

Interim Management Report of Fund Performance

June 30, 2020

Beutel Goodman Small Cap Fund

Beutel Goodman Small Cap 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 Small Cap Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

The Fund seeks long-term capital appreciation primarily through investments in common shares and other equity securities of smaller capitalization Canadian issuers.

To achieve its objectives, the Fund seeks the best economic value in the market regardless of what sector the issuer operates in. The strategy focuses on purchasing companies which qualify as smaller capitalization based on industry benchmarks, at discounts to their business value.

Risk

There were no significant changes to the investment objectives or strategies that affected the Fund's overall level of risk during the 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

The January 1 to June 30, 2020 period was one of unprecedented volatility across the globe. The new year (and decade) started out relatively positively, with equity markets trading higher amid easing political tensions and a Phase 1 trade agreement between China and the U.S. All-time highs were reached in February as corporate earnings, positive trade news from China and strong employment data buttressed equity markets. Then, intensifying concerns around COVID-19 – declared a pandemic on March 11 – and its potentially crippling effects on global growth led to steep equity market declines. Possibly the one thing that could be described as positive in the ensuing weeks was the speed with which central banks and governments moved to provide massive intervention and stimulus measures. In Canada, multiple emergency rate cuts were announced in March, along with plans to support the economy and financial markets through quantitative easing measures and significant fiscal stimulus. This included help for Canada's oil and gas sector, which was decimated by an oil price war between Saudi Arabia and Russia, as well as the demand destruction caused by the pandemic's negative effects on economic activity. The relief measures have been somewhat successful at calming markets, despite the severity of the downturn. Going into the second half of the year, labour data, while "less bad", remains weak; fears of a second wave of the pandemic abound; and agencies such as the OECD, World Bank and IMF have provided extremely cautious outlooks for a global economic recovery. However, with stimulus measures in place, countries around the world cautiously reopening, a potential vaccine on the horizon, and improving data on the margin, such as U.S. retail sales, equity markets appear focused on the positive. As a result, the S&P/TSX Small Cap Index performance, although negative year to date, rebounded somewhat from its March 23rd trough to end the period with a total return of -14.28%.

Against this backdrop, Beutel Goodman Small Cap Fund underperformed the index. Unlike the benchmark, the Fund's return is net of fees and expenses paid by the Fund. Over the period, the main detractors on a relative basis were stock selection in the Industrials and Financials sectors, and a combination of stock selection and an underweight in Materials, which outperformed the broader index due largely to the broad rise in gold stocks. This was partially offset by an underweight in the underperforming Energy sector and stock selection in Consumer Discretionary and Real Estate.

At the individual security level, Equitable Group Inc., IA Financial Corporation Inc. and Colliers International Group Inc. were among the detractors on an absolute-return basis. Weak performance in Equitable was related to uncertainties around COVID-19 potentially reducing loan payments/increasing defaults and reducing loan originations, as well as the potential impacts of low interest rates squeezing Net Interest Margin (NIM). After strong performance in 2019, IA Financial declined in the period along with the broader market. In May 2020, the company completed the strategic acquisition of IAS Parent Holdings, which we view as a significant enhancement of their automotive warranties platform in the U.S. Colliers' core business is commercial real estate brokerage. The global economic uncertainty created by the current pandemic had a negative impact on real estate transaction volumes in the period, although lower interest rates may partially offset this.

Alamos Gold Inc., Real Matters Inc. and Maple Leaf Foods Inc. were among the contributors on an absolute-return basis. Alamos rallied alongside the market and the price of gold. Real Matters strengthened in the period and is anticipating several strong years of organic growth due to dramatically increased refinancings in the U.S. amid declining mortgage rates. Relatively strong performance from Maple Leaf Foods in the period was in part because they produce meat and non-meat proteins which consumers have identified as critical items to have during the pandemic.

During the period, we initiated a new position in Russel Metals Inc. We also added to our existing positions in ATS Automation Tooling Systems, K-Bro Linen Inc., Maple Leaf Foods Inc., Enerflex Ltd., Major Drilling Group International Inc. and Toromont Industries Ltd. We also fully sold our positions in NuVista Energy Ltd., Paramount Resources Ltd., Wajax Corp., Total Energy Services Inc. and Cineplex, and trimmed positions in Uni-Select Inc., Alamos Gold Inc., and Real Matters Inc.

Detailed performance is provided under the heading "Past Performance" in this report.

Beutel Goodman Small Cap Fund

Recent Developments

There were notable changes to the Canadian Equity team in the period. On March 31, 2020, Mark Thomson, Managing Director, Equities, officially retired from Beutel Goodman, and on January 29, 2020, Vim Thasan, MBA, CFA, joined Beutel, Goodman & Company Ltd. as Vice President, Canadian Equities. There has been no impact on the portfolios as a result, nor do we expect there to be.

