



Interim Management Report of Fund Performance

June 30, 2020

Beutel Goodman Long Term Bond Fund

Beutel Goodman Long Term Bond 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 Long Term Bond Fund

Management Discussion of Fund Performance

Investment Objectives and Strategies

This Fund seeks to earn income by investing primarily in long-term 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 with a credit rating of BBB or higher by a recognized rating agency. The average minimum quality of the fixed income portfolio will be A. The portfolio will have a weighted average term of between 9 and 25 years.

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. From its all-time peak on February 20 to the period's trough reached on March 23, the S&P/TSX Composite Index dropped 36.7% as investors sold equities indiscriminately. 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, markets appear focused on the positive.

For the January 1 to June 30, 2020 period, the FTSE Canada Long Term Bond Index increased by 11.64% on a total-return basis. Beutel Goodman Long Term Bond Fund performed in line with the benchmark. Unlike the index, the Fund's return is net of fees and expenses paid by the Fund. In the first quarter, we underperformed mainly as a result of our overweight in corporate bonds. The COVID-19 pandemic and coincident shutdown of the economy sent corporate spreads significantly wider during the first quarter. During the second quarter, we started to see relative value opportunities emerge in investment grade bonds and added to our weights. With the backdrop of central bank support, credit spreads tightened during the second quarter almost back to the levels before the pandemic and we outperformed the Index. We remain constructive on credit spreads going forward as central banks continue to support the corporate bond market and the economy recovers. We are focusing on higher quality names and increasing the roll return of the portfolio.

Performance was driven primarily by our overweight in the mid part of the curve and corporate security selection. Duration detracted slightly from performance, as the portfolio was short during the first half of the period as yields fell. This was offset somewhat by the positive contribution by a small long position that was held in April as yields fell on the back of central bank bond-buying programs.

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

Recent Developments

As countries continued with shelter-in-place orders and central banks and governments reacted with unprecedented monetary and fiscal stimulus, we believed the most likely outcome was a U-shaped recovery – with the caveat that individual sectors could experience faster or slower growth. This remains our base-case scenario.

There are three types of recessions: cyclical, structural and exogenous. The recession we are currently experiencing is exogenous. That is, it is primarily related to external factors (the pandemic and resultant global shutdown). Although this recession will likely be the deepest since the Great Depression, we also think it could be one of the shortest on record due to the way recessions are typically measured, which is from the trough. Despite continued uncertainty and the potential for further outbreaks to stall the global reopening process, at this point, given the extensive commitments to stimulus measures worldwide, we do not believe the Canadian economy is going to reach new bottoms. Rather, with a cautious, measured reopening underway, we expect the unemployment rate to rebound relatively quickly, although it will likely be several more years before we return to pre-pandemic levels. In addition, while we have seen a significant uptick in food inflation due to supply-chain issues related to COVID-19, we believe core inflation will remain muted for some time to come. Central banks are therefore likely to keep interest rates low until 2022. As a result, we believe the Canadian government bond yield curve will remain relatively flat over the next six months and then steepen as the recovery continues to unfold.

Beutel Goodman Long Term Bond Fund

We do harbour concerns about the possible lingering effects of the recession. First and foremost, governments around the world have increased deficits to levels unseen outside of wartime, and central banks have been adding significant amounts of monetary policy liquidity and asset purchase programs, which will increase their balance sheets. If this cumulative debt is not paid down to a significant extent before the next economic crisis (hopefully several years in the future), there will be less support for fiscal policy. Relatedly, governments have in many cases supported COVID-19 affected workers and businesses through temporary income-replacement strategies, loans and other initiatives. However, many of these may soon come to an end. Should individuals and businesses suffer the effects of resultant wholesale changes to consumer spending and de-globalization, it could materially impede growth and reduce corporate margins.

Liquidity is abundant; in fact, we've never seen so much injected so quickly before, and we believe it has helped shape the recovery to this point. However, valuations now appear stretched in certain areas of both equity and credit markets. As a result, while we remain optimistic that the worst is behind us, we believe the next few quarters will be a relatively bumpy ride for investors. Markets will likely remain volatile into year-end; therefore, caution is warranted.

Despite these uncertainties, we believe we are now entering another long expansion phase that will be generally positive for corporate balance sheets. Although headline risks remain, including a potential second wave of the virus, we generally prefer corporate bonds over provincial bonds. However, we do not currently expect to see significant further narrowing of credit spreads, so while we remain positive on credit over the long term, we believe it is time to be selective, and are focused on the names that we believe will be well-supported through the recovery, such as utilities, financials and telecommunication companies.

