



Interim Management Report of Fund Performance

June 30, 2021

Beutel Goodman Income Fund

Beutel Goodman Income 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 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 Income Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to earn income by investing primarily in 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, which will usually have a credit rating of BBB or higher by a recognized rating agency. The average minimum quality of the fixed income portfolio will be A.

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 Income Fund (the "Fund"), Class B declined 3.82% versus a decline of 3.46% for the benchmark, the FTSE Canada Universe Bond Index. 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.

The period was a roller-coaster ride for investors. New lockdowns were enforced around the world amid the third wave of the pandemic and the emergence of new COVID-19 variants. The period also saw violence in the U.S. and the storming of the Capitol building on January 6, although the swearing in of Joe Biden as the 46th President of the United States on January 20 proceeded peacefully.

One of the biggest stories specific to bond markets over the period was the sell-off in Treasuries and Government of Canada bonds in February and early March. The size of the moves was significant, with the U.S. 10-year Treasury bond yield rising from 0.91% at the end of December to 1.75% in March and the Canadian 10-year soaring from 0.68% to 1.56% over the same timeframe. The rise in yields was driven primarily by the market pricing in expectations for accelerated growth and consequently, inflation moving to 2% - 2.5%. Bond yields then reversed course in June, resulting in confusion and yields falling across all curves.

Key Drivers of Performance

- The Fund's exposure to corporate credit was the most significant contributor to the Fund's relative performance. The Fund was overweight corporate bonds amid a significant 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 Financials and Energy sectors, namely pipelines and midstream companies.
- The Fund's yield-curve positioning added value in the first half of the period due to the concentration in three- to seven-year bonds; however, the yield curve flattening over the second quarter of 2021 offset the value added and led to a negative result.

- Security selection in government bonds detracted from performance in the latter half of the period as peripheral provinces outperformed Ontario and Quebec.

Portfolio Activity

- The portfolio management team (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 weighting in investment grade corporate bonds increased over the period.
 - The Fund's weighting 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.

Strong economic growth bodes well for risk assets as the increase in consumer spending is expected to start to reflect in quarterly earnings. However, despite this backdrop, it also means that we are likely headed for a difficult credit environment in terms of spreads. Credit spreads tightened significantly in the second quarter, essentially erasing last year's credit-spread widening from the pandemic and the decline in commodity prices. As a result, we believe caution is warranted as the risk of bubbles increases. While we believe there are still opportunities for some credits to continue to tighten, we have begun shifting to a more defensive positioning.

We expect yields to rise, though in a flattening manner. As such, we believe longer-dated bonds are currently overvalued, specifically 10-year bonds, and have moved to an underweight position, which has consequently shortened the duration of the portfolio. Although we remain overweight credit in anticipation of a continued strong economic recovery, we have also moved to a shorter-duration positioning in this segment of the portfolio. As the expectation builds for rate hikes, we expect to continue to reduce duration. As rate hikes will likely only be implemented if economic growth is strong, we will initially want to be fully exposed to risk assets, although we recognize that as rates rise, financial conditions tighten. As always, we will monitor the situation and our credit allocation will be reflective of our macro views.

Beutel Goodman Income Fund

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.

	Maximum Annual Management Fee Rate %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Class B	1.00	50	50
Class D	0.70	16	84
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 Income 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
Net assets, beginning of period	10.00	9.63	9.38	9.48	9.47	9.62
Increase (decrease) from operations						
Total revenue	0.11	0.26	0.28	0.27	0.27	0.28
Total expenses	(0.06)	(0.12)	(0.12)	(0.11)	(0.11)	(0.12)
Realized gains (losses) for the period	(0.07)	0.49	0.25	(0.09)	(0.10)	0.11
Unrealized gains (losses) for the period	(0.38)	0.26	0.12	(0.04)	0.13	(0.17)
Total increase (decrease) from operations⁽¹⁾	(0.40)	0.89	0.53	0.03	0.19	0.10
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.07	0.15	0.16	0.14	0.14	0.17
From dividends	–	–	–	–	–	–
From capital gains	0.04	0.38	0.12	–	–	0.05
From return of capital	–	–	–	–	–	0.03
Total period distributions⁽²⁾	0.11	0.53	0.28	0.14	0.14	0.25
Net assets, end of period⁽³⁾	9.51	10.00	9.63	9.38	9.48	9.47

