

Form ADV Part 2A

Brochure

Item 1 - Cover Page

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This Form ADV Part 2A (the "Brochure") provides information about the qualifications and business practices of Beutel, Goodman & Company Ltd. ("Beutel Goodman"). If you have questions about the contents of this Brochure, please contact us by telephone at 1-416-485-1010 or by e-mail at marketing@beutelgoodman.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Beutel Goodman is also available on the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about all persons affiliated with Beutel Goodman who are registered, or are required to be registered, as investment adviser representatives of Beutel Goodman.

Although Beutel Goodman is registered as an investment adviser under the Investment Advisers Act of 1940, such registration does not imply that Beutel Goodman or our personnel have a certain level of skill or training.

Item 2 – Material Changes

On July 28, 2010, the SEC published Release No. IA-3060, "Amendments to Form ADV," which significantly changed the form and content of the Brochure that we must provide to our advisory clients. As a result, this Brochure is materially different from the disclosure document we were previously required to make available to our advisory clients. This Brochure has been drafted in accordance with the new format mandated by the SEC.

This Brochure was last updated on March 31, 2014. There have been no material changes made to the Brochure.

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Item 4 – Advisory Business

Beutel Goodman generally provides investment management and supervisory services on a discretionary basis. The firm has been in business since 1967. Beutel Goodman currently has 76 employees working in the firm's office at Suite 2000, 20 Eglinton Avenue West in Toronto. As of December 31, 2014, the firm had US \$36.21 billion in assets under management. Beutel Goodman serves as an investment adviser or sub-adviser to various clients, including, but not limited to, corporations and other business entities, trusts, estates, charities, employee benefit plans, endowments, foundations, pension and profit sharing plans, and individuals. Please see "Item 7 - Types of Clients" of this Brochure for more information with respect to the firm's clients.

Principal Ownership

Beutel Goodman's principal owners are the Beutel Goodman Voting Trust and Affiliated Managers Group, Inc. ("AMG").

Beutel Goodman Voting Trust is composed of a group of 71 current and former employees of Beutel Goodman and holds as a group a 51% interest in Beutel Goodman.

Affiliated Managers Group, Inc. (Prides Crossing, MA, U.S.A.), a publicly-traded asset management company (NYSE:AMG), through its indirect ownership interest in AMG Canada Corp. (Toronto, Ontario), and First Asset Capital Management III Inc. (Toronto, Ontario), Canadian-based financial services holding companies, holds a minority 49% position. AMG also holds equity interests in other investment management firms ("AMG Affiliates"). Further information on both AMG and AMG's Affiliates is provided in Item 10.

Advisory Services

Beutel Goodman is a discretionary investment manager specializing in portfolio management strategies for institutional investors. We also offer portfolio management for individuals and small businesses and sub-advise for certain Canadian mutual funds. In addition, the firm manages a family of public proprietary mutual funds. Beutel Goodman provides clients with access to the following strategies: American Equity, Global Equity, International Equity, Canadian Equity and Fixed Income. Please see Item 8 for a description of Beutel Goodman's strategies.

As an asset manager for institutional and individual clients, Beutel Goodman recognizes that all of our clients are unique and that, therefore, their investment needs may be different. As such, we may modify our primary investment strategies, as necessary, to meet the goals that our clients specify, in an effort to accommodate the particular investment objectives and accompanying restrictions requested by our clients. At the commencement of the client relationship, each of our clients executes an investment management agreement, which sets forth their investment objectives, investment strategy and any investment restrictions that will be applicable to our management of the assets in the client's account. Prior to the execution of the agreement, we review requested objectives and restrictions and work with the client as needed to refine these objectives and restrictions to both meet the client's needs and provide us with sufficient discretion to properly invest the client's assets.

Wrap Fee Programs

“Wrap arrangements,” “wrap fee programs,” and/or “wrap fee accounts” involve individually-managed accounts for individual or institutional clients. The wrap fee accounts are offered as part of a larger program by a “sponsor,” usually a brokerage, banking or investment advisory firm, and managed by one or more investment advisers. Beutel Goodman has agreements with various wrap fee program sponsors through which Beutel Goodman’s services are offered as an investment option within the wrap fee program and, accordingly, Beutel Goodman provides investment management services to those clients who select Beutel Goodman as part of the program. As described in Item 5, the sponsor typically pays a portion of its program fee to Beutel Goodman for its services.

Generally, Beutel Goodman’s management of wrap fee accounts and other accounts under the same investment strategy is consistent. Although we cannot necessarily offer the same level of portfolio customization to wrap fee accounts that is offered to other accounts within an investment strategy, we do offer our wrap fee clients the opportunity to customize their portfolios by imposing reasonable investment restrictions on their account.

In addition, when trading for our wrap fee program accounts, Beutel Goodman may trade with different broker/dealers than for our other accounts even when trading in the same security pursuant to the same strategy. When trading in our wrap fee accounts, and while Beutel Goodman continues to seek best execution when selecting brokers, trades for wrap fee program accounts are typically directed to the wrap fee program sponsor (or its designated broker/dealer), since brokerage commissions are included in the wrap fee. In such situations, Beutel Goodman may be required to trade a wrap fee program’s accounts separately from other accounts being managed within the same strategy. While directed brokerage is designed to benefit the wrap fee program account through lower trading costs, there may be some circumstances where directed trades do not receive the best price, or where dividing the trade into separate components may inhibit Beutel Goodman’s ability to obtain the same level of or as timely execution it may otherwise have been able to obtain if it had been able to execute the entire trade with one broker/dealer. Wrap program accounts also generally do not participate in new issues. Operational limitations with these types of accounts make trading away from the sponsor difficult. To the extent that Beutel Goodman trades away from the sponsor by placing trades with a different brokerage firm, the client will typically incur the costs associated with this trading, in addition to the wrap fees normally payable. Subject to these limitations, Beutel Goodman continues to employ methods, such as trade rotation and periodic brokerage review, in an effort to reduce the impact of these issues. Clients who enroll in these programs should satisfy themselves that the sponsor is able to provide best price and execution of transactions.

Assets Under Management

As noted above, as of December 31, 2014, Beutel Goodman’s client assets under management total (“AUM”) is US \$36.21 billion, all on a discretionary basis. Please see Beutel Goodman’s Form ADV Part 1A § Item 5.F for more information.

Item 5 – Fees and Compensation

Standard Fee Schedule

Beutel Goodman is compensated for its investment advisory services through payments of fees made by our clients. Beutel Goodman's standard fee schedule is included below. This standard fee schedule may be modified from time to time.

Institutional Portfolio Management

The annual fee for Institutional Portfolio Management services will be charged as a percentage of assets under management, according to the schedules below:

U.S. Large Cap Equities

First \$50 million	0.75%
Over \$50 million	0.40%

International/ EAFE Equities

First \$5 million	0.75%
Next \$20 million	0.60%
Over \$25 million	0.55%

Global Equities

First \$5 million	0.75%
Next \$20 million	0.60%
Over \$25 million	0.55%

Canadian Large Cap Equities

First \$5 million	0.60%
Next \$20 million	0.35%
Next \$25 million	0.25%
Over \$50 million	0.20%

Canadian Dividend Equity Strategy

First \$100 million	0.40%
Over \$100 million	0.35%

Canadian Small Cap Equities

First \$ 25 million	0.75%
Over \$100 million	0.50%

Beutel Goodman does not currently market fixed income mandates to institutional clients in the United States. Therefore, no fees for this asset class are provided.

Private Client Group

For Private Client Group clients, Beutel Goodman charges a portfolio management fee based on a percentage of assets under management. A fee of 1% per annum is charged on the first \$2 million of assets under management, 0.75% per annum on the next \$3 million and 0.50% per annum on the remainder, based on the market value of the investment portfolio on March 31, June 30, September 30 and December 31.

A minimum of \$2 million of assets under management is generally required for this service.

Private Pooled Investment Vehicles Sponsored by Beutel Goodman

Beutel Goodman sponsors various privately-offered pooled investment vehicles that are only offered to individuals in the United States, not institutions in the United States. These entities are neither registered under the Securities Act of 1933, nor registered under the Investment Company Act of 1940. Accordingly, interests in these funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell these funds is made by the descriptions in this Brochure, and as noted these funds are available only to investors that are properly qualified.

