

Annual Management Report of Fund Performance

December 31, 2019

Beutel Goodman Canadian Dividend Fund

Beutel Goodman Canadian Dividend 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 Canadian Dividend Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

The Fund's objective is to achieve a balance between high dividend income and capital growth by investing mainly in a diversified portfolio of blue-chip Canadian common stocks and, to a lesser extent, in high-yield preferred stocks and interest-bearing securities.

The Fund's advisor chooses primarily blue-chip common stocks, but may also invest in other securities, including foreign securities, with a preference to capital growth, while seeking to provide a high, regular level of income. The Fund seeks reputable stocks that are undervalued in the market, focusing on mid and large capitalization Canadian corporations in a variety of industries, favouring equity securities that provide a stable income. The Fund may use derivatives, principally to hedge against changes in the exchange rate between the Canadian dollar and foreign currencies in which investments held by the Fund are denominated.

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.

Against this backdrop, Beutel Goodman Canadian Dividend Fund underperformed the benchmark S&P/TSX Composite 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. On a relative basis, both allocation effects and stock selection in the Communication Services and Consumer Staples sectors, allocation effects in Information Technology and stock picking in Materials were the largest detractors. Strong stock selection in Health Care was partially offset by an overweight to the sector, while both an underweight to Energy and strong selection in the sector contributed to returns.

On an absolute basis, the largest detractors were Rogers Communications Inc., NortonLifeLock Inc. (formerly Symantec Corp., prior to the sale of its enterprise security unit to Broadcom) and Henkel AG & Co KGaA. Rogers was weak on the back of the company's decision to offer unlimited data plans in a heightened competitive environment, as well as an earnings miss for the third quarter and lowered guidance for the year. German chemical and consumer-goods company Henkel saw share price volatility in the year due in part to some disappointing earnings. Cyber-safety company NortonLifeLock detracted mainly due to timing issues, as the stock was added to the portfolio in mid-December amid rumours that McAfee was looking to acquire the business, which briefly pushed the stock higher. However, we believe the company, with its increased focus on innovation and bundling, is still trading at attractive valuations.

On an absolute basis, the top contributors included Sun Life Financial Inc., Power Financial Corp. and Royal Bank of Canada. Power Financial rose in part on news that the company would merge with its parent company, Power Corp., with each Power Financial shareholder being issued a combination of \$0.01 cash and 1.05 Power Corp. shares per Power Financial Corp. share. In addition, Power Corp. co-CEOs Andre and Paul Desmarais will be retiring and R. Jeffrey Orr, current president and CEO of Power Financial, will succeed them. 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. Royal Bank rose along with the broader industry as market concerns about housing exposure propagated by U.S. short-sellers receded from the headlines.

Six new positions were initiated over the reporting period: Finning International Inc., Amgen Inc., Henkel, Suncor Energy Inc., NortonLifeLock and Saputo Inc. Both Brookfield Asset Management Inc. and Air Liquide SA hit their target prices during the reporting period, triggering process-driven one-third sales. After review, both were fully sold. We also exited Cenovus Energy Inc., Merck KGaA, Unilever plc, and Parker-Hannifin Corp. during the 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. 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.

Beutel Goodman Canadian Dividend 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	20	80
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 Canadian Dividend 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	14.55	15.93	15.13	13.11	13.77
Increase (decrease) from operations					
Total revenue	0.56	0.53	0.49	0.53	0.50
Total expenses	(0.37)	(0.37)	(0.37)	(0.33)	(0.32)
Realized gains (losses) for the year	0.61	0.28	0.50	0.21	0.57
Unrealized gains (losses) for the year	1.27	(1.47)	0.78	2.05	(0.90)
Total increase (decrease) from operations⁽¹⁾	2.07	(1.03)	1.40	2.46	(0.15)
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.01	–	–	–	–
From dividends	0.21	0.16	0.11	0.25	0.17
From capital gains	–	0.30	0.41	–	0.43
From return of capital	–	–	–	–	–
Total annual distributions⁽²⁾	0.22	0.46	0.52	0.25	0.60
Net assets, end of year⁽³⁾	16.46	14.55	15.93	15.13	13.11

