

# Interim Management Report of Fund Performance

June 30, 2021

**Beutel Goodman Canadian Equity Fund**

# Beutel Goodman Canadian Equity Fund

This Interim 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](http://www.beutelgoodman.com) or SEDAR at [www.sedar.com](http://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 Canadian Equity Fund

## Management Discussion of Fund Performance

### Investment Objectives and Strategies

This Fund invests in common shares and other equity securities of established Canadian issuers.

The Fund seeks to make investments in issuers that are undervalued in relation to the business value of the issuer. If financial results fall short of expectations, the intrinsic value of the underlying assets of the issuer should provide downside protection.

The Fund seeks to buy the best economic value in the market regardless of what sector an issuer operates in, therefore sector weighting differences between this Fund and the index can differ substantially. However, guidelines are in place to protect from over exposure on a sector or individual holdings basis.

The Fund focuses on absolute risk (avoiding capital loss) and a highly disciplined buy/sell process.

### Risk

There were no significant changes to the investment objectives or strategies that affected the Fund's overall level of risk during the period. 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 six-month period ended June 30, 2021, Beutel Goodman Canadian Equity Fund (the "Fund"), Class B underperformed its benchmark. Unlike the benchmark, the Fund's return is net of fees and expenses paid by the Fund. Detailed performance is provided under the heading "Past Performance" in this report.

Equity markets rose steadily over the period, once again reaching all-time highs. Robust economic data driven by economies re-opening and continued stimulus from central banks are providing positive impetus for markets. Higher commodity prices supported Canadian equities and continued to fuel inflation fears. The S&P/TSX Composite Index rose by 17.28% over the period, one of the top-performing markets on a global basis. Energy was the top-performing sector, gaining 37.04%, driven by rebounding oil and gas prices. Financials, Health Care, Real Estate, Information Technology, Communication Services and Consumer Discretionary also posted double-digit returns. Materials recorded the weakest and only negative sector performance in the Index over the period.

### Key Contributors to Performance

- The top-performing sectors during the period relative to the benchmark were Materials, Utilities and Industrials.
  - A combination of both stock selection and an underweight position in the Materials sector, an area of relative weakness in the benchmark, contributed to the Fund's relative performance.
  - Underweight allocations in the Utilities and Industrials sectors, both areas of relative weakness in the benchmark, also contributed to the Fund's relative performance.
- Over the period, the largest individual contributors to Fund performance included Toronto-Dominion Bank, Royal Bank of Canada, Magna International Inc., Brookfield Asset Management Inc. and Nutrien Ltd.

### Key Detractors from Performance

- From a sector perspective, the Fund's holdings in the Energy, Information Technology and Communication Services sectors were the largest detractors from the Fund's relative performance over the period.
  - A combination of both stock selection and underweight positions in the Energy and Information Technology sectors, both areas of relative strength in the benchmark, detracted from the Fund's relative performance.
  - Stock selection in the Communication Services sector detracted from the Fund's relative performance.
- Over the period, the only material individual detractor from Fund performance was Canadian National Railway Co.

### 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 Consumer Staples, Energy and Utilities sector weightings increased over the period because of relative performance and the team's buy/sell activities.
  - The Fund's Materials, Financials and Communication Services 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 TC Energy Corp., Alimentation Couche-Tard Inc. and Fortis Inc.
  - The Fund's position in Canadian Natural Resources Ltd. was liquidated. Some of the more significant reductions from the Fund over the period included Royal Bank of Canada, CAE Inc., Nutrien Ltd., Magna International Inc., Cameco Corp. and Rogers Communications Inc.
- Including small-capitalization stocks, at period-end, there were 73 holdings in the Fund, up from 65 at the beginning of the period.
- The Fund's level of cash and cash equivalents ended the period down from the beginning of the period.

### 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.

Optimism around a potential large infrastructure plan by President Biden in the U.S. and positive trends in vaccination rates in Canada leading to a quicker-than-expected reopening of the economy have likely contributed to strong equity market performance. The market has, to a large extent, disregarded inflation concerns spurred by higher energy prices.