For Private Client Group pooled fund clients, the funds pay Beutel Goodman a management fee of 1% or, for the Private Bond, 0.625%, of the net asset value of the fund computed on the last day of each month. Beutel Goodman reserves the right to waive some or all fees for certain investors in the funds, including for investors who are affiliated with Beutel Goodman. Fees for such services are generally set forth in the offering memorandum or other relevant document.

Mutual Funds Sponsored by Beutel Goodman

Beutel Goodman currently advises several registered mutual funds sponsored by Beutel Goodman and known as the Beutel Goodman Managed Funds. The annual fees for mutual funds advised by Beutel Goodman are set forth in their public filings. Information concerning these funds, including a description of the services provided and advisory fees, is generally contained in each fund's prospectus, which can be found at www.beutelgoodman.com.

General Information on Fees

Notwithstanding this fee schedule, and subject to applicable laws and regulations, Beutel Goodman retains discretion over the fees that it charges to its clients, as well as any changes in its fee schedules. Fees may be negotiated in the firm's sole discretion in light of a client's special circumstances, such as asset levels, service requirements, or other factors. In some cases, Beutel Goodman may agree to offer clients a fee schedule that is lower than that of any other comparable clients in the same investment style. In addition, there may be historical fee schedules with longstanding clients that differ from those applicable to new client relationships. For comparable services, other investment advisers may charge higher or lower fees than those charged by Beutel Goodman. Advisory fees may be subject to a specified annual minimum; however, Beutel Goodman reserves the right to waive all or a portion of its management fee and negotiate minimum annual fees.

Fees for advisory services are generally billed separately either monthly or quarterly, in advance or in arrears, and are prorated to the date of termination if the client terminates his or her relationship with the firm. Beutel Goodman does not directly deduct its fees from client accounts. Upon account termination, any unearned fees paid in advance will be refunded promptly. Fees are also prorated at the inception of the investment advisory agreement to cover only the period of time the account assets were under management.

The fees charged to clients generally are computed as a percentage of the value of the assets under management. To calculate advisory fees, Beutel Goodman generally relies on prices provided by third-party pricing services, custodians, and/or broker/dealers or platform sponsors for purposes of valuing portfolio securities held in client accounts. Beutel Goodman may, on occasion, be required to "fair value price" a security when a market price for that security is not readily available or when Beutel Goodman has reason to believe that the market price is unreliable. When "fair value pricing" a security, Beutel Goodman will use various sources of information at its disposal to determine a fair price that the security would obtain in the marketplace if, in fact, a market for the security existed. For any fair value securities, Beutel Goodman maintains policies and procedures relating to the pricing process, in an effort to mitigate any conflicts of interest with respect to valuation.

Fees for Specialized Accounts and Advisory Services

Sub-advisory Arrangements

Beutel Goodman has been engaged by certain investment advisers (including advisers to registered investment companies) to manage certain accounts of such advisers. In its capacity as "sub-advisor" to such accounts, Beutel Goodman's fees and services are determined by contract with the adviser. The funds (or part of the funds) currently sub-advised by Beutel Goodman for funds that are qualified by prospectus and are therefore public mutual funds include:

Educators Bond Fund - Universe Bond
Educators Balanced Fund - Balanced
IG Beutel Goodman Balanced Fund - North American Diversified
IG Beutel Goodman Canadian Equity Fund - Canadian Large Cap and US Equities
IG Beutel Goodman Canadian Small Cap Fund - Canadian Small Cap
IG Beutel Goodman Canadian Equity Class - Canadian Large Cap and US Equities
NEI Ethical Global Dividend Fund - Global Dividend
NEI Income Fund - Corp/Prov Bond
NEI Northwest Canadian Dividend Fund - Canadian Dividend
NEI Northwest Global Equity Fund - Global Equity
Russell Canadian Fixed Income Fund - Government Universe Bond
Scotia Private Income Pool & Universe Bond
SEI Canadian Small Company Equity Fund - Canadian Small Cap
SEI Long Duration Bond Fund - Government Long Bond
SEI Canadian Fixed Income Fund - Universe Bond
Sovereign Canadian Fixed Income Pool - Government Universe Bond
Standard Life Canadian Equity Value Fund - Canadian Equity

Standard Life U.S. Equity Value Fund - US Equity
Standard Life Global Equity Value Fund - Global Equity
Sun Life Beutel Goodman Canadian Bond Fund - Universe Bond

Information concerning these sub-advised public funds, including a description of the services provided and advisory fees, is generally contained in each fund's prospectus, which can be found at:

<http://educatorsfinancialgroup.ca/>
<https://www.ethicalfunds.com/>
<http://www.investorgroup.com/>
<http://www.neiinvestments.com/>
<http://www.russell.com/ca/>
<http://www.seic.com/enCA/about/1176.htm>
<http://www.scotiabank.com/ca/en/0,,3515,00.html>
<http://www.standardlife.ca/slmf/en/>
<http://sunlifeglobalinvestments.com/>

Other fees payable as an investor in a sub-advised fund or other account are described below, and also in the sub-advised fund's prospectus or client investment management agreement.

Beutel Goodman also sub-advises for certain other funds that are not public mutual funds as well as for certain fund of fund programs.

Wrap Fee Programs

For additional information with respect to wrap fee programs and how Beutel Goodman's fees are calculated in accordance with such programs, please see the sub-section entitled "Wrap Fee Programs" under "Item 4 - Advisory Business" of this Brochure.

With regard to wrap fee program accounts, the all-inclusive fee may exceed the aggregate cost of the services provided if such services were negotiated and purchased separately, depending on:

- the level of the all-inclusive fee;
- the amount of trading activity in a client's account;
- the cost of brokerage commissions (which costs are typically negotiated between the client and the broker/dealer, rather than by Beutel Goodman with transactions being effected either by the broker/dealer or a third party);
- the value of any other services rendered to the client; and
- other miscellaneous factors.

Clients in these programs generally pay the wrap program sponsor a single fee (called a "wrap fee") for consulting, brokerage, custodial, portfolio monitoring, and investment management services, typically up to 3% of the assets under management. The fees paid by clients for investing in a wrap fee account are set by the sponsor, and are generally disclosed in the sponsor's contract established with each client. The sponsoring firm then pays Beutel Goodman

a portion of this wrap fee, which generally ranges from: 0.12% to 0.50% of the assets under management with Beutel Goodman.

For detailed information on the wrap fees charged by each wrap fee program sponsor, please refer to the specific sponsor's Form ADV Part 2A, Appendix 1.

Other Programs

From time to time, Beutel Goodman manages investment advisory accounts not involving discretionary management services, such as multi-manager, multi-discipline investment products and diversified manager allocation products, which include the provision of a model portfolio. In these instances, another manager is the discretionary investment manager, has investment discretion over the accounts, and is responsible for monitoring the individual needs of the client. Beutel Goodman amends and updates the model portfolios from time to time and provides updated information to the sponsor.

In such programs, the client typically pays the sponsor an all-inclusive fee, a portion of which is paid to Beutel Goodman as compensation for the investment advisory services that it renders to the sponsor. The investment management fee paid to Beutel Goodman for the accounts under management with Beutel Goodman in these non-discretionary (model-based) programs generally range from 0.20% to 0.50% for equity mandates.

For detailed information on the fees charged by each sponsor, please refer to the sponsor's fee brochure or client investment management agreement.

Additional Fees and Expenses Payable by Clients

Beutel Goodman's fees are exclusive of brokerage commissions, transaction fees, service provider fees, and other related costs and expenses which will be incurred by the client. Execution of client transactions typically requires payment of brokerage commissions by clients. Item 12 of Brokerage Practices further describes the factors that Beutel Goodman considers in selecting or recommending broker/dealers for the execution of transactions and determining the reasonableness of their compensation (e.g., commissions). Investment activity may also involve other transaction fees payable by clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, clients may incur certain charges imposed by custodians, broker/dealers, third-party investment consultants, and other third parties, such as custodial fees, consulting fees, administrative fees, and transfer agency fees.

Fees for the Sale of Securities

Neither Beutel Goodman nor its employees receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for your account. Beutel Goodman is compensated through the stated management fee agreed upon in the investment advisory agreement. Accordingly, Beutel Goodman believes that it does not have any conflicts of interest regarding the receipt of additional compensation relating to the client assets that we manage, except as specifically disclosed from time to time.