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⁾	119,002	93,022	66,169	26,944	11,744
Number of outstanding units (000's)⁽⁴⁾	7,228	6,394	4,155	1,781	896
Management expense ratio⁽⁵⁾	2.14%	2.14%	2.13%	2.12%	2.10%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	25%	23%	25%	15%	29%
Trading expense ratio (%)⁽⁸⁾	0.05%	0.06%	0.09%	0.07%	0.07%
Net asset value per unit, end of year	16.46	14.55	15.93	15.13	13.11

Financial Highlights per unit

Class D Units

(for the years ended December 31)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	9.51	10.38	9.82	8.48	8.90
Increase (decrease) from operations					
Total revenue	0.38	0.36	0.32	0.35	0.32
Total expenses	(0.17)	(0.17)	(0.16)	(0.14)	(0.14)
Realized gains (losses) for the year	0.37	0.19	0.36	0.14	0.35
Unrealized gains (losses) for the year	0.91	(0.88)	0.41	1.24	(0.52)
Total increase (decrease) from operations⁽¹⁾	1.49	(0.50)	0.93	1.59	0.01
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.01	–	–	–	–
From dividends	0.19	0.14	0.10	0.19	0.16
From capital gains	–	0.19	0.27	–	0.28
From return of capital	–	–	–	–	–
Total annual distributions⁽²⁾	0.20	0.33	0.37	0.19	0.44
Net assets, end of year⁽³⁾	10.78	9.51	10.38	9.82	8.48

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⁾	102,559	102,235	112,735	84,398	53,436
Number of outstanding units (000's)⁽⁴⁾	9,512	10,746	10,860	8,594	6,300
Management expense ratio⁽⁵⁾	1.47%	1.48%	1.48%	1.48%	1.47%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	25%	23%	25%	15%	29%
Trading expense ratio (%)⁽⁸⁾	0.05%	0.06%	0.09%	0.07%	0.07%
Net asset value per unit, end of year	10.78	9.51	10.38	9.82	8.48

Beutel Goodman Canadian Dividend 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	14.90	16.30	15.45	13.38	14.06
Increase (decrease) from operations					
Total revenue	0.58	0.55	0.50	0.54	0.52
Total expenses	(0.21)	(0.22)	(0.21)	(0.19)	(0.19)
Realized gains (losses) for the year	0.61	0.29	0.54	0.20	0.58
Unrealized gains (losses) for the year	1.30	(1.41)	0.76	2.27	(0.89)
Total increase (decrease) from operations ⁽¹⁾	2.28	(0.79)	1.59	2.82	0.02
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.01	0.01	–	–	0.01
From dividends	0.37	0.31	0.25	0.29	0.31
From capital gains	–	0.31	0.42	–	0.44
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	0.38	0.63	0.67	0.29	0.76
Net assets, end of year ⁽³⁾	16.87	14.90	16.30	15.45	13.38

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⁾	123,334	98,201	75,602	31,219	8,079
Number of outstanding units (000's) ⁽⁴⁾	7,310	6,590	4,639	2,021	604
Management expense ratio ⁽⁵⁾	1.11%	1.11%	1.12%	1.11%	1.13%
Management expense ratio before waivers or absorptions ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	25%	23%	25%	15%	29%
Trading expense ratio (%) ⁽⁸⁾	0.05%	0.06%	0.09%	0.07%	0.07%
Net asset value per unit, end of year	16.87	14.90	16.30	15.45	13.38

Financial Highlights per unit

Class I Units

(for the years ended December 31)