The initial reaction to mass uncertainty in equity markets is mayhem – everything typically goes down, a scenario we saw in the first quarter of the year. In the rebounds that generally follow, whether months or years later, valuation and quality historically have come back into favour. Reopening efforts by countries around the world appear to have prompted an optimistic rebound, as markets look ahead to a “V”- or “U”-shaped recovery. However, the divergences we are seeing in this rally do not seem to be based on valuations. As a result, the gap between growth and value continues to widen.

We do not yet think there are clear sightlines as to how the pandemic and other exogenous events will impact corporate structures, balance sheets or even whole industries. There are still too many unknowns. That said, the wider the gap between growth and value gets, the more conviction we have in our outlook for our portfolios. The market was expensive entering the drawdown, and has returned almost to pre-COVID-19 levels, but the rally has been very uneven. Thus, while the broad market looks expensive, our opportunity set, as value managers, has actually expanded.

Although we expect to see continued volatility in the months ahead, both in markets and portfolio performance, we continue to trust in our process, which has helped us navigate through many types of drawdowns. We are confident that the quality businesses we hold are cheap not only relative to their intrinsic values, but also relative to the value market overall. As a result, we believe the portfolio is well-positioned to outperform in the longer term and will continue to closely monitor and apply our disciplined investment process.

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.

	As a Percentage of Management Fees		
	Maximum Annual Management Fee Rate %	Dealer Compensation %	General Administration, Investment Advice and Profit %
Class B	1.95	51	49
Class D	1.25	19	81
Class F	1.00	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 Small Cap 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, 2020 and years ended December 31)

\$	June 2020	2019	2018	2017	2016	2015
Net assets, beginning of period	12.50	10.48	14.57	13.62	11.38	11.66
Increase (decrease) from operations						
Total revenue	0.10	0.23	0.22	0.20	0.17	0.26
Total expenses	(0.13)	(0.28)	(0.32)	(0.34)	(0.30)	(0.33)
Realized gains (losses) for the period	(0.88)	0.97	1.45	0.55	0.65	0.33
Unrealized gains (losses) for the period	(1.23)	1.63	(4.09)	0.51	1.60	(0.42)
Total increase (decrease) from operations⁽¹⁾	(2.14)	2.55	(2.74)	0.92	2.12	(0.16)
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	–	–	–	–	–
From capital gains	–	0.50	1.33	0.01	–	0.16
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	0.50	1.33	0.01	–	0.16
Net assets, end of period⁽³⁾	10.48	12.50	10.48	14.57	13.62	11.38

Ratios and Supplemental Data

Class B Units

(for the period ended June 30, 2020 and years ended December 31)

	June 2020	2019	2018	2017	2016	2015
Total net asset value (\$) (000's)⁽⁴⁾	2,958	4,335	5,306	6,717	5,354	4,428
Number of outstanding units (000's)⁽⁴⁾	282	347	506	461	393	389
Management expense ratio⁽⁵⁾	2.29%	2.28%	2.29%	2.29%	2.29%	2.29%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	8%	8%	12%	16%	23%	23%
Trading expense ratio (%)⁽⁸⁾	0.09%	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of period	10.48	12.50	10.48	14.57	13.62	11.38

Financial Highlights per unit

Class D Units

(for the period ended June 30, 2020 and years ended December 31)

\$	June 2020	2019	2018	2017	2016	2015
Net assets, beginning of period	26.19	21.88	30.19	28.03	23.22	23.76
Increase (decrease) from operations						
Total revenue	0.23	0.48	0.45	0.41	0.36	0.52
Total expenses	(0.17)	(0.38)	(0.43)	(0.45)	(0.40)	(0.43)
Realized gains (losses) for the period	(1.91)	2.10	3.05	1.17	1.29	0.75
Unrealized gains (losses) for the period	(2.53)	3.37	(8.43)	1.06	3.51	(0.81)
Total increase (decrease) from operations⁽¹⁾	(4.38)	5.57	(5.36)	2.19	4.76	0.03
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	0.01
From dividends	–	0.11	–	0.03	–	0.14
From capital gains	–	1.04	2.77	0.01	–	0.34
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	1.15	2.77	0.04	–	0.49
Net assets, end of period⁽³⁾	22.05	26.19	21.88	30.19	28.03	23.22

Ratios and Supplemental Data

Class D Units

(for the period ended June 30, 2020 and years ended December 31)