Item 6 – Performance-Based Fees and Side-by-Side Management

Beutel Goodman does not charge fees based on performance or the net profits of the assets being managed.

Side-by-Side Management

Our investment professionals simultaneously manage multiple types of portfolios (including separate accounts and mutual funds, according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products are higher than others. Nevertheless, when managing the assets of such accounts, Beutel Goodman has an affirmative duty to treat all such accounts fairly and equitably over time.

Although Beutel Goodman has a duty to treat all portfolios within an investment strategy fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. Specifically, there is no requirement that Beutel Goodman use the same investment practices consistently across all portfolios. In general, investment decisions for each client account will be made independently from those of other client accounts, and will be made with specific reference to the individual needs and objectives of each client account. In fact, different client guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for portfolios within a similar investment strategy. In addition, Beutel Goodman will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios, particularly if different portfolios have materially different amounts of capital under management by Beutel Goodman or different amounts of investable cash available. As a result, although Beutel Goodman manages numerous portfolios with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, may differ from portfolio to portfolio.

Since side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, Beutel Goodman has procedures designed and implemented in furtherance of its efforts to treat all portfolios fairly and equally over time. Despite side-by-side management, Beutel Goodman has procedures to assure fairness in the allocation of investment opportunities among clients, including pro rata allocation for block trades and limited distribution investments such as initial public offerings. Beutel Goodman does not receive performance fees and internal audit conducts random testing to ensure fair allocation among clients. By utilizing these procedures, Beutel Goodman believes that portfolios that are subject to side-by-side management alongside other products are receiving fair and equitable treatment over time.

Item 7 – Types of Clients

Types of Clients

Beutel Goodman provides portfolio management services to corporations and business entities, corporate pension and profit-sharing plans, public pension plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, high net worth individuals and other U.S. and international public, quasi-public, and private institutions. Beutel Goodman also is a sub-advisor to certain investment companies registered and domiciled in Canada and is a sub-advisor to several wrap-fee programs.

Conditions for Managing Accounts

As a general rule, Beutel Goodman requires a minimum account size of \$15 million for institutional portfolio management clients and \$2 million for Private Client Group investors and \$250,000 for pooled fund clients. However, the minimum account size is negotiable and may be waived or modified at Beutel Goodman's discretion. In those circumstances where Beutel Goodman serves as an adviser within a wrap fee program or is an adviser or sub-adviser to other funds or accounts, the account minimums are generally determined by Beutel Goodman's agreement with the relevant wrap fee program sponsor, fund, or account. Beutel Goodman requires each client to execute an investment management agreement that details the nature of the discretionary investment advisory authority given to Beutel Goodman.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Strategy Overview and Related Risks

Beutel Goodman is a discretionary asset management firm specializing in long-term investments. As further described below, each of our investment strategies is managed by a portfolio manager or group of portfolio managers in a manner consistent with our approach to investing.

Beutel Goodman specializes in applying a value approach to the management of equities and a core style to fixed income. Cash flow analysis forms the foundation for both equity and fixed income analysis and valuation. For fixed income, strong free cash flows facilitate debt repayment and safety of principal. For equity, strong free cash flows provide the financial flexibility to support organic growth and profitability, make strategic acquisitions, buy back shares and pay dividends.

Beutel Goodman has been a dedicated and disciplined adherent to the Value style since 1967. The preservation of capital is a central tenet of a value investment philosophy, which espouses that risk is absolute and the avoidance of a permanent loss of capital is paramount.

As bottom-up value investors we invest in companies at discounts to their business value. We work from a foundation that stocks purchased at a discount to business value provide a margin of safety. This combined with a focus on quality companies with stable, growing businesses with strong balance sheets should avoid the possibility of capital loss. Investments are made only when there is a sufficient discount to business value to mitigate the loss of capital in the event of adverse circumstances. Business value is defined simply as the present value of sustainable free cash flow. This discipline is consistent across all of our equity mandates.

We believe Business Value is best determined by conducting our own fundamental internal research on portfolio candidates. Our observation is that on a cumulative basis the client is well served by a manager who can protect them from capital loss. We are not closet indexers, a zero weight in an expensive sector(s) is permissible, however in the interest of diversification, we have limitations on the weights of both individual stocks and sectors. An important part of BG's philosophy is to concentrate portfolios in a relatively small number of holdings.

The Beutel Goodman Fixed Income process is one of maintaining a portfolio of moderate risk in order to add consistent value to the DEX Bond Index. Extensive modeling using proprietary software is employed for scenario analysis, coupled with an in-depth analysis of all factors affecting the fixed income markets. This results in the development of a portfolio solution, which expresses the outlook that our fixed income team deems most probable. Fixed income research is conducted internally - although DBRS & other rating agencies' research are used for reference purposes, we do not invest based on the credit conclusion of any rating agency. Credit ratings are just one of the available tools employed in credit analysis. We also utilize internally generated company financial models (i.e. the portfolio return simulator), management meetings, and industry analysis. We have a dedicated credit analyst on the fixed income team who is responsible for independent credit assessments. All of our credits are reviewed regularly, written up on an annual basis and evaluated based on our credit criteria of liquidity, transparency, cyclicity and barriers to entry.

In evaluating securities, the main sources of information used by Beutel Goodman include, but are not limited to, quantitative data provided by third-party vendors, research materials prepared by third parties, corporate rating services relating to historical prices of securities, dividends, and earnings, annual reports, prospectuses, filings with the SEC, and company press releases. Beutel Goodman may also utilize quantitative analysis (including asset allocation indicators). Beutel Goodman may subscribe to other services (e.g., charting and timing), but does not rely on such services as a principal source of information.

The investment strategies utilized by Beutel Goodman carry different levels of risk. In each strategy, all securities include a risk of loss of principal and any profits that have not been realized. The stock markets, bond markets, and derivatives markets fluctuate substantially over time and, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets the firm manages on your behalf, and such a loss may be out of our control. We cannot guarantee any level of performance and cannot guarantee that you will not experience a loss of your account assets.

Each of Beutel Goodman's strategies has the potential for the client's assets to decline in value based on market conditions. Some of the specific risks to which client assets may be susceptible are as follows:

Valuation Risk

Inaccurate valuations result in incorrect net asset values, potentially causing unfair treatment as between investors and disadvantages for investors who buy at inflated prices or redeem at deflated prices. Beutel Goodman has a portfolio valuation policy which outlines valuation procedures and controls.

Investment Risks

Beutel Goodman has the following investment risks when developing its investment strategy for client portfolios.

Failure to Meet Client's Objectives/Restrictions

Failure to achieve the value added objectives of a client as contained in the client's statement of investment policies and guidelines (or equivalent) during the measurement period may result in loss of the account and the investment management fee revenue associated with the mandate. Beutel Goodman's portfolio managers are responsible for controlling this risk by communicating frequently with clients and/or their consultants to discuss the client's portfolio performance and the client's investment guidelines. The firm's philosophy of focusing on investing in high quality, free cash-flow generating companies also helps control this risk.

Portfolio Losses in Unauthorized Investments

The risks of investments being made in unauthorized investments, resulting in portfolio losses to the client, is managed through a system of controls that include the use of a red flag process in a computerized trading process which prevents a trade that is not permitted and the provision to the client of a detailed quarterly compliance report that minimizes the possibility of a trading error going undiscovered for an extended period of time. The portfolio manager assigned to an

account is responsible for ensuring that investment decisions are consistent with the statement of investment policies and guidelines (or equivalent).

Market Risk

Market risk is the financial risk resulting from changes in the market price of the equity investments. The equity investments will be affected by the stock markets on which those equities are traded and by general economic conditions. A stock's value will also be affected by specific company developments. For equity investments, Beutel Goodman focuses on absolute risk (avoiding capital loss) and a highly disciplined buy/sell process.

When deciding on equity investments, Beutel Goodman's portfolio managers responsible for equity investments control market risk exposure by:

- Conducting research on the proposed equity investments and holding peer reviews of that research
- Adhering to a strict buy/sell discipline outlined below
- Taking into account the following company factors when deciding to buy or sell equity investments in that company: free cash flow, discount to business value, management, dividends, debt service requirements on the balance sheet, price/earnings and other ratios
- Monitoring certain fundamental changes in the company in whose stock Beutel Goodman has invested, such as: changes in senior management or corporate strategy, major acquisition or sale, material increases in financial leverage and business value becoming indeterminate.

