

Interim Management Report of Fund Performance

June 30, 2021

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.

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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

Over the six-month period ended June 30, 2021, Beutel Goodman Small Cap Fund (the "Fund"), Class B outperformed 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 Small Cap Index posted a total return of 19.78% over the period, with Energy gaining 81.16%, providing the strongest returns. Communication Services, Financials, Utilities, Real Estate, Industrials and Consumer Discretionary also posted double-digit returns while Information Technology posted 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 Industrials, Health Care and Consumer Discretionary.
 - Stock selection in the Industrials and Consumer Discretionary sectors contributed to the Fund's relative performance.
 - A combination of both stock selection and an underweight position in the Health Care sector, an area of relative weakness in the benchmark, contributed to the Fund's relative performance.
- Over the period, the largest individual contributors to Fund performance included Equitable Group Inc., Aritzia Inc., ATS Automation Tooling Systems Inc., IA Financial Corp. Inc. and Birchcliff Energy Ltd.

Key Detractors from Performance

- From a sector perspective, the Fund's holdings in the Energy, Communication Services and Real Estate sectors were the largest detractors from the Fund's relative performance over the period.
 - An underweight position in the Energy sector, an area 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.
 - A combination of both stock selection and an underweight position in the Real Estate sector, an area of relative strength in the benchmark, detracted from the Fund's relative performance.
- Over the period, the largest individual detractors from Fund performance included Alamos Gold Inc., Maple Leaf Foods Inc., Badger Infrastructure Solutions Ltd., Real Matters Inc. and Winpak Ltd.

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 Industrials, Energy and Financials sector weightings increased over the period because of relative performance and the team's buy/sell activities.
 - The Fund's Materials, Real Estate and Health Care 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 Brookfield Business Partners L.P., MDA Ltd., ABC Technologies Holdings Inc., Magnet Forensics Inc., VerticalScope Holdings Inc. and Altius Renewable Royalties Corp.
 - Some of the liquidations from the Fund included Richelieu Hardware Ltd. and CRH Medical Corp.
- At period-end, there were 38 holdings in the Fund, up from 33 at the beginning of the period.
- The Fund's level of cash and cash equivalents ended the period relatively unchanged from the beginning of the period.

Beutel Goodman Small Cap Fund

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.

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	1.95	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, 2021 and years ended December 31)

\$	June 2021	2020	2019	2018	2017	2016
Net assets, beginning of period	13.29	12.50	10.48	14.57	13.62	11.38
Increase (decrease) from operations						
Total revenue	0.12	0.20	0.23	0.22	0.20	0.17
Total expenses	(0.17)	(0.26)	(0.28)	(0.32)	(0.34)	(0.30)
Realized gains (losses) for the period	0.88	(0.42)	0.97	1.45	0.55	0.65
Unrealized gains (losses) for the period	1.87	0.76	1.63	(4.09)	0.51	1.60
Total increase (decrease) from operations⁽¹⁾	2.70	0.28	2.55	(2.74)	0.92	2.12
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	–	–	–	–	–
From capital gains	–	–	0.50	1.33	0.01	–
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	–	0.50	1.33	0.01	–
Net assets, end of period⁽³⁾	15.94	13.29	12.50	10.48	14.57	13.62

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⁾	3,579	3,359	4,335	5,306	6,717	5,354
Number of outstanding units (000's)⁽⁴⁾	224	253	347	506	461	393
Management expense ratio⁽⁵⁾	2.29%	2.29%	2.28%	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⁾	9%	12%	8%	12%	16%	23%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.07%	0.06%	0.06%	0.07%	0.12%
Net asset value per unit, end of period	15.94	13.29	12.50	10.48	14.57	13.62

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	28.00	26.19	21.88	30.19	28.03	23.22
Increase (decrease) from operations						
Total revenue	0.27	0.44	0.48	0.45	0.41	0.36
Total expenses	(0.24)	(0.36)	(0.38)	(0.43)	(0.45)	(0.40)
Realized gains (losses) for the period	1.81	(0.85)	2.10	3.05	1.17	1.29
Unrealized gains (losses) for the period	3.90	1.81	3.37	(8.43)	1.06	3.51
Total increase (decrease) from operations⁽¹⁾	5.74	1.04	5.57	(5.36)	2.19	4.76
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	0.07	0.11	–	0.03	–
From capital gains	–	–	1.04	2.77	0.01	–
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	0.07	1.15	2.77	0.04	–
Net assets, end of period⁽³⁾	33.73	28.00	26.19	21.88	30.19	28.03