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	1.00	50	50
Class D	0.70	17	83
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 Long Term Bond 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	9.99	9.41	9.71	9.37	9.73	10.35
Increase (decrease) from operations						
Total revenue	0.15	0.32	0.33	0.35	0.37	0.39
Total expenses	(0.06)	(0.12)	(0.11)	(0.11)	(0.12)	(0.12)
Realized gains (losses) for the period	0.57	0.33	(0.05)	(0.12)	0.37	0.46
Unrealized gains (losses) for the period	0.36	(0.07)	(0.25)	0.36	(0.36)	(0.75)
Total increase (decrease) from operations⁽¹⁾	1.02	0.46	(0.08)	0.48	0.26	(0.02)
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.09	0.24	0.23	0.20	0.23	0.26
From dividends	–	–	–	–	–	–
From capital gains	0.06	0.25	–	–	0.33	0.39
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	0.15	0.49	0.23	0.20	0.56	0.65
Net assets, end of period⁽³⁾	10.95	9.99	9.41	9.71	9.37	9.73

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⁾	666	822	93	101	220	177
Number of outstanding units (000's)⁽⁴⁾	61	82	10	10	23	18
Management expense ratio⁽⁵⁾	1.18%	1.20%	1.21%	1.17%	1.20%	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⁾	153%	169%	158%	335%	140%	91%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	10.95	9.99	9.41	9.71	9.37	9.73

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	5.79	5.43	5.60	5.42	5.64	6.00
Increase (decrease) from operations						
Total revenue	0.09	0.19	0.19	0.20	0.21	0.22
Total expenses	(0.02)	(0.05)	(0.04)	(0.04)	(0.05)	(0.05)
Realized gains (losses) for the period	0.33	0.23	(0.03)	(0.07)	0.18	0.22
Unrealized gains (losses) for the period	0.24	0.24	(0.17)	0.25	(0.19)	(0.34)
Total increase (decrease) from operations⁽¹⁾	0.64	0.61	(0.05)	0.34	0.15	0.05
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.08	0.14	0.15	0.15	0.17	0.18
From dividends	–	–	–	–	–	–
From capital gains	0.04	0.15	–	–	0.19	0.22
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	0.12	0.29	0.15	0.15	0.36	0.40
Net assets, end of period⁽³⁾	6.34	5.79	5.43	5.60	5.42	5.64

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⁾	8,071	6,164	5,568	7,568	9,100	10,500
Number of outstanding units (000's)⁽⁴⁾	1,274	1,065	1,025	1,351	1,679	1,862
Management expense ratio⁽⁵⁾	0.78%	0.79%	0.78%	0.78%	0.78%	0.78%
Management expense ratio before waivers or absorptions⁽⁶⁾	0.90%	0.90%	0.89%	0.89%	N/A	N/A
Portfolio turnover rate⁽⁷⁾	153%	169%	158%	335%	140%	91%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	6.34	5.79	5.43	5.60	5.42	5.64

Beutel Goodman Long Term Bond 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	10.10	9.47	9.76	9.40	9.80	10.43
Increase (decrease) from operations						
Total revenue	0.16	0.33	0.34	0.34	0.36	0.39
Total expenses	(0.03)	(0.07)	(0.06)	(0.06)	(0.07)	(0.07)
Realized gains (losses) for the period	0.58	0.39	(0.05)	0.13	0.16	0.37
Unrealized gains (losses) for the period	0.44	0.64	(0.40)	0.11	(1.19)	(0.64)
Total increase (decrease) from operations⁽¹⁾	1.15	1.29	(0.17)	0.52	(0.74)	0.05
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.14	0.25	0.27	0.23	0.32	0.33
From dividends	–	–	–	–	–	–
From capital gains	0.06	0.26	–	–	0.33	0.39
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	0.20	0.51	0.27	0.23	0.65	0.72
Net assets, end of period⁽³⁾	11.06	10.10	9.47	9.76	9.40	9.80

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⁾	226	190	321	359	789	174
Number of outstanding units (000's)⁽⁴⁾	20	19	34	37	84	18
Management expense ratio⁽⁵⁾	0.66%	0.65%	0.65%	0.66%	0.66%	0.66%
Management expense ratio before waivers or absorptions⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate⁽⁷⁾	153%	169%	158%	335%	140%	91%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	11.06	10.10	9.47	9.76	9.40	9.80