\$	2019	2018	2017	2016	2015
Net assets, beginning of year	10.18	11.13	10.54	9.10	9.56
Increase (decrease) from operations					
Total revenue	0.40	0.37	0.35	0.38	0.35
Total expenses	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)
Realized gains (losses) for the year	0.39	0.20	0.35	0.16	0.33
Unrealized gains (losses) for the year	0.97	(0.94)	0.43	1.30	(0.71)
Total increase (decrease) from operations ⁽¹⁾	1.73	(0.40)	1.10	1.81	(0.05)
Distributions to unitholders per unit:					
From net investment income (excluding dividends)	0.01	0.01	–	–	0.01
From dividends	0.37	0.32	0.27	0.34	0.31
From capital gains	–	0.21	0.29	–	0.30
From return of capital	–	–	–	–	–
Total annual distributions ⁽²⁾	0.38	0.54	0.56	0.34	0.62
Net assets, end of year ⁽³⁾	11.53	10.18	11.13	10.54	9.10

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⁾	208,009	224,549	218,375	81,345	57,065
Number of outstanding units (000's) ⁽⁴⁾	18,041	22,060	19,623	7,720	6,268
Management expense ratio ⁽⁵⁾	0.07%	0.07%	0.07%	0.11%	0.10%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.11%	0.11%	0.11%	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	25%	23%	25%	15%	29%
Trading expense ratio (%) ⁽⁸⁾	0.05%	0.06%	0.09%	0.07%	0.07%
Net asset value per unit, end of year	11.53	10.18	11.13	10.54	9.10

Beutel Goodman Canadian Dividend 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.**

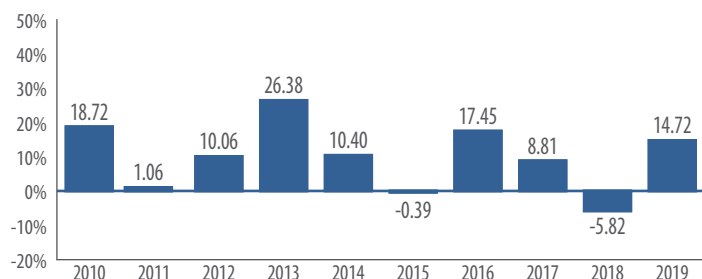
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Canadian Dividend Fund

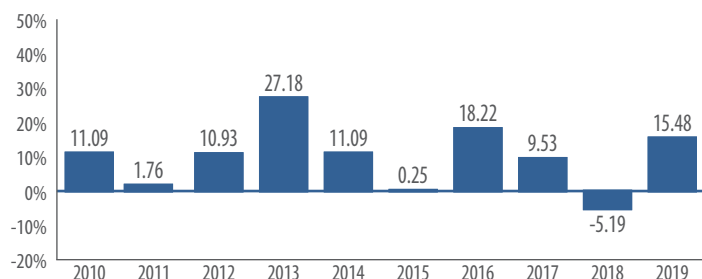
Year-by-Year Returns

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.