Buy/sell discipline - Each holding in the portfolio is assigned a price at which Beutel Goodman will buy and a price at which Beutel Goodman will sell. When a holding achieves its target sell price, the position is reduced immediately by 1/3 and will be sold outright unless further research examination can demonstrate that a higher price target is warranted. If the business value has increased, the balance of the position is maintained. If it is the same, the entire position is sold.

Credit Risk

Credit risk is the risk that the government or company issuing a fixed income security will not be able to pay the interest as required or pay back the original principal. In managing fixed income funds and mandates, Beutel Goodman's process is active, seeking to create a portfolio of moderate risk in order to add consistent value to the relevant bond index. Credit risk is controlled by:

- Extensive credit analysis and peer review
- The maintenance of an Approved List for all fixed income securities that may be purchased for the portfolios
- A disciplined credit criteria for inclusion on the Approved List that evaluates credits on the following basis: (1) Liquidity; (2) Transparency; (3) Cyclical; and (4) Barriers to Entry.

The primary purpose of this approach is to avoid a fixed income default.

Liquidity Risk

Liquidity risk is the inability to meet a need for cash. This risk is mitigated by a focus on companies with a market capitalization of at least \$100 million to less than \$1.5 billion at purchase for small cap and, for all other portfolios or mandates, in companies with at least \$1.5 billion of market capitalization at purchase.

Liquidity risk is further controlled by restricting fixed income investments to, for the most part, bonds that are included in the DEX Universe (minimum issue size \$100 million and minimum 10 buyers of the new issue).

Concentration Risk

Concentration risk is the risk of inadequate diversification, both on a fund or individual portfolio basis. This applies to industry, sector or geographic areas. Portfolio managers are responsible for managing this risk exposure by:

- Having a minimum number of investments in a segregated portfolio or fund
- Including in the client's statement of investment policies and guidelines the maximum and minimum number of stocks/fixed income instruments, as applicable
- Including in the client's statement of investment policies and guidelines the maximum concentration allowed per fixed income issuer, as applicable.

Duration Risk

Duration risk is a measure of interest rate risk. Limiting the duration exposure to a maximum of 1.5 years is the method used to control this risk. The firm's significant investment strategies typically result in our investing client assets primarily in equity securities (exchange-listed, traded over the counter, domestic, foreign), warrants, corporate and government debt securities (including commercial paper), and mutual fund securities.

Investments in securities and other financial instruments and products are subject to many types of risk that can cause the permanent loss of capital as a result of adverse market conditions.

Foreign Securities Investment Risk

Investing in foreign securities is subject to the following risks:

- It may be affected by changes in currency exchange rates (see "Foreign Currency Risk" below).
- Some foreign stock markets have less trading volume, which make it more difficult to sell an investment or may make prices of securities more volatile.
- There is often less information available about foreign companies and many countries do not have the same accounting, auditing and reporting standards that we have in Canada.
- A country may have foreign investment or exchange laws that make it difficult to sell an investment or it may impose withholding or other taxes that could reduce the return on the investment.

- Political or social instability or diplomatic developments could affect the value of the investment.
- A country may have a weak economy due to factors like high inflation, weak currency, government debt or a narrow industrial base.

Beutel Goodman's investment process adheres to an extensive due diligence process concerning corporate disclosure and transparent business practices for all potential investments. Also, the investment process covers a review of the risks associated with all business environments with respect to legal, political, social, and economic situations related to potential investments.

Foreign Currency Risk

Foreign currency risk is the risk that the value of the Canadian dollar will increase as measured against a foreign currency. For example, a security traded in U.S. dollars will fall in value, in Canadian dollar terms, if the U.S. dollar declines in value relative to the Canadian dollar, even though there is no change to the U.S. dollar value of the security. Conversely, if the Canadian dollar falls in value relative to the U.S. dollar, there is a corresponding gain in the value of the security attributable solely to the change in the exchange rate.

Beutel Goodman does not actively participate in any hedging activities to mitigate foreign currency risk associated with individual mutual funds.

Item 9 – Disciplinary Information

There are no applicable legal or disciplinary events relating to Beutel Goodman.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliations

Affiliated Managers Group, Inc. (AMG), a publicly traded asset management company (NYSE:AMG) with equity investments in boutique investment management firms, holds an equity interest in Beutel Goodman. AMG also holds equity interests in certain other investment advisers (AMG Affiliates). Each of the AMG Affiliates, including Beutel Goodman, is operated autonomously and independently, from each other and from AMG. Beutel Goodman carries out its asset management activity, including the exercise of investment discretion and voting rights independent of AMG and the AMG Affiliates, and except as described in this Brochure, Beutel Goodman does not have any business dealings with these AMG Affiliates and does not conduct any joint operations with them. Moreover, the AMG Affiliates do not formulate advice for Beutel Goodman's clients. As such, AMG's ownership interest in Beutel Goodman does not, in Beutel Goodman's view, present any potential conflict of interest for Beutel Goodman with respect to our clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at www.amg.com.

Certain of the AMG Affiliates are also registered with securities regulators in the provinces and/or territories of Canada, or may operate in those jurisdictions under an exemption from registration.

Representatives of AMG and other AMG Affiliates may from time to time act as directors of Beutel Goodman and may also be directors of other AMG Affiliates. All AMG Affiliates have adopted policies and procedures that minimize the potential for conflicts of interest resulting from the relationships of the directors and the AMG Affiliates, and all directors are required to observe such policies in carrying out their duties.

Beutel Goodman is party to client service/marketing agreements with subsidiaries of AMG under which the AMG subsidiaries market Beutel Goodman's investment services to clients and provide client services to the Beutel Goodman's clients in various foreign jurisdictions. Beutel Goodman pays the AMG subsidiaries a fee for these services.

Other Financial Activities

Neither Beutel Goodman nor any of its management persons are registered, or have an application pending to register, as a broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing types of entities.

Subadvisory Marketing Support and/or Defined Contribution Marketing Agreement

Beutel Goodman has a marketing agreement with Managers Investment Group LLC, an AMG Affiliate, under which Managers markets Beutel Goodman's investment management services to unaffiliated third party intermediaries that sponsor subadvised mutual funds and/or other platforms, such as defined contribution retirement plan platforms. Beutel Goodman pays Managers a fee for these services.

Global Distribution

Beutel Goodman is party to a client service/marketing agreement with one or more subsidiaries of AMG under which the AMG subsidiaries introduce Beutel Goodman's investment management services to prospective institutional clients and/or provide institutional client services to certain of the Beutel Goodman's clients in various foreign jurisdictions. Beutel Goodman pays the AMG subsidiaries a fee for these services. The AMG subsidiaries are not broker-dealers, investment advisers, or any of the other financial institutions described in Item 7.A. of Form ADV Part 1A. Depending on the foreign jurisdiction, the AMG subsidiaries may be registered or exempt from registration, as appropriate, with the relevant foreign financial regulatory authorities.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Beutel Goodman has established a variety of restrictions, procedures and disclosures designed to address conflicts of interest arising between and among client accounts as well as between client accounts and Beutel Goodman and its personnel. All Beutel Goodman personnel must act in accordance with the fiduciary standard.

Code of Ethics

Beutel Goodman has a fiduciary duty to its clients, and accordingly has adopted a Code of Ethics (the "Code") in its Corporate Oversight Policy (the "Policy") that applies to all employees. The Code and the Policy describe the standard of conduct Beutel Goodman requires of its employees and set forth restrictions on certain activities, including personal trading in accounts owned, managed or beneficially owned by the employee. The provisions of the Code and Policy also include requirements relating to areas such as donations, gifts and business entertainment, confidentiality of information, insider trading, external communications, computer security and use, conflicts of interest and client complaints. By setting forth the regulatory and ethical standards to which Beutel Goodman's employees must adhere, the Code and Policy support our efforts to promote a high level of professional ethical conduct in furtherance of our fiduciary duty to our clients. All employees, initially upon joining Beutel Goodman and annually thereafter, must sign a certificate agreeing to comply with the Code and Policy.