	June 2020	2019	2018	2017	2016	2015
Total net asset value (\$) (000's)⁽⁴⁾	42,953	57,462	52,289	76,395	72,046	64,117
Number of outstanding units (000's)⁽⁴⁾	1,948	2,194	2,390	2,531	2,570	2,761
Management expense ratio⁽⁵⁾	1.50%	1.50%	1.50%	1.50%	1.49%	1.49%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	8%	8%	12%	16%	23%	23%
Trading expense ratio (%)⁽⁸⁾	0.09%	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of period	22.05	26.19	21.88	30.19	28.03	23.22

Beutel Goodman Small Cap 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, 2020 and years ended December 31)

\$	June 2020	2019	2018	2017	2016	2015
Net assets, beginning of period	26.70	22.31	30.75	28.61	23.67	24.28
Increase (decrease) from operations						
Total revenue	0.24	0.49	0.46	0.43	0.36	0.55
Total expenses	(0.15)	(0.33)	(0.36)	(0.38)	(0.35)	(0.36)
Realized gains (losses) for the period	(1.95)	2.16	3.08	1.18	1.55	0.48
Unrealized gains (losses) for the period	(2.05)	3.36	(8.45)	0.91	3.26	(1.04)
Total increase (decrease) from operations⁽¹⁾	(3.91)	5.68	(5.27)	2.14	4.82	(0.37)
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	0.02
From dividends	–	0.18	0.05	0.18	0.05	0.25
From capital gains	–	1.07	2.83	0.01	–	0.34
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	1.25	2.88	0.19	0.05	0.61
Net assets, end of period⁽³⁾	22.51	26.70	22.31	30.75	28.61	23.67

Ratios and Supplemental Data

Class F Units

(for the period ended June 30, 2020 and years ended December 31)

	June 2020	2019	2018	2017	2016	2015
Total net asset value (\$) (000's)⁽⁴⁾	13,859	15,991	14,218	21,092	12,595	8,322
Number of outstanding units (000's)⁽⁴⁾	616	599	637	686	440	352
Management expense ratio⁽⁵⁾	1.23%	1.22%	1.21%	1.19%	1.20%	1.21%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	8%	8%	12%	16%	23%	23%
Trading expense ratio (%)⁽⁸⁾	0.09%	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of period	22.51	26.70	22.31	30.75	28.61	23.67

Financial Highlights per unit

Class I Units

(for the period ended June 30, 2020 and years ended December 31)

\$	June 2020	2019	2018	2017	2016	2015
Net assets, beginning of period	27.99	23.40	32.43	30.12	24.87	25.50
Increase (decrease) from operations						
Total revenue	0.25	0.51	0.49	0.45	0.38	0.56
Total expenses	(0.02)	(0.03)	(0.04)	(0.05)	(0.06)	(0.03)
Realized gains (losses) for the period	(2.00)	2.27	3.29	1.26	1.39	0.78
Unrealized gains (losses) for the period	(2.32)	3.65	(9.16)	1.16	3.74	(0.92)
Total increase (decrease) from operations⁽¹⁾	(4.09)	6.40	(5.42)	2.82	5.45	0.39
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	0.03
From dividends	–	0.53	0.44	0.49	0.31	0.51
From capital gains	–	1.13	3.02	0.01	–	0.37
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	1.66	3.46	0.50	0.31	0.91
Net assets, end of period⁽³⁾	23.74	27.99	23.40	32.43	30.12	24.87

Ratios and Supplemental Data

Class I Units

(for the period ended June 30, 2020 and years ended December 31)

	June 2020	2019	2018	2017	2016	2015
Total net asset value (\$) (000's)⁽⁴⁾	380,177	460,395	441,367	584,215	558,265	493,636
Number of outstanding units (000's)⁽⁴⁾	16,017	16,448	18,860	18,017	18,536	19,850
Management expense ratio⁽⁵⁾	0.07%	0.07%	0.07%	0.07%	0.11%	0.11%
Management expense ratio before waivers or absorptions⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	N/A	N/A
Portfolio turnover rate⁽⁷⁾	8%	8%	12%	16%	23%	23%
Trading expense ratio (%)⁽⁸⁾	0.09%	0.06%	0.06%	0.07%	0.12%	0.06%
Net asset value per unit, end of period	23.74	27.99	23.40	32.43	30.12	24.87

Beutel Goodman Small Cap 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.**

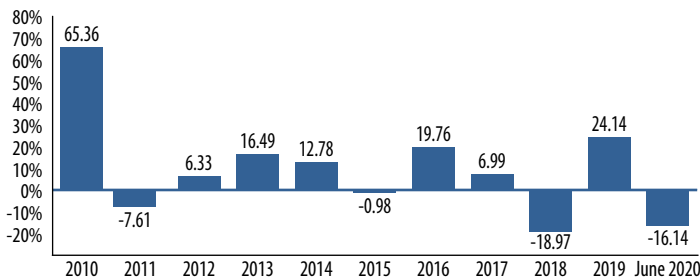
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Small Cap Fund