# Beutel Goodman Canadian Equity Fund

While these market factors are interesting, for us they serve as a reminder of why we focus on our equity investment process and the companies in our portfolios instead of attempting to forecast economic themes or time the markets. Given our unique disciplined value investment philosophy, our portfolios are unlikely to fit neatly into a predetermined definition of value. Many of our largest holdings are only now trading at levels that approach where they were pre-pandemic in terms of market price. While the market has gotten more expensive, many of our holdings remain undervalued relative to our target prices. Our focus on our process allows us to remain disciplined in searching out opportunities to own great companies trading at a discount to our estimate of intrinsic value.

## Market Risk 2021

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.

## 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	1.85	54	46
Class D	1.25	22	78
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 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 6 month period ended June 30 of the current year and for the past 5 years ended December 31. The December 31 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 period ended June 30, 2021 and years ended December 31)

\$	June 2021	2020	2019	2018	2017	2016
<b>Net assets, beginning of period</b>	15.68	15.65	14.07	15.81	14.75	12.65
<b>Increase (decrease) from operations</b>						
Total revenue	0.23	0.44	0.45	0.47	0.40	0.38
Total expenses	(0.19)	(0.31)	(0.33)	(0.34)	(0.33)	(0.29)
Realized gains (losses) for the period	1.50	(0.02)	0.56	0.90	0.29	0.15
Unrealized gains (losses) for the period	1.11	(0.25)	1.00	(2.17)	0.87	2.08
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	2.65	(0.14)	1.68	(1.14)	1.23	2.32
<b>Distributions to unitholders per unit:</b>						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	0.11	0.12	0.15	0.15	0.15
From capital gains	–	–	0.02	0.49	–	–
From return of capital	–	–	–	–	–	–
<b>Total period distributions<sup>(2)</sup></b>	–	0.11	0.14	0.64	0.15	0.15
<b>Net assets, end of period<sup>(3)</sup></b>	18.34	15.68	15.65	14.07	15.81	14.75

### Ratios and Supplemental Data

#### Class B Units

(for the period ended June 30, 2021 and years ended December 31)

	June 2021	2020	2019	2018	2017	2016
<b>Total net asset value (\$) (000's)<sup>(4)</sup></b>	30,060	25,339	29,231	25,091	21,972	12,408
<b>Number of outstanding units (000's)<sup>(4)</sup></b>	1,639	1,616	1,867	1,784	1,390	841
<b>Management expense ratio<sup>(5)</sup></b>	2.16%	2.15%	2.16%	2.15%	2.14%	2.14%
<b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate<sup>(7)</sup></b>	18%	23%	11%	20%	13%	9%
<b>Trading expense ratio (%)<sup>(8)</sup></b>	0.06%	0.04%	0.02%	0.03%	0.03%	0.02%
<b>Net asset value per unit, end of period</b>	18.34	15.68	15.65	14.07	15.81	14.75

### Financial Highlights per unit

#### Class D Units

(for the period ended June 30, 2021 and years ended December 31)

\$	June 2021	2020	2019	2018	2017	2016
<b>Net assets, beginning of period</b>	38.40	38.32	34.39	38.59	35.84	30.67
<b>Increase (decrease) from operations</b>						
Total revenue	0.57	1.10	1.09	1.14	0.99	0.95
Total expenses	(0.30)	(0.48)	(0.52)	(0.52)	(0.51)	(0.45)
Realized gains (losses) for the period	3.67	(0.08)	1.37	2.22	0.71	0.34
Unrealized gains (losses) for the period	2.76	(0.94)	2.73	(5.09)	2.04	4.85
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	6.70	(0.40)	4.67	(2.25)	3.23	5.69
<b>Distributions to unitholders per unit:</b>						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	0.57	0.54	0.57	0.49	0.53
From capital gains	–	–	0.05	1.20	–	–
From return of capital	–	–	–	–	–	–
<b>Total period distributions<sup>(2)</sup></b>	–	0.57	0.59	1.77	0.49	0.53
<b>Net assets, end of period<sup>(3)</sup></b>	45.08	38.40	38.32	34.39	38.59	35.84