Personal Trading

Among other things, the Code and Beutel Goodman's Personal Trading Policy limit and monitor the personal trading activity of our employees, including members of our employees' households. These limitations seek to further Beutel Goodman's efforts to prevent employees from personally benefiting from Beutel Goodman's investment decisions for its clients and/or any short-term market effects of Beutel Goodman's recommendations to clients. Specifically, the Personal Trading Policy requires employees and certain members of their households to "pre-clear" their personal securities transactions with our firm's trading desks prior to execution, with some limited exceptions. The Personal Trading Policy also prohibits such persons from trading in securities during specific periods of time when they are on a list of those being considered for purchase or sale by the firm for our clients' accounts (i.e., "blackout periods"). Limitations also exist for such persons on the participation in initial public offerings and private placements. All employees must provide Beutel Goodman with a listing of their securities holdings, as well as duplicate copies of statements and trade confirmations with respect to their brokerage accounts. These restrictions and requirements of the Personal Trading Policy apply to all accounts over which employees have investment discretion, or in which they have a direct or indirect beneficial ownership interest. All employees, initially upon joining Beutel Goodman and annually thereafter, must sign a certificate agreeing to comply with the Personal Trading Policy.

Participation or Interest in Client Transactions

Certain principals of Beutel Goodman and certain employees may invest their own or the firm's assets in accounts managed by Beutel Goodman. These accounts may hold, purchase, or sell the same securities in which clients have interests. We may have an incentive to favor accounts in

which our employees invest with respect to trading opportunities, trade allocation and allocation of investment opportunities. As such, Beutel Goodman requires that any orders for employee-owned or firm-owned (i.e., proprietary) accounts that are managed by Beutel Goodman must be executed after all client orders have been executed for that security in the same strategy for the same set of transactions; or in the customary trade rotation for a particular order or set of orders. Beutel Goodman does not buy or sell, for Beutel Goodman's accounts, securities that Beutel Goodman has recommended to our clients. Beutel Goodman also does not engage in principal trades with our clients.

In addition, due to the nature of our clientele, Beutel Goodman may, from time to time, trade in securities issued by our clients. In all such instances, Beutel Goodman will do so in what it believes to be the best interest of its clients who are trading in such securities. Beutel Goodman will not, under any circumstances, consider a security issuer's status as a client of the firm when determining to trade in that issuer's security on behalf of other client accounts.

Beutel Goodman has a material financial interest in two proprietary money market funds used to park clients' cash, neither of which are offered in the United States.

Insider Trading/Material Non-Public Information

All employees of Beutel Goodman are subject to the Affiliated Managers Group, Inc. Insider Trading Policy and Procedures (the "AMG Insider Trading Policy"). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG's stock. In addition, Beutel Goodman's Policy also includes policies and procedures prohibiting the use of material non-public information that are designed to prevent insider trading by an officer or employee of Beutel Goodman.

In accordance with these policies, to prevent trading of public securities based on material, non-public information, Beutel Goodman's Compliance Department may maintain a "restricted list" that identifies any securities that cannot be purchased for employee, client, or firm-owned accounts because material, non-public information may have been received by an employee of the firm. Compliance immediately informs Trading and portfolio managers of the securities listed on the restricted list. Trading will not execute any trades in these securities during the period they are listed on the restricted list.

Gifts and Business Entertainment

Beutel Goodman's Code and Policy include policies and procedures regarding giving or receiving gifts, contributions and business entertainment between the firm's employees and certain third parties (e.g., vendors, broker/dealers, consultants, etc.) to help mitigate the potential for conflicts of interest surrounding these practices. In general, Beutel Goodman limits the amount (i.e., value and frequency) of gifts, contributions and business entertainment that may be provided by employees to these parties, and requires the pre-approval of certain items by our Management Committee. Beutel Goodman specifically monitors for any potential conflicts of interest with respect to individual instances of gifts, contributions or entertainment, as well as patterns of the same over time, to prevent the interests of Beutel Goodman and its employees from being placed ahead of the interests of our clients.

Charitable Contributions

From time to time, Beutel Goodman may donate to charitable enterprises that are clients, are supported by clients, and/or are supported by an individual employed by one of our clients. In general, those donations are made in response to requests from clients and/or their personnel. Beutel Goodman's Management Committee approves charitable contributions to be made by the firm. The Management Committee may take into consideration the importance of the client relationship as one factor in determining whether to approve a charitable contribution.

Privacy and Confidentiality of Client Information

Beutel Goodman has adopted a privacy policy in accordance with the Personal Information Protection and Electronic Documents Act (Canada) with respect to personal information of its clients. This policy states that Beutel Goodman will only disclose this information to third parties or its affiliates in limited specific circumstances on a strictly confidential basis.

In the course of doing business with you, we collect nonpublic personal information about you from the following sources:

Information we receive from you on applications or other forms, such as your social security number, income, net worth, other personal financial information, family relatives, occupation and birth date;

Information about your transactions with us, our affiliates, or others, such as payment history, account balance, assets and past transactions; and information we collect from you through your account inquiries by mail, e-mail or telephone.

We do not disclose any nonpublic personal information about our customers or former customers to any non-affiliated third parties, unless you have authorized us to do so or except as permitted by law. These permitted disclosures include information to our service providers, such as transfer agents, custodians, clearing firms, and investment companies. Further, we require these service providers not to disclose your information or reuse it in any way. In addition, we may share information with your advisor or anyone else that you designate, but only if you have given us permission to do so.

Disclosure of Information to Affiliates

We may share information about our experiences or transactions with you or your accounts with our affiliates. The shared information includes but is not limited to:

- Financial modeling data (e.g. name, account number, assets under management of specified date),
- Names, addresses, and taxpayer identification number,
- Fees received; and
- Performance returns.

The primary purpose for such sharing of information is:

- Internal accounting, record keeping and auditing,
- Performance monitoring, and
- Financial modeling.

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to ensure the integrity and confidentiality of your non-public personal information.

Distribution of Code and Compliance Policies and Procedures

We are firmly committed to making our employees and clients (both current and prospective) aware of the requirements within our Code and Compliance Policies and Procedures. All of our employees are provided with a copy of our Code and Compliance Policies and Procedures. At the time of hire and annually thereafter, each employee must affirm that they have read the Policy (including the Code and AMG Insider Trading Policy) and Personal Trading Policy and that they agree to comply with their provisions. Additionally, we conduct periodic compliance training that addresses the requirements of the Code and the other policies described in this Item. A copy of Beutel Goodman's Code is also available to clients or prospective clients upon request, and may be obtained by contacting Beutel, Goodman & Company Ltd., Compliance, at 416-485-1010.

Item 12 – Brokerage Practices

Beutel Goodman is retained on a discretionary basis and is authorized to determine and direct execution of portfolio transactions within the client's specified investment objectives. Some clients limit Beutel Goodman's authority in terms of the selection of broker-dealers in favor of their own brokerage arrangements. Beutel Goodman has a fiduciary duty to seek best execution, and to ensure that trades are allocated fairly and equitably among clients over time.

Brokerage Relationships

Beutel Goodman's relationships with broker/dealers, particularly those affiliated with large financial services organizations, are complex. Beutel Goodman uses various broker/dealers to execute trades on behalf of clients, but Beutel Goodman may also have many other relationships with such firms. For example:

- Beutel Goodman may invest client assets in securities issued by broker/dealers or their affiliates.
- Beutel Goodman may provide investment management services to certain broker/dealers or their affiliates.
- Certain broker/dealers may provide both internally-generated and third-party research to Beutel Goodman, as part of a bundled service.
- Certain brokers/dealers may refer clients to Beutel Goodman.

Notwithstanding such relationships or business dealings with these broker/dealers, Beutel Goodman has a fiduciary duty to its clients to seek best execution when trading with these firms, and has implemented policies and procedures to monitor its efforts in this regard.

Best Execution – Selection Factors for Broker/Dealers

As noted above, Beutel Goodman has a duty to seek best execution of transactions for client accounts. "Best execution" is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the circumstances. In seeking best execution, Beutel Goodman looks for the best combination of transaction price, quality of execution (e.g., the speed of execution, the likelihood the trade will be executed, etc.), and other valuable services that an executing broker/dealer may provide.

Clients often grant Beutel Goodman the authority to select the broker/dealer to be used for the purchase or sale of securities. Beutel Goodman, in seeking best execution, will make this selection based on a number of factors, which may include, but are not limited to, the following: the broker/dealer's financial soundness; the broker/dealer's ability to effectively and efficiently execute, report, clear, and settle the order; the broker/dealer's ability to commit capital; the broker/dealer's ability to timely and accurately communicate with Beutel Goodman's trading desk and operations team; the broker/dealer's research services provided in connection with soft dollar arrangements (explained in more detail in the "Soft Dollars" sub-section of this Item 12 below); the broker/dealer's commission rates; and similar factors. Beutel Goodman does not consider any client referrals from a broker/dealer when determining best execution, or when placing client trades.