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
Total net asset value (\$) (000's)⁽⁴⁾	2,035	2,222	2,119	1,949	1,977	2,546
Number of outstanding units (000's)⁽⁴⁾	214	222	220	208	209	269
Management expense ratio⁽⁵⁾	1.20%	1.20%	1.19%	1.19%	1.19%	1.19%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	114%	181%	144%	217%	297%	237%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	9.51	10.00	9.63	9.38	9.48	9.47

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
Net assets, beginning of period	12.52	12.05	11.73	11.85	11.85	12.03
Increase (decrease) from operations						
Total revenue	0.14	0.33	0.34	0.34	0.33	0.34
Total expenses	(0.05)	(0.10)	(0.09)	(0.09)	(0.09)	(0.09)
Realized gains (losses) for the period	(0.09)	0.61	0.31	(0.12)	(0.12)	0.15
Unrealized gains (losses) for the period	(0.47)	0.34	0.19	(0.06)	0.13	(0.20)
Total increase (decrease) from operations⁽¹⁾	(0.47)	1.18	0.75	0.07	0.25	0.20
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.11	0.23	0.25	0.22	0.23	0.26
From dividends	–	–	–	–	–	–
From capital gains	0.04	0.47	0.15	–	–	0.06
From return of capital	–	–	–	–	–	0.04
Total period distributions⁽²⁾	0.15	0.70	0.40	0.22	0.23	0.36
Net assets, end of period⁽³⁾	11.91	12.52	12.05	11.73	11.85	11.85

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
Total net asset value (\$) (000's)⁽⁴⁾	25,734	29,005	31,182	35,121	45,685	59,553
Number of outstanding units (000's)⁽⁴⁾	2,161	2,318	2,587	2,994	3,855	5,027
Management expense ratio⁽⁵⁾	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Management expense ratio before waivers or absorptions⁽⁶⁾	0.89%	0.89%	0.89%	0.89%	0.89%	N/A
Portfolio turnover rate⁽⁷⁾	114%	181%	144%	217%	297%	237%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	11.91	12.52	12.05	11.73	11.85	11.85

Beutel Goodman Income 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
Net assets, beginning of period	10.05	9.69	9.43	9.53	9.53	9.68
Increase (decrease) from operations						
Total revenue	0.11	0.26	0.27	0.27	0.26	0.29
Total expenses	(0.03)	(0.07)	(0.07)	(0.06)	(0.06)	(0.07)
Realized gains (losses) for the period	(0.08)	0.48	0.25	(0.09)	(0.10)	0.11
Unrealized gains (losses) for the period	(0.35)	0.25	0.10	(0.04)	0.11	(0.19)
Total increase (decrease) from operations⁽¹⁾	(0.35)	0.92	0.55	0.08	0.21	0.14
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.09	0.20	0.22	0.19	0.20	0.22
From dividends	–	–	–	–	–	–
From capital gains	0.04	0.38	0.12	–	–	0.05
From return of capital	–	–	–	–	–	0.03
Total period distributions⁽²⁾	0.13	0.58	0.34	0.19	0.20	0.30
Net assets, end of period⁽³⁾	9.57	10.05	9.69	9.43	9.53	9.53

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
Total net asset value (\$) (000's)⁽⁴⁾	4,676	4,802	3,763	2,974	3,303	4,756
Number of outstanding units (000's)⁽⁴⁾	489	478	388	315	347	499
Management expense ratio⁽⁵⁾	0.66%	0.67%	0.67%	0.67%	0.67%	0.67%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	114%	181%	144%	217%	297%	237%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	9.57	10.05	9.69	9.43	9.53	9.53