### Ratios and Supplemental Data

#### Class D Units

(for the period ended June 30, 2021 and years ended December 31)

	June 2021	2020	2019	2018	2017	2016
<b>Total net asset value (\$) (000's)<sup>(4)</sup></b>	65,776	60,416	75,275	76,996	94,987	85,133
<b>Number of outstanding units (000's)<sup>(4)</sup></b>	1,459	1,573	1,965	2,239	2,462	2,376
<b>Management expense ratio<sup>(5)</sup></b>	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%
<b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b>	1.50%	1.50%	1.50%	1.50%	1.50%	N/A
<b>Portfolio turnover rate<sup>(7)</sup></b>	18%	23%	11%	20%	13%	9%
<b>Trading expense ratio (%)<sup>(8)</sup></b>	0.06%	0.04%	0.02%	0.03%	0.03%	0.02%
<b>Net asset value per unit, end of period</b>	45.08	38.40	38.32	34.39	38.59	35.84

# Beutel Goodman Canadian 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 6 month period ended June 30 of the current year and for the past 5 years ended December 31. The December 31 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 period ended June 30, 2021 and years ended December 31)

\$	June 2021	2020	2019	2018	2017	2016
<b>Net assets, beginning of period</b>	38.34	38.32	34.47	38.83	36.10	30.88
<b>Increase (decrease) from operations</b>						
Total revenue	0.58	1.10	1.10	1.18	1.01	0.96
Total expenses	(0.25)	(0.39)	(0.43)	(0.44)	(0.43)	(0.38)
Realized gains (losses) for the period	3.72	0.08	1.35	2.18	0.72	0.35
Unrealized gains (losses) for the period	2.60	0.14	2.52	(5.68)	2.18	4.98
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	6.65	0.93	4.54	(2.76)	3.48	5.91
<b>Distributions to unitholders per unit:</b>						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	0.74	0.74	0.81	0.64	0.62
From capital gains	–	–	0.05	1.21	–	–
From return of capital	–	–	–	–	–	–
<b>Total period distributions<sup>(2)</sup></b>	–	0.74	0.79	2.02	0.64	0.62
<b>Net assets, end of period<sup>(3)</sup></b>	45.07	38.34	38.32	34.47	38.83	36.10

### Ratios and Supplemental Data

#### Class F Units

(for the period ended June 30, 2021 and years ended December 31)

	June 2021	2020	2019	2018	2017	2016
<b>Total net asset value (\$) (000's)<sup>(4)</sup></b>	194,256	140,235	133,496	99,752	77,077	54,928
<b>Number of outstanding units (000's)<sup>(4)</sup></b>	4,310	3,658	3,484	2,894	1,985	1,521
<b>Management expense ratio<sup>(5)</sup></b>	1.12%	1.11%	1.10%	1.11%	1.11%	1.11%
<b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Portfolio turnover rate<sup>(7)</sup></b>	18%	23%	11%	20%	13%	9%
<b>Trading expense ratio (%)<sup>(8)</sup></b>	0.06%	0.04%	0.02%	0.03%	0.03%	0.02%
<b>Net asset value per unit, end of period</b>	45.07	38.34	38.32	34.47	38.83	36.10

### Financial Highlights per unit

#### Class I Units

(for the period ended June 30, 2021 and years ended December 31)