Recognizing the value of these factors, Beutel Goodman may select a broker/dealer that charges a commission in excess of that which another broker/dealer might have charged for effecting the same transaction. Beutel Goodman is not obligated to choose the broker/dealer offering the lowest available commission rate if, in Beutel Goodman's reasonable judgment, the total cost or proceeds from the transaction may be less favorable than what may be obtained elsewhere or if a higher commission is justified by the service and/or research provided by another broker/dealer.

Beutel Goodman has implemented a series of internal controls and procedures to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, Beutel Goodman will obtain information as to the general level of commission rates being charged by the brokerage community, from time to time, and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. To the extent Beutel Goodman has been paying higher commission rates for its transactions, Beutel Goodman will determine if the quality of execution and the services provided by the broker/dealer justify these higher commissions.

All trades must be placed with broker/dealers on Beutel Goodman's approved broker list. The approved broker list is created by the portfolio managers, acting as the firm's brokerage committee. The portfolio managers review the approved broker list at least annually as a group and have a voting procedure to determine which broker/dealers will be on the approved broker list, based on the criteria noted above.

Directed Brokerage

Beutel Goodman does not direct or require its clients to use a specified broker/dealer for portfolio transactions in their accounts. In some cases, clients have directed Beutel Goodman to use specified broker/dealers for portfolio transactions in their accounts. In such a case, Beutel Goodman is not obligated to, and will generally not, solicit competitive bids for each transaction or seek the lowest commission rates for the client, as the commission rates have typically been pre-negotiated between the client and the designated broker/dealer ("directed broker"). Since Beutel Goodman has not negotiated the commission rate and may not be able to obtain volume discounts, the commission rate charged by the directed broker may be higher than what Beutel Goodman could receive from another broker/dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by Beutel Goodman as a result of Beutel Goodman's inability to aggregate/bunch the trades from this account with other client trades. Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an initial public offering). In some situations, Beutel Goodman may not execute a client's securities transactions with its directed broker until non-directed brokerage orders are completed. Accordingly, clients who direct commissions to specified broker/dealers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker/dealers at lower costs and possibly with more favorable execution.

Beutel Goodman reserves the right to reject or limit client requests for directed brokerage, and clients may be charged a premium for such arrangements.

Step-Outs

Beutel Goodman does not use step-out trades for trading. Step-out trades are transactions which are placed at one broker/dealer and then given up or stepped out by that broker/dealer to another broker/dealer for credit.

Cross Trades

Beutel Goodman does not engage in cross trades in its client accounts, except for inter-fund trades as between public mutual funds and as permitted by Canadian Securities regulation.

Liquidity Rebates

In selecting broker/dealers to execute transactions for the accounts we manage, Beutel Goodman does not consider any liquidity rebates that may be available to those broker/dealers.

Broker/dealers may earn liquidity rebates (i.e., a certain cash rebate) when placing orders in certain market centers while trading on behalf of Beutel Goodman. However, Beutel Goodman chooses broker/dealers based on our policy of seeking best execution, which is determined by several quantitative and qualitative factors. It is against Beutel Goodman's policy to take into consideration a broker/dealer's potential to earn liquidity rebates when deciding whether to choose a particular full service broker/dealer.

Soft Dollars

Beutel Goodman may direct certain transactions for execution to certain broker/dealers in recognition of brokerage and research services provided by those broker/dealers and/or other third-party providers. The practice of obtaining research in this manner is referred to as using soft dollars. Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution only. The products and services received through soft dollar transactions include investment advice (either directly or through publications or writings) as to the value of securities, the advisability of investing in, purchasing, or selling securities, the availability of securities or purchasers or sellers of securities, presentation of special situations and trading opportunities, advice concerning trading strategy, and analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy, and the performance of specific strategies. To the extent that Beutel Goodman is able to obtain such products and services through the use of clients' commission dollars, it reduces the need to produce the same research internally or through outside providers for hard dollars and thus provides an economic benefit to Beutel Goodman and its clients. As an example, Beutel Goodman has received research services covering advice, analyses and reports, databases and software related to investments and provided or used before an adviser makes an investment or trading decision. Order execution goods and services may include order management systems (to the extent they effect a securities transaction), algorithmic trading software (if assist in order execution) and custody, clearing and settlement services directly related to an executed order that generated commissions.

Beutel Goodman may have an incentive to select a broker/dealer in order to receive such products and services whether or not the client receives best execution. However, Beutel Goodman may give trading preference to those broker/dealers that provide research products and

services, either directly or indirectly, only so long as Beutel Goodman believes that the selection of a particular broker/dealer is consistent with the firm's duty to seek best execution.

Beutel Goodman also receives services which, based on their use, are only partially paid for through soft dollars. Any such service is considered "mixed-use" because it is used by the firm for both research or brokerage and non-research, non-brokerage purposes. In each such case, Beutel Goodman makes a good faith determination of which portion of the service should be paid for with soft dollars and which portion should be paid for with hard dollars. Beutel Goodman thereafter retains documentation of the soft dollar to hard dollar allocation.

The research products/services provided by broker/dealers through soft dollar arrangements benefit Beutel Goodman's investment process for client accounts and may be used in formulating investment advice for any and all clients of Beutel Goodman, including accounts other than those that paid commissions to the broker/dealers on a particular transaction. Nonetheless, not all research generated by a particular client's trade will benefit that particular client's account. In some instances, the other accounts benefited may include accounts for which the accounts' owners have directed their portion of brokerage commissions to go to particular broker/dealers other than those that provided the research products/services. However, research services obtained through soft dollar transactions may be used in advising all accounts, and not all such services would necessarily be used by the firm in connection with the specific account that paid commissions to the broker/dealer providing such services.

Beutel Goodman periodically reviews the past performance of broker/dealers with whom it has been placing orders in light of the factors discussed above. Notwithstanding any research provided, Beutel Goodman may cease to do business with certain broker/dealers whose performance may not have been competitive, or we may demand that such broker/dealers improve their performance before receiving any further orders. The overall reasonableness of commissions paid is evaluated by reviewing what competing broker/dealers were willing to charge for similar types of services. The evaluation would also consider the timeliness and accuracy of the research received. Reasonableness is evaluated on an ongoing basis.

From time to time, certain clients may request that Beutel Goodman not generate soft dollar credits on trades executed for their accounts. While Beutel Goodman may accommodate such requests in its discretion, trades for these clients generally do not experience lower transaction costs. In addition, the trading process for these clients may be adversely affected in other ways, including that the client may not participate in aggregated orders with clients that have not made such a request, therefore preventing the client from receiving the price and execution benefits of the aggregated order. In addition, and as with other directed or customized brokerage arrangements, the positions of these accounts in trade ordering and trade rotation may be impacted. Please see the "Directed Brokerage" sub-section above for more information on how customized brokerage arrangements may adversely impact trading results. Beutel Goodman reserves the right to reject or limit client requests of this type, and clients may be charged a premium for such arrangements.

As noted previously, Beutel Goodman maintains a series of internal controls and procedures relating to its brokerage practices, including its use of soft dollars. These controls and procedures are designed to mitigate the potential conflicts of interest described in this Item. The Managing Director, Operations, and the Managing Director, Equities, (who are also members of

Beutel Goodman's Management Committee) are responsible for approving all requests for products and services to be paid for by soft dollars. The Managing Director, Equities, reviews monthly all soft dollar arrangements for their value and relevance to the investment process and Trading provides a monthly report of all soft dollar arrangements to Management Committee.

Commission Sharing Arrangements

In addition to traditional soft dollar arrangements, Beutel Goodman uses commissions to obtain products or services provided by broker/dealers, but produced by third parties, through commission sharing arrangements with respect to its Canadian trading. Beutel Goodman does not participate in commission sharing arrangements for its U.S. trading. In commission sharing arrangements, Beutel Goodman enters into agreements with broker/dealers so that certain commissions from transactions placed by Beutel Goodman at those broker/dealers are pooled by the broker/dealers, in order for Beutel Goodman to direct the compensation to one or more third-party investment research providers (which research providers may or may not be broker/dealers). Through these arrangements, products and services that provide lawful and appropriate assistance to Beutel Goodman's investment decision-making process may be paid for with commissions generated by client accounts. Beutel Goodman allocates the cost of such products on a basis that it deems reasonable over time according to the various uses of the product, and maintains records to document this allocation process. Please see the section above on Soft Dollars.