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⁾	57,005	49,015	57,462	52,289	76,395	72,046
Number of outstanding units (000's)⁽⁴⁾	1,690	1,750	2,194	2,390	2,531	2,570
Management expense ratio⁽⁵⁾	1.50%	1.50%	1.50%	1.50%	1.50%	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⁾	9%	12%	8%	12%	16%	23%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.07%	0.06%	0.06%	0.07%	0.12%
Net asset value per unit, end of period	33.73	28.00	26.19	21.88	30.19	28.03

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, 2021 and years ended December 31)

\$	June 2021	2020	2019	2018	2017	2016
Net assets, beginning of period	28.52	26.70	22.31	30.75	28.61	23.67
Increase (decrease) from operations						
Total revenue	0.27	0.46	0.49	0.46	0.43	0.36
Total expenses	(0.20)	(0.31)	(0.33)	(0.36)	(0.38)	(0.35)
Realized gains (losses) for the period	1.82	(0.69)	2.16	3.08	1.18	1.55
Unrealized gains (losses) for the period	3.91	2.75	3.36	(8.45)	0.91	3.26
Total increase (decrease) from operations⁽¹⁾	5.80	2.21	5.68	(5.27)	2.14	4.82
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	0.19	0.18	0.05	0.18	0.05
From capital gains	–	–	1.07	2.83	0.01	–
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	0.19	1.25	2.88	0.19	0.05
Net assets, end of period⁽³⁾	34.39	28.52	26.70	22.31	30.75	28.61

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⁾	20,644	16,888	15,991	14,218	21,092	12,595
Number of outstanding units (000's)⁽⁴⁾	600	592	599	637	686	440
Management expense ratio⁽⁵⁾	1.23%	1.23%	1.22%	1.21%	1.19%	1.20%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	9%	12%	8%	12%	16%	23%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.07%	0.06%	0.06%	0.07%	0.12%
Net asset value per unit, end of period	34.39	28.52	26.70	22.31	30.75	28.61

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	29.95	27.99	23.40	32.43	30.12	24.87
Increase (decrease) from operations						
Total revenue	0.29	0.48	0.51	0.49	0.45	0.38
Total expenses	(0.02)	(0.03)	(0.03)	(0.04)	(0.05)	(0.06)
Realized gains (losses) for the period	1.94	(0.72)	2.27	3.29	1.26	1.39
Unrealized gains (losses) for the period	4.18	2.67	3.65	(9.16)	1.16	3.74
Total increase (decrease) from operations⁽¹⁾	6.39	2.40	6.40	(5.42)	2.82	5.45
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	–	–	–	–	–	–
From dividends	–	0.49	0.53	0.44	0.49	0.31
From capital gains	–	–	1.13	3.02	0.01	–
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	–	0.49	1.66	3.46	0.50	0.31
Net assets, end of period⁽³⁾	36.33	29.95	27.99	23.40	32.43	30.12

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⁾	516,295	455,872	460,395	441,367	584,215	558,265
Number of outstanding units (000's)⁽⁴⁾	14,212	15,221	16,448	18,860	18,017	18,536
Management expense ratio⁽⁵⁾	0.07%	0.07%	0.07%	0.07%	0.07%	0.11%
Management expense ratio before waivers or absorptions⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	0.11%	N/A
Portfolio turnover rate⁽⁷⁾	9%	12%	8%	12%	16%	23%
Trading expense ratio (%)⁽⁸⁾	0.04%	0.07%	0.06%	0.06%	0.07%	0.12%
Net asset value per unit, end of period	36.33	29.95	27.99	23.40	32.43	30.12

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.**

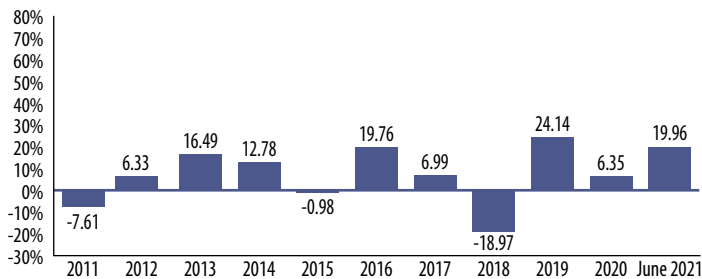
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Small Cap Fund

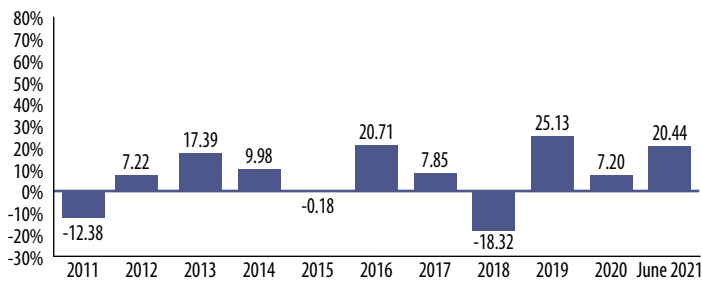
Year-by-Year Returns

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.