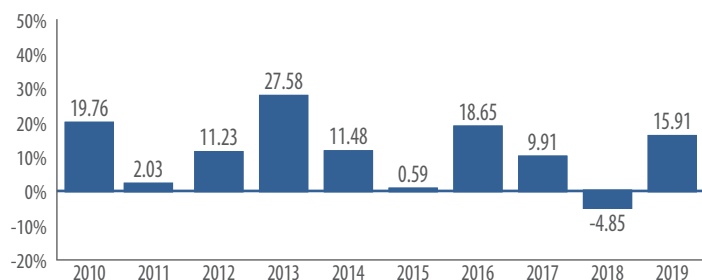
Class B



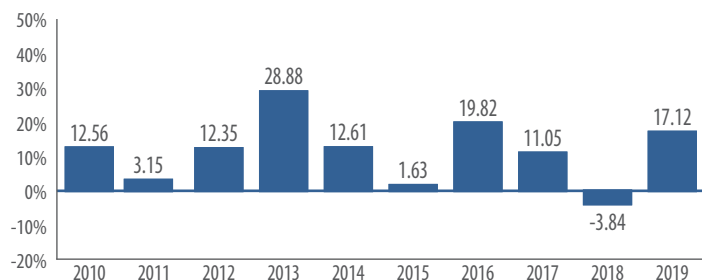
Class D



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 Composite Index.*

Class B

		Since Inception	10 Years	5 Years	3 Years	Past Year
Beutel Goodman Canadian Dividend Fund	%	9.08	–	6.58	5.54	14.72
S&P/TSX Composite Index	%	6.65	–	6.28	6.89	22.88

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 Canadian Dividend Fund	%		9.67	7.28	6.24	15.48
S&P/TSX Composite Index	%		6.90	6.28	6.89	22.88

Class F

		Since Inception	10 Years	5 Years	3 Years	Past Year
Beutel Goodman Canadian Dividend Fund	%	10.17	–	7.66	6.62	15.91
S&P/TSX Composite Index	%	6.65	–	6.28	6.89	22.88

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 Canadian Dividend Fund	%		11.17	8.78	7.74	17.12
S&P/TSX Composite Index	%		6.90	6.28	6.89	22.88

* The S&P/TSX Composite Index is designed to represent the Canadian mid-large cap equity market.

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

Beutel Goodman Canadian Dividend Fund

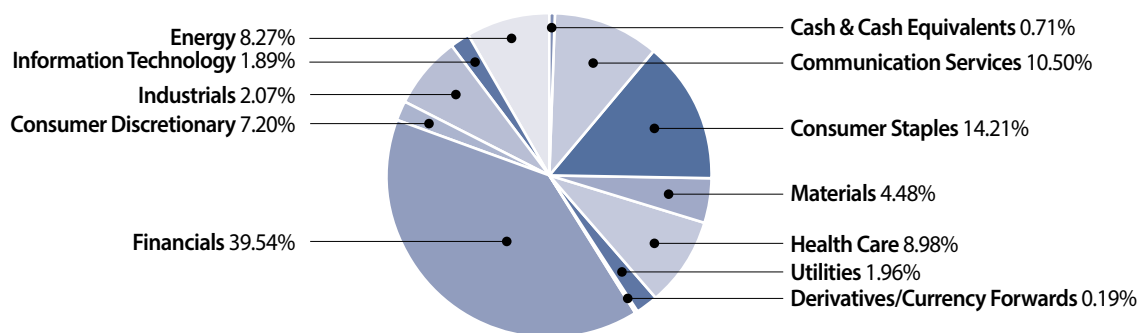
Summary of Investment Portfolio

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	% of Net Assets
1. Royal Bank of Canada	9.51	14. Canadian Tire Corp Ltd., Class A	3.13
2. The Toronto-Dominion Bank	9.20	15. Omnicom Group Inc.	3.09
3. Bank of Nova Scotia	6.34	16. Suncor Energy Inc.	2.92
4. Sun Life Financial Inc.	5.75	17. Verizon Communications Inc.	2.92
5. Canadian Natural Resources Ltd.	5.35	18. GlaxoSmithKline PLC	2.46
6. Power Financial Corp.	4.67	19. Amgen Inc.	2.41
7. Nutrien Ltd.	4.47	20. Finning International Inc.	2.07
8. Rogers Communications Inc., Class B	4.47	21. Saputo Inc.	2.01
9. Metro Inc., Class A	4.43	22. Superior Plus Corp.	1.96
10. Kellogg Co.	4.18	23. NortonLifeLock Inc.	1.89
11. Roche Holding AG	4.09	24. Henkel AG & Co KGaA	1.83
12. Magna International Inc.	4.06	25. Molson Coors Canada Inc., Class B	1.02
13. Bank of Montreal	4.01		

Asset Mix





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