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	5.88	5.52	5.69	5.51	5.74	6.10
Increase (decrease) from operations						
Total revenue	0.09	0.19	0.19	0.20	0.22	0.23
Total expenses	–	–	–	–	–	–
Realized gains (losses) for the period	0.33	0.23	(0.03)	(0.09)	0.18	0.24
Unrealized gains (losses) for the period	0.28	0.27	(0.15)	0.18	(0.20)	(0.36)
Total increase (decrease) from operations⁽¹⁾	0.70	0.69	0.01	0.29	0.20	0.11
Distributions to unitholders per unit:						
From net investment income (excluding dividends)	0.10	0.19	0.20	0.20	0.21	0.23
From dividends	–	–	–	–	–	–
From capital gains	0.04	0.15	–	–	0.19	0.23
From return of capital	–	–	–	–	–	–
Total period distributions⁽²⁾	0.14	0.34	0.20	0.20	0.40	0.46
Net assets, end of period⁽³⁾	6.44	5.88	5.52	5.69	5.51	5.74

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⁾	382,770	391,866	353,933	378,675	497,989	526,074
Number of outstanding units (000's)⁽⁴⁾	59,447	66,662	64,149	66,505	90,364	91,727
Management expense ratio⁽⁵⁾	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Management expense ratio before waivers or absorptions⁽⁶⁾	0.11%	0.11%	0.11%	0.11%	N/A	N/A
Portfolio turnover rate⁽⁷⁾	153%	169%	158%	335%	140%	91%
Trading expense ratio (%)⁽⁸⁾	–	–	–	–	–	–
Net asset value per unit, end of period	6.44	5.88	5.52	5.69	5.51	5.74

Beutel Goodman Long Term Bond 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.**

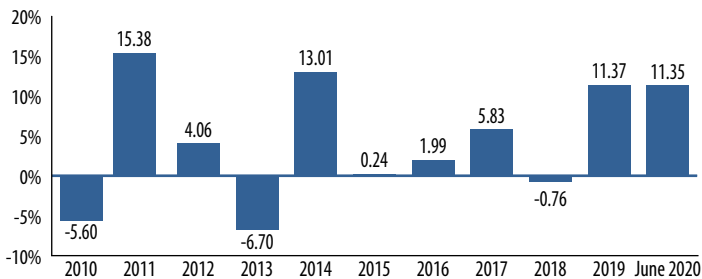
Please remember that the past performance of the Fund is not an accurate prediction of future returns.

Beutel Goodman Long Term Bond Fund

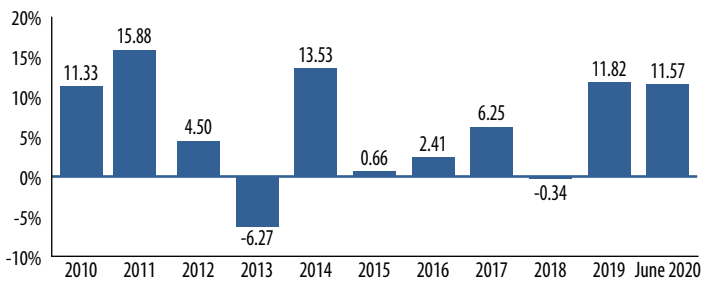
Year-by-Year Returns

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.