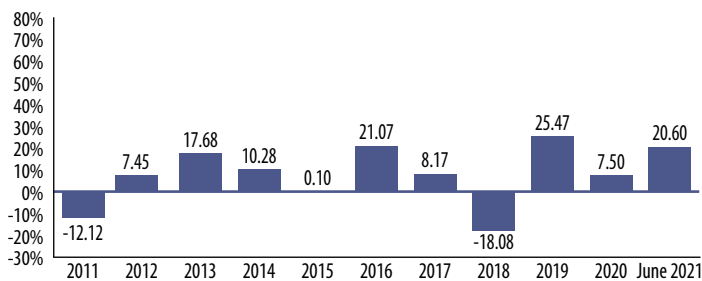
Class B



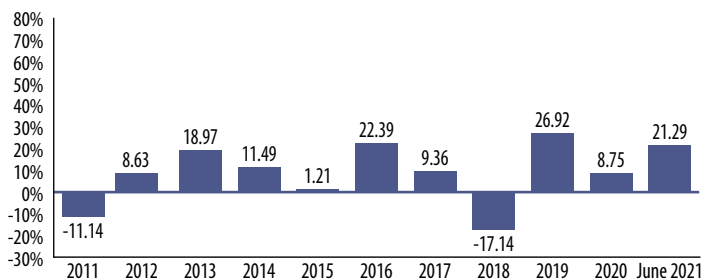
Class D



Class F



Class I



Beutel Goodman Small Cap Fund

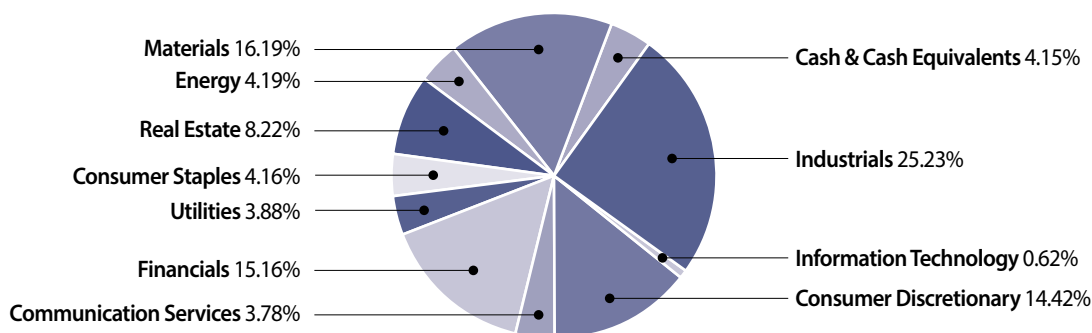
Summary of Investment Portfolio

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	Coupon Rate (%)	Maturity Date	% of Net Assets
1. Equitable Group Inc.	7.93	14. Quebecor Inc., Class B			2.88
2. Aritzia Inc.	6.29	15. Lundin Mining Corp.			2.67
3. iA Financial Corp Inc.	5.44	16. Government of Canada	0.109	2-Sep-21	2.53
4. Colliers International Group Inc.	5.08	17. FirstService Corp.			2.32
5. Linamar Corp.	5.01	18. MDA Ltd.			2.20
6. ATS Automation Tooling Systems Inc.	4.64	19. Toromont Industries Ltd.			2.17
7. Intertape Polymer Group Inc.	4.49	20. Badger Infrastructure Solution			2.09
8. Alamos Gold Inc.	4.24	21. Russel Metals Inc.			2.09
9. Brookfield Business Partners LP	4.00	22. GDI Integrated Facility Services Inc.			2.01
10. Maple Leaf Foods Inc.	3.78	23. Canadian Western Bank			1.76
11. Superior Plus Corp.	3.62	24. Birchcliff Energy Ltd.			1.56
12. Major Drilling Group International Inc.	3.20	25. Winpak Ltd.			1.56
13. AG Growth International Inc.	3.11				

Asset Mix





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