\$	June 2021	2020	2019	2018	2017	2016
<b>Net assets, beginning of period</b>	41.13	41.07	36.90	41.51	38.53	32.92
<b>Increase (decrease) from operations</b>						
Total revenue	0.62	1.18	1.18	1.24	1.07	1.02
Total expenses	(0.03)	(0.04)	(0.04)	(0.04)	(0.04)	(0.03)
Realized gains (losses) for the period	3.92	0.09	1.47	2.40	0.76	0.36
Unrealized gains (losses) for the period	3.07	(0.01)	2.96	(5.64)	2.18	5.25
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	7.58	1.22	5.57	(2.04)	3.97	6.60
<b>Distributions to unitholders per unit:</b>						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	1.18	1.17	1.23	1.05	1.03
From capital gains	–	–	0.05	1.30	–	–
From return of capital	–	–	–	–	–	–
<b>Total period distributions<sup>(2)</sup></b>	–	1.18	1.22	2.53	1.05	1.03
<b>Net assets, end of period<sup>(3)</sup></b>	48.60	41.13	41.07	36.90	41.51	38.53

### Ratios and Supplemental Data

#### Class I Units

(for the period ended June 30, 2021 and years ended December 31)

	June 2021	2020	2019	2018	2017	2016
<b>Total net asset value (\$) (000's)<sup>(4)</sup></b>	6,565,127	6,417,644	6,482,255	6,069,130	6,714,766	6,032,805
<b>Number of outstanding units (000's)<sup>(4)</sup></b>	135,071	156,024	157,840	164,492	161,750	156,566
<b>Management expense ratio<sup>(5)</sup></b>	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
<b>Management expense ratio before waivers or absorptions<sup>(6)</sup></b>	0.11%	0.11%	0.11%	0.11%	0.11%	N/A
<b>Portfolio turnover rate<sup>(7)</sup></b>	18%	23%	11%	20%	13%	9%
<b>Trading expense ratio (%)<sup>(8)</sup></b>	0.06%	0.04%	0.02%	0.03%	0.03%	0.02%
<b>Net asset value per unit, end of period</b>	48.60	41.13	41.07	36.90	41.51	38.53

# Beutel Goodman Canadian 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 period.
- (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 period end of the period shown.
- (5) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (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 period 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 period.

## Past Performance

The performance returns below:

- are calculated as of **December 31** in each year and for the **first 6 months** of the current 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.**

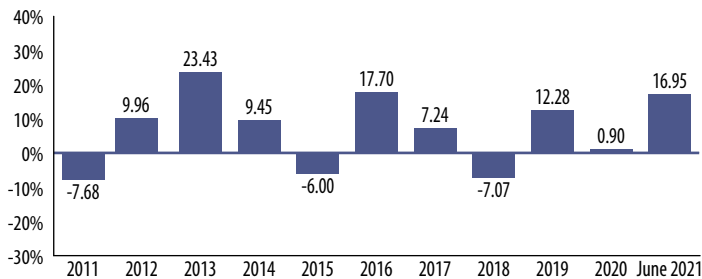
**Please remember that the past performance of the Fund is not an accurate prediction of future returns.**

# Beutel Goodman Canadian Equity Fund

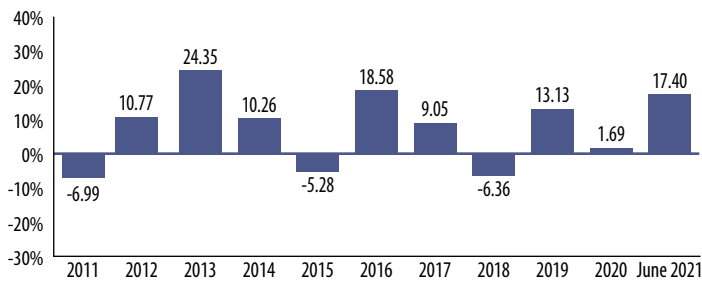
## Year-by-Year Returns

The bar chart indicates the Fund's annual performance for each of the year's shown and for the current 6 month period, illustrating 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 or period would have grown or decreased by the last day of each financial year or period.