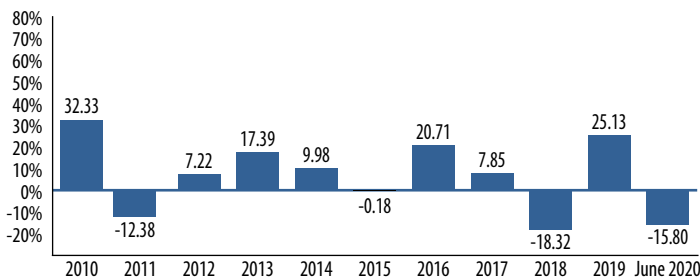
Year-by-Year Returns

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.

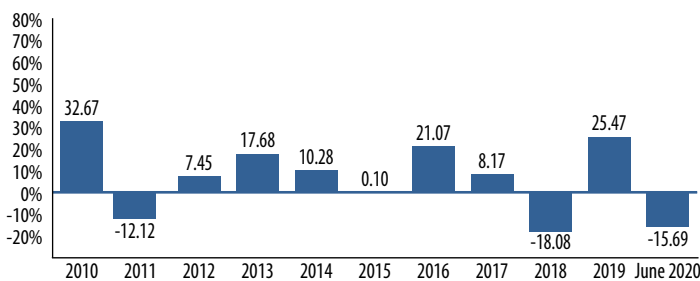
Class B



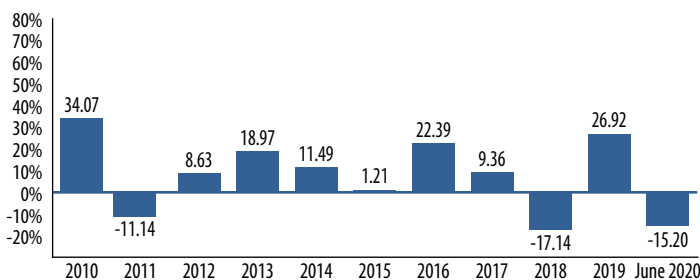
Class D



Class F



Class I



Beutel Goodman Small Cap Fund

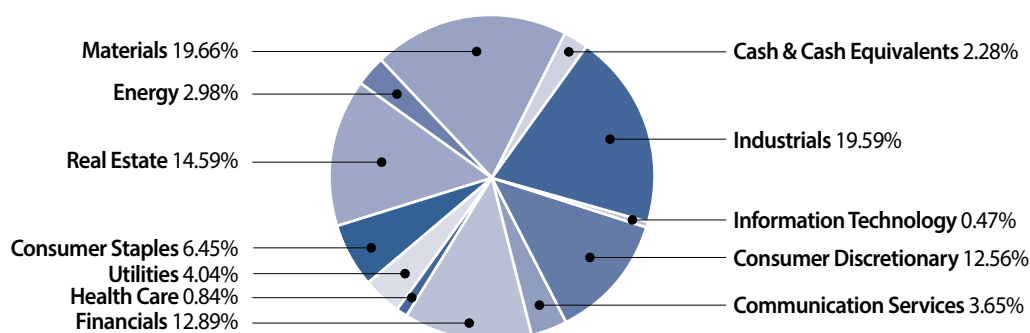
Summary of Investment Portfolio

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. Alamos Gold Inc.	9.10	14. Intertape Polymer Group Inc.	2.87
2. Aritzia Inc.	6.57	15. Toromont Industries Ltd.	2.76
3. Equitable Group Inc.	6.50	16. Lundin Mining Corp.	2.66
4. Maple Leaf Foods Inc.	6.44	17. Wipak Ltd.	2.57
5. Colliers International Group Inc.	5.81	18. ATS Automation Tooling Systems Inc.	2.53
6. Real Matters Inc.	5.73	19. Major Drilling Group International Inc.	2.47
7. iA Financial Corp Inc.	4.55	20. Russel Metals Inc.	2.04
8. Superior Plus Corp.	4.03	21. GDI Integrated Facility Services Inc.	1.95
9. Quebecor Inc.	3.65	22. Canadian Western Bank	1.83
10. Linamar Corp.	3.61	23. Richelieu Hardware Ltd.	1.30
11. Badger Daylighting Ltd.	3.30	24. Uni-Select Inc.	1.28
12. AG Growth International Inc.	3.22	25. K-Bro Linen Inc.	1.24
13. FirstService Corp.	3.04		

Asset Mix





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