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
Net assets, beginning of period	12.82	12.35	12.02	12.15	12.15	12.34
Increase (decrease) from operations						
Total revenue	0.15	0.33	0.35	0.34	0.35	0.37
Total expenses	–	–	–	–	(0.01)	(0.01)
Realized gains (losses) for the period	(0.11)	0.62	0.32	(0.10)	(0.12)	0.16
Unrealized gains (losses) for the period	(0.47)	0.33	0.18	(0.03)	0.12	(0.20)
Total increase (decrease) from operations⁽¹⁾	(0.43)	1.28	0.85	0.21	0.34	0.32
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.16	0.34	0.35	0.32	0.33	0.36
From dividends	–	–	–	–	–	–
From capital gains	0.05	0.48	0.16	–	–	0.07
From return of capital	–	–	–	–	–	0.04
Total period distributions⁽²⁾	0.21	0.82	0.51	0.32	0.33	0.47
Net assets, end of period⁽³⁾	12.20	12.82	12.35	12.02	12.15	12.15

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
Total net asset value (\$) (000's)⁽⁴⁾	1,299,135	1,095,502	1,034,390	1,009,262	749,167	634,143
Number of outstanding units (000's)⁽⁴⁾	106,509	85,455	83,754	83,949	61,660	52,185
Management expense ratio⁽⁵⁾	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%
Management expense ratio before waivers or absorptions⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	0.11%	N/A
Portfolio turnover rate⁽⁷⁾	114%	181%	144%	217%	297%	237%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	12.20	12.82	12.35	12.02	12.15	12.15

Beutel Goodman Income 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.**

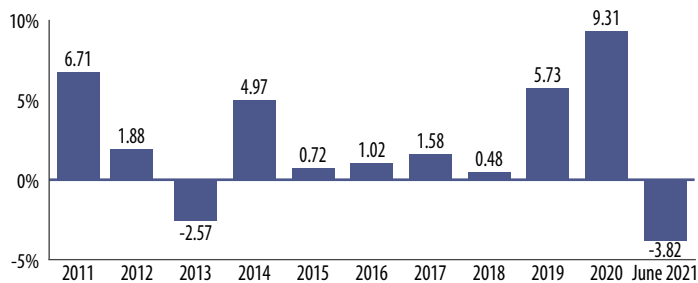
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Income Fund

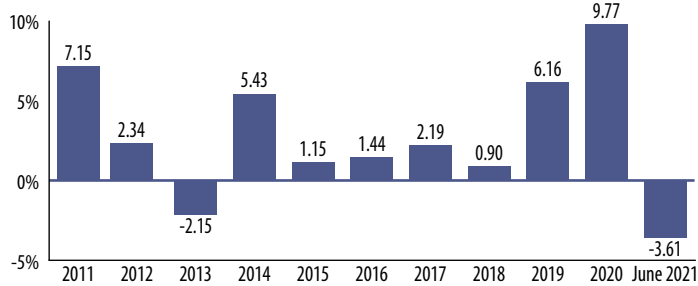
Year-by-Year Returns

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.