Trade Aggregation

When two or more portfolios are simultaneously engaged in the purchase or sale of the same security, Beutel Goodman may, but is not obligated to, combine and aggregate the transactions to form a "bunched trade" or "block trade." In such cases, these accounts will receive the average price of the transactions in that security for the day. Trades in the same security for different accounts will be accumulated for a reasonable period of time to allow for aggregation, unless a particular account's interest would be unduly prejudiced. Beutel Goodman may, but is not required to, aggregate orders into block trades where it believes this is to be appropriate, in the best interests of the client accounts, and consistent with applicable legal requirements. Transactions executed in a block will typically be allocated to the participating client accounts before the close of the business day.

Since more than one account's orders are included in a block trade, Beutel Goodman has adopted a policy of using a "pro rata allocation" to allocate the trade among each account whose order makes up part of the block. Under a pro rata allocation, as securities are being purchased or sold as part of the block trade, the securities are being allocated to (or away from, in the case of a sale) accounts in the proportion by which each account's order size (as determined by the portfolio manager at the time of order entry) makes up a percentage of the entire block. In cases where Beutel Goodman is unable to fulfill a block trade the same day (i.e., purchase or sell all securities within the block trade), those securities that have been purchased or sold by the end of the day will generally be allocated pursuant to the firm's pro rata allocation methodology.

Beutel Goodman believes that, in most instances, a pro rata allocation of block trades will assure fairness. However, we also recognize that no rigid formula will necessarily lead to a fair and reasonable result, and that a degree of flexibility to adjust the formula to accommodate specific circumstances is necessary when determining how to allocate block trades. Therefore, under

certain circumstances, allocation of block trades on a basis other than strictly pro rata may occur if we believe that such allocation is fair and reasonable. Nevertheless, all securities purchased or sold through a block trade, including expenses incurred in the transaction, will be allocated on a fair and equitable basis over time, to the extent practicable, without favoring any account or type of account or client (including any proprietary or affiliated account). On a periodic basis, our portfolio managers and compliance personnel monitor the proportional amounts allocated to all portfolios to determine whether such allocations are fair and equitable over time.

The ability of a client account to participate with other accounts in bunched/block transactions may produce better execution for the individual client account. However, in some instances, a client may have designated a specific broker/dealer to whom the client's trades must be directed. (see the "Directed Brokerage" sub-section above.) This designated broker/dealer may not (or, in some cases, will not) execute bunched or block trades, and even if it does, Beutel Goodman may not be able to direct the entire block trade to this designated broker/dealer because it would conflict with the firm's duty to obtain best execution. In such cases, since Beutel Goodman will place the client's trade with the designated broker/dealer as instructed rather than include the client's order in the block trade, the client may not necessarily get the better price and/or level of execution that those clients who participate in the block may receive.

Initial Public Offerings ("IPOs")

An initial public offering is a company's first offer of stock for sale to the public. Depending on the interest in this initial offering, Beutel Goodman's access to these newly offered shares may be limited in amount at the time of the initial offering.

In the event that Beutel Goodman participates in any initial public offerings and other securities with limited availability (collectively, "IPOs"), the firm allocates IPOs among accounts in a fair and equitable manner over time, taking into consideration factors such as account type, client account objectives and preference, investment restrictions, account sizes, cash availability, and current specific needs.

Where the actual allocation of an IPO to Beutel Goodman for its accounts is significantly lower than that originally requested by the firm, the original allocation proportions that we determined for our accounts may result in allocations that are not meaningful to certain accounts. In those situations, Beutel Goodman may allocate the securities received to significantly fewer accounts than originally intended. Those accounts chosen to receive the smaller allocations are selected based on a combination of factors, such as size, cash position, sector allocations, number of positions, diversification among similar companies, and minimization of custodian transaction costs to the client. While Beutel Goodman's intention is to allocate similar proportional amounts of IPOs to all eligible accounts over time, using this methodology, some accounts may not receive small allocations. Portfolio managers and compliance personnel periodically monitor the allocations to client accounts and the dispersion of performance for accounts in an effort to ensure that all accounts are treated fairly and equitably over time.

Trade Errors

To the extent an error occurs, it is: 1) corrected as soon as practicable, normally in a manner that the client incurs no loss; 2) reported to Compliance and, if Compliance considers it to be material, to the firm's Management Committee; and 3) scrutinized carefully by either Compliance or Management Committee, as applicable, with a view to providing guidance and supervision and, when appropriate, further implementing procedures to prevent or discourage errors. Back-up written documentation is kept of the error and how it was remedied. The Trading Department keeps a record of all trading errors.

Foreign Currency Transactions

Beutel Goodman relies on standing instructions at clients' custodians to facilitate foreign exchange.

Item 13 – Review of Accounts

Beutel Goodman's portfolio management, trading, operations, and compliance teams are responsible for the regular review of the assets of the accounts under their supervision. The number of reviewers and accounts assigned to each varies depending on the nature of the product, service, or strategy. In addition, certain events may trigger a particular additional review, including material changes in variables such as a client's individual circumstances, or the market, political or economic environment.

Our investment professionals, including both portfolio managers and investment research analysts, review the holdings of client accounts on a regular basis. Specifically, portfolio managers review the assets of each account, generally daily, for portfolio strategy and asset allocation purposes. Additionally, individual holdings within client accounts are reviewed by investment research analysts on a regular basis. Beutel Goodman's investment research analysts are typically responsible for tracking a variety of companies and/or industries or sectors and making recommendations for the firm's portfolios. In addition, Beutel Goodman typically holds a weekly investment meeting to discuss the securities that the firm is monitoring for potential purchase or sale. Periodically, Beutel Goodman reviews all securities to ensure that each holding is appropriate for the firm's clients based on our investment strategies. Both investment research analysts and portfolio managers are responsible for these reviews.

Regular reviews of client accounts are also conducted on at least a quarterly basis by one of the principals of Beutel Goodman for adherence to internal investment guidelines, client-mandated or contractual guidelines, and regulatory requirements. The Performance Analyst will also compare individual client accounts against other accounts invested in a similar manner to assess the consistency of holdings and performance, and to reconcile any outliers or other exceptions that are found.

Beutel Goodman also performs reconciliations of its records of the securities and cash within its clients' accounts against the records of the custodians who actually hold the securities and cash. These reconciliations are performed by the firm's operations personnel. Positions are reconciled on a monthly basis and cash is reconciled on a daily basis. To the extent any discrepancies are identified through the performance of these reconciliations, our operations personnel will work with both our internal team and the custodian to resolve any such discrepancies. As the custodian for the assets in the account, the statements and records of the custodian are the official books and records for the account.

Reporting

Clients generally receive quarterly account reports from independent qualified custodians, unless they request these reports more frequently. The reports typically include:

1. Listing of individual holdings, including number of shares and current market value;
2. Quarterly, year-to-date, and/or since-inception time-weighted rates of return;
3. Historical statement of changes describing clients' original capital and additions of capital, together with income earned and a combination of realized and unrealized appreciation or depreciation; and
4. Purchase and sale transactions occurring during the quarter.

In addition, each client also receives reports at least quarterly from Beutel Goodman. These reports normally include actual performance against objectives, comments on markets and strategy, and any suggested changes in performance objectives. Due to the variety of managed accounts, we typically customize these reports to meet each client's individual needs. These reports are supplemented by trade confirmations and the other reports on clients' portfolio holdings and transactions provided to clients from their respective custodians and/or broker/dealers, as described above. As noted, the custodian statements reflect the official books and records for the accounts we manage, rather than Beutel Goodman's statements.

Item 14 – Client Referrals and other Compensation

Relationships with Consultants

Many of our clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. Beutel Goodman may have certain accounts that were introduced to the firm through consultants. These consultants or their affiliates may, in the ordinary course of their investment consulting business, recommend Beutel Goodman's investment advisory services, or otherwise place Beutel Goodman into searches or other selection processes for a particular client.