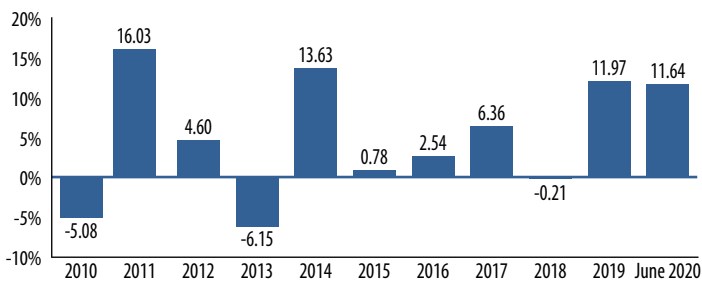
Class B



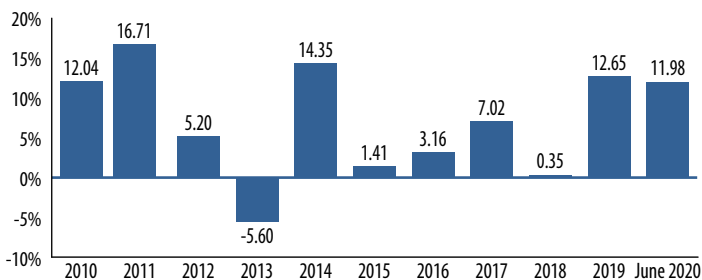
Class D



Class F



Class I



Beutel Goodman Long Term Bond Fund

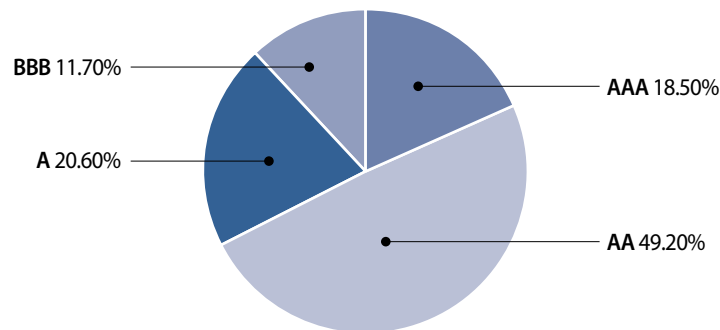
Summary of Investment Portfolio

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.

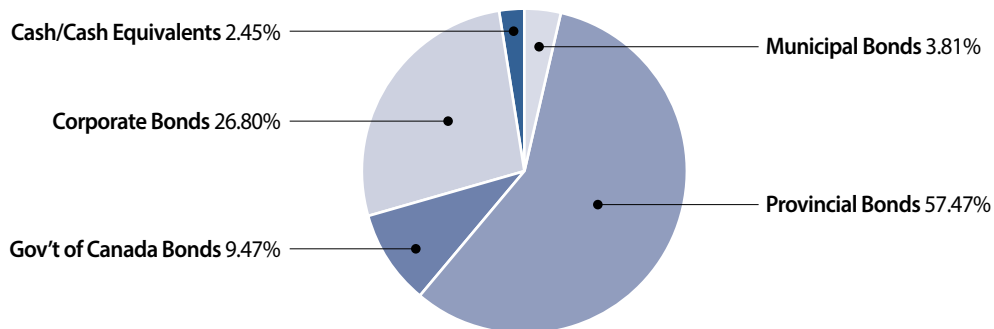
Summary of Top 25 Holdings

Issuer Name	Coupon Rate (%)	Maturity Rate	% of Net Assets	Issuer Name	Coupon Rate (%)	Maturity Rate	% of Net Assets
1. Province of Quebec	3.500	1-Dec-48	6.72	14. Government of Canada	1.715	27-Aug-20	2.23
2. Province of Ontario	2.650	2-Dec-50	5.70	15. Province of Saskatchewan	5.800	5-Sep-33	1.90
3. Province of Ontario	3.500	2-Jun-43	5.03	16. Union Gas Ltd.	6.900	15-Nov-32	1.79
4. Province of Ontario	4.650	2-Jun-41	4.86	17. Province of British Columbia	2.200	18-Jun-30	1.73
5. Province of Ontario	2.800	2-Jun-48	4.50	18. Province of Alberta	3.050	1-Dec-48	1.69
6. Province of Quebec	3.100	1-Dec-51	3.79	19. Province of Alberta	2.050	1-Jun-30	1.69
7. Province of British Columbia	2.950	18-Jun-50	3.68	20. Province of Alberta	3.900	1-Dec-33	1.65
8. Canadian Government Bond	2.000	1-Dec-51	3.54	21. City of Toronto	3.250	24-Jun-46	1.64
9. Province of Ontario	2.900	2-Dec-46	3.41	22. Transcanada Trust	4.650	18-May-77	1.52
10. Hydro Quebec Residual Strip	-	15-Feb-50	3.05	23. Province of Alberta	3.100	1-Jun-50	1.51
11. Canadian Government Bond	1.250	1-Jun-30	2.81	24. Bell Canada Inc.	6.170	26-Feb-37	1.45
12. Province of Quebec	5.000	1-Dec-41	2.70	25. Alberta Powerline LP	4.065	1-Mar-54	1.39
13. Canadian Government Bond	1.500	1-May-22	2.58				

Bond Quality



Asset Mix





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