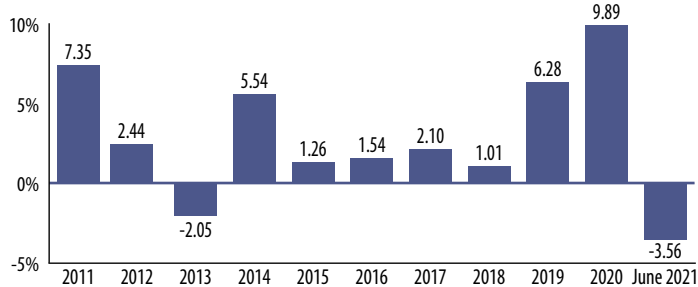
Class B



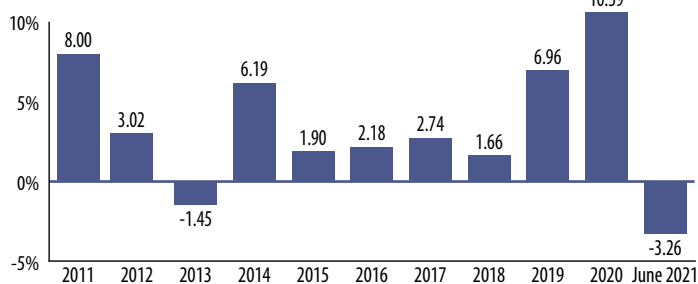
Class D



Class F



Class I



Beutel Goodman Income Fund

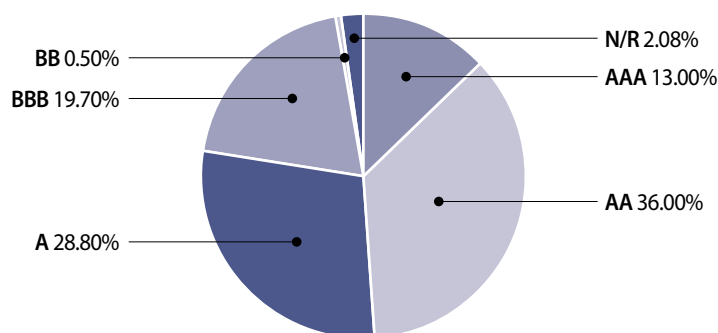
Summary of Investment Portfolio

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.

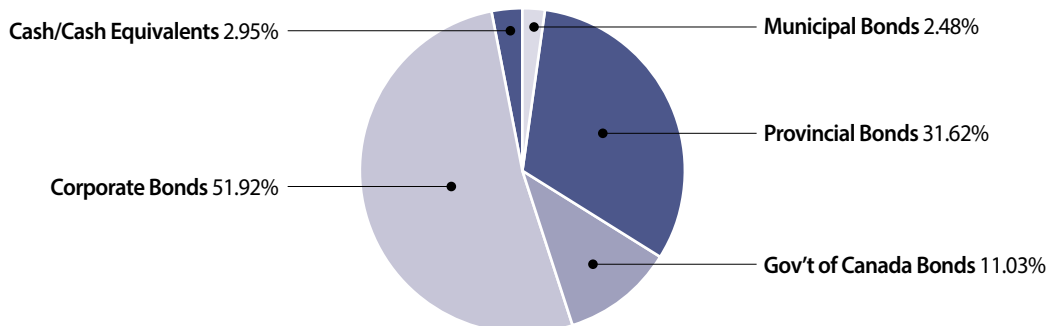
Summary of Top 25 Holdings

Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets	Issuer Name	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Canadian Government Bond	1.500	1-Jun-23	4.49	14. Canadian Imperial Bank of Commerce	3.290	15-Jan-24	1.78
2. Province of Ontario	3.450	2-Jun-45	3.20	15. Canadian Government Bond	0.250	1-May-23	1.69
3. Province of Quebec	3.100	1-Dec-51	2.86	16. The Toronto-Dominion Bank	3.590	14-Sep-28	1.61
4. Province of Ontario	1.900	2-Dec-51	2.63	17. Royal Bank of Canada	2.610	1-Nov-24	1.60
5. Province of Ontario	3.500	2-Jun-43	2.33	18. Canadian Government Bond	2.000	1-Dec-51	1.58
6. Province of Ontario	2.600	8-Sep-23	2.32	19. The Toronto-Dominion Bank	1.130	9-Dec-25	1.44
7. Canadian Imperial Bank of Commerce	0.620	4-Mar-25	2.23	20. Royal Bank of Canada	1.590	4-May-26	1.43
8. Province of Ontario	1.050	8-Sep-27	2.21	21. Province of Quebec	5.000	1-Dec-41	1.39
9. Province of Quebec	3.500	1-Dec-45	2.21	22. The Toronto-Dominion Bank	3.110	22-Apr-30	1.32
10. Bank of Montreal	2.850	6-Mar-24	2.08	23. Royal Bank of Canada	2.880	23-Dec-29	1.30
11. Province of Alberta	2.050	1-Jun-30	2.03	24. Enbridge Gas Distribution Inc.	0.253	12-Jul-21	1.28
12. Province of Alberta	3.100	1-Jun-50	1.97	25. Bank of Nova Scotia	2.380	1-May-23	1.26
13. Province of Alberta	2.900	1-Dec-28	1.81				

Bond Quality



Asset Mix





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