Beutel Goodman has extensive dealings with investment consultants, both in the consultants' role as adviser for their clients and through independent business relationships. Specifically, we provide consultants with information on portfolios we manage for our mutual clients, pursuant to our clients' directions. Beutel Goodman also provides information on our investment styles to consultants, who use that information in connection with searches they conduct for their clients. Beutel Goodman may also respond to "Requests for Proposals" from prospective clients in connection with those searches.

Clients obtained from these consultants may instruct Beutel Goodman to direct some or all of their brokerage transactions to these consultants, which may also be a broker/dealer, or to the particular broker/dealers with whom they have relationships. In the alternative, Beutel Goodman may simply choose to allocate brokerage to such consultants or broker/dealers.

Other interactions that Beutel Goodman may have with consultants include, but are not limited to, the following:

- Beutel Goodman may invite consultants to events or other entertainment hosted by the firm.
- Beutel Goodman may, from time to time, purchase software applications, access to databases, and other products or services from some consultants.
- Beutel Goodman may pay registration or other fees for the opportunity to participate, along with other investment managers, in consultant-sponsored industry forums or conferences. These conferences or forums provide Beutel Goodman with the opportunity to discuss a broad variety of business topics with consultants, clients, and prospective clients.
- In some cases, Beutel Goodman may serve as investment adviser for the proprietary accounts of consultants or their affiliates, or as adviser or sub-adviser for funds offered by consultants and/or their affiliates.

In general, Beutel Goodman relies on each consultant to make appropriate disclosure to its clients of any conflict that the consultant may believe to exist due to its relationship with our firm.

Third Party Databases

Beutel Goodman may pay third parties to include information about Beutel Goodman's investment approaches in databases that they maintain to describe the services provided by investment managers to prospective clients.

Referral Arrangements

Beutel Goodman may from time to time compensate, either directly or indirectly, any individual or company for client referrals. Beutel Goodman makes all appropriate disclosure to clients regarding the relationship, maintains the required documentation regarding such referrals and maintains the appropriate procedures so that the firm's relationships with such parties do not give rise to any inappropriate preferential treatment.

Item 15 – Custody

Beutel Goodman does not act as a custodian over the assets in the accounts we manage for our clients. Clients must make their own arrangements for custody of securities in their accounts. Such custodians may be broker/dealers, banks, trust companies, or other qualified institutions. The qualified custodian will typically provide the client with at least quarterly account statements relating to the assets held within the account managed by Beutel Goodman. Each client should carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in the client's account and all account activity over the relevant period. Any discrepancies identified by a client should be immediately reported to Beutel Goodman and the qualified custodian.

In addition to the account statements provided by qualified custodians to our clients, Beutel Goodman also provides account statements to clients on at least a quarterly basis. As such, we encourage clients to compare the statements provided to them by Beutel Goodman against those provided to them by the qualified custodians who hold the assets of their accounts, and to report any questions, concerns, or discrepancies to both Beutel Goodman and the qualified custodian promptly. Such questions, concerns, or discrepancies may be communicated to Beutel Goodman by writing, e-mailing, or telephoning us using the following contact information:

Beutel, Goodman & Company Ltd.
20 Eglinton Avenue West, Suite 2000
PO Box 2005
Toronto, ON
M4R 1K8
1-416-485-1010
marketing@beutelgoodman.com
Attention: Operations, Statement Reconciliation

Our statements may vary from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities. However, please note that custodian statements reflect the official books and records for the accounts we manage.

Item 16 – Investment Discretion

Beutel Goodman is typically granted discretionary authority by a client at the outset of an advisory relationship to determine the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts of securities for purchase or sale, Beutel Goodman observes the investment policies, limitations, and restrictions that are applicable to our clients' accounts, as set forth by our clients. Any investment guidelines and restrictions, including amendments, must be provided to Beutel Goodman by our clients in writing.

Beutel Goodman is not obligated to, and typically does not take any legal action with regard to class action suits relating to securities purchased by Beutel Goodman for its clients. Beutel Goodman provides instructions to custodians and brokers regarding tender offers and rights offerings for securities in client accounts. However, Beutel Goodman does not provide legal advice to clients and, accordingly, does not determine whether a client should join, opt out of or otherwise submit a claim with respect to any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the client. Beutel Goodman generally does not have authority to submit claims or elections on behalf of clients in legal proceedings. Should a client, however, wish to retain legal counsel and/or take action regarding any class action suit proceeding, Beutel Goodman will provide the client or the client's legal counsel with information that may be needed upon the client's reasonable request.

Item 17 – Voting Client Securities

Since client accounts may hold stocks or other securities with voting rights, our clients often have the right to cast votes at the corporate issuers' shareholder meetings. However, since shareholders often do not attend shareholder meetings, they have the right to cast their votes by proxy. In such cases, Beutel Goodman's clients will either retain proxy voting authority or delegate it to Beutel Goodman. If a client has delegated such authority to Beutel Goodman (whether in the client's investment management agreement with Beutel Goodman or otherwise), Beutel Goodman will vote proxies for that client. If a particular client for whom Beutel Goodman has investment discretion has not explicitly delegated proxy voting authority to Beutel Goodman, Beutel Goodman will not vote such client's proxies, and the client will retain the voting authority for its account.

Where clients have delegated proxy voting authority to Beutel Goodman, as an investment adviser and fiduciary of client assets, Beutel Goodman has implemented proxy voting policies and procedures intended to protect the value of shareholder investments and designed to reasonably ensure that Beutel Goodman votes proxies in the best interest of clients. In voting proxies, we seek to both maximize the long-term value of our clients' assets and to cast votes that we believe to be fair and in the best interest of the affected client(s).

If a client has delegated proxy voting authority to Beutel Goodman, but would nevertheless like to direct our vote on a particular proxy solicitation, the client may direct the firm to vote on a particular proxy solicitation by communicating that direction in writing to the client's primary contact at Beutel Goodman.

Voting Agent

Beutel Goodman has contracted with an independent third-party provider of proxy voting and corporate governance services (proxy agent) which specializes in providing a variety of services related to proxy voting. Specifically, this proxy agent has been retained to conduct proxy research, execute proxy votes, and keep various records necessary for tracking proxy voting materials and proxy voting actions taken for the appropriate client account.

Beutel Goodman has adopted the proxy agent's proxy voting policy guidelines as its own and, as such, votes Beutel Goodman's clients' proxies (for those client accounts over which it has proxy voting authority) according to those policy guidelines.

Conflicts of Interest

As noted, Beutel Goodman has an agreement with an independent proxy agent and has adopted the proxy agent's proxy voting policy guidelines (the "Policies"). The adoption of the Policies, which provide pre-determined guidelines for voting proxies, was designed to remove any potential conflicts of interest Beutel Goodman may have that could affect the outcome of a vote. By adopting the Policies, Beutel Goodman has essentially removed discretion that Beutel Goodman would have otherwise had to determine how to vote proxies in cases where the firm has a material conflict of interest.

Notwithstanding the appointment of the proxy agent, there may be some instances where Beutel Goodman votes proxies. Specifically, there may be a situation where the proxy agent itself may have a material conflict of interest with respect to a proxy vote that it is voting on Beutel Goodman's clients' behalf. In those situations, the proxy agent is obligated to fully or partially abstain from voting the proxy, and Beutel Goodman's Management will provide the voting recommendation after a review of the vote(s) involved. Beutel Goodman's Managing Director, Equities, must approve any decision made on such vote prior to the vote being cast. Beutel Goodman's Managing Director, Equities, will also become involved in any other situation, though expected to be rare, where Beutel Goodman determines to remove voting discretion from the proxy agent. In both of the preceding circumstances, Beutel Goodman will work to ensure that prior to a vote being made, conflicts of interest are identified and material conflicts are properly addressed such that the proxy may be voted in the best interest of clients.

If you would like a copy of Beutel Goodman's Proxy Policy, if you would like to review how Beutel Goodman voted on a particular security in your account, or if you would like further information on the proxy agent's proxy voting policy guidelines, please contact:

Beutel, Goodman & Company Ltd.
20 Eglinton Avenue West, Suite 2000
PO Box 2005
Toronto, ON
M4R 1K8
1-416-485-1010
marketing@beutelgoodman.com
Attention: Operations, Proxy Voting

Item 18 – Financial Information

Beutel Goodman has no financial condition that impairs our ability to meet our contractual and fiduciary commitments to our clients, and has not been the subject of a bankruptcy proceeding.