge Inc.	3.100	21-Sep-33	1.47
9. Province of Quebec	3.100	1-Dec-51	2.79	22. City of Ottawa	2.500	11-May-51	1.36
10. Province of Quebec	3.500	1-Dec-45	2.65	23. City of Toronto	3.250	24-Jun-46	1.33
11. Province of Quebec	5.000	1-Dec-41	2.63	24. Alberta Powerline LP	4.065	1-Mar-54	1.28
12. City of Montreal	3.150	1-Dec-36	2.15	25. Province of Ontario	3.450	2-Jun-45	1.27
13. Enbridge Gas Distribution Inc.	6.900	15-Nov-32	1.87				

Bond Quality



Asset Mix





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