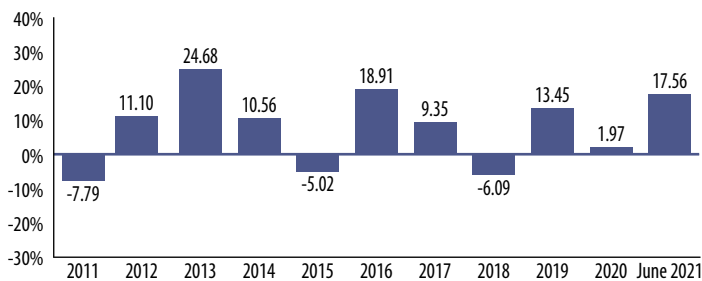
### Class B



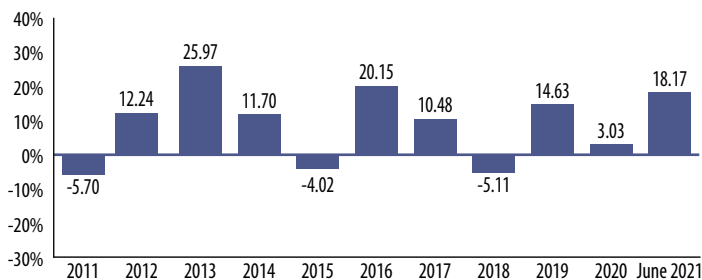
### Class D



### Class F



### Class I





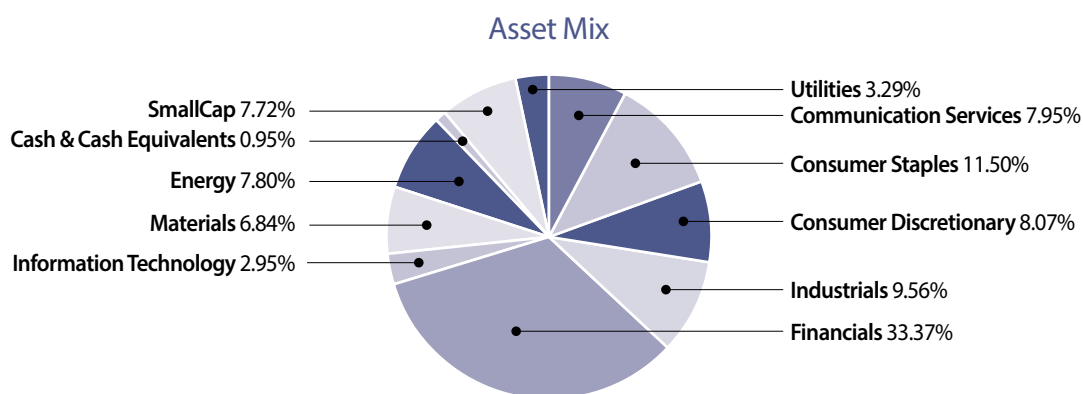
# Beutel Goodman Canadian Equity Fund

## 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](http://www.beutelgoodman.com).

### Summary of Top 25 Holdings

Issuer Name	% of Net Assets	Issuer Name	% of Net Assets
1. The Toronto-Dominion Bank	9.01	14. Suncor Energy Inc.	2.66
2. Royal Bank of Canada	5.55	15. Restaurant Brands International Inc.	2.51
3. Rogers Communications Inc., Class B	4.99	16. Manulife Financial Corp.	2.47
4. Brookfield Asset Management Inc., Class A	4.83	17. Great-West Lifeco Inc.	2.39
5. TC Energy Corp.	4.19	18. Saputo Inc.	2.33
6. Canadian National Railway Co.	4.06	19. Nutrien Ltd.	2.32
7. Sun Life Financial Inc.	3.70	20. Onex Corp.	2.32
8. Alimentation Couche-Tard Inc., Class B	3.55	21. Bank of Montreal	2.21
9. Open Text Corp.	2.95	22. George Weston Ltd.	1.93
10. Magna International Inc.	2.87	23. Fortis Inc.	1.88
11. CCL Industries Inc., Class B	2.71	24. TELUS Corp.	1.76
12. Canadian Tire Corp Ltd., Class A	2.67	25. CAE Inc.	1.57
13. Metro Inc., Class A	2.67		





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