

Sentry Resource Opportunities Class

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PERFORMANCE SUMMARY

- In the second quarter of 2019, Series F of Sentry Resource Opportunities Class (the “Fund”) returned -8.0% compared with its blended benchmark (50% S&P/TSX Global Gold Index and 50% S&P/TSX Capped Energy Index), which was up 2.7% over the same period.
- The Fund underperformed its benchmark during the period largely as a result of sector allocation. The Fund’s underweight allocation to gold and overweight exposure to the energy sector detracted from performance.

CONTRIBUTORS TO PERFORMANCE

- **Kidman Resources Ltd.** is an Australia-based lithium exploration and development company. Through a joint venture, it develops the Mount Holland lithium deposit in Western Australia. The holding contributed to the Fund’s performance after the company received an offer in May 2019 to be acquired by Wesfarmers Ltd. at a premium to the company’s share price.
- Canada-based mining company **TMAC Resources Inc.** holds 100% interest in the Hope Bay project, a 1,101-square kilometre gold property in Nunavut. The company’s stock performed well after it reported positive operating results during the first quarter of 2019, showing improving gold recovery and grade. The company also restructured its debt, improving its near-term liquidity.

DETRACTORS FROM PERFORMANCE

- **NuVista Energy Ltd.** is an oil and natural gas company whose primary focus is on the Montney formation in Western Canada. As liquified natural gas prices weakened throughout the quarter, NuVista Energy’s share price re-rated lower amid concerns of increasing debt levels and diminished free cash flow.
- **Dacian Gold Ltd.** is an Australian gold producer that owns and operates the Mount Morgans gold mine in Western Australia. The holding detracted from the Fund’s performance after the company significantly downgraded its 2019 and 2020 production forecasts on operational issues and lower-than-expected gold grades.

PORTFOLIO ACTIVITY

- We added a new Fund position in **Parex Resources Inc.**, a Calgary-based heavy oil producer that is actively engaged in crude oil exploration, development and production in Colombia. Parex Resources receives Brent

Crude-linked pricing for its oil and has seen its pricing further buoyed by a decreasing heavy oil discount because of lower heavy oil production from Venezuela and the Middle East.

- The Fund's holding in **Dacian Gold** was eliminated as a result of poor operational performance and decreased confidence in the company's management.

MARKET OUTLOOK

- The ongoing low interest rate environment and its longer-term implications should be positive for precious metals. We believe we could see near-term improvement in industrial metals and energy from a relief rebound, caused by the subsiding of excessively negative sentiment.
- The Fund's weighting in gold and silver has been maintained, while its overweight exposure to oil and gas and industrial minerals will continue as we move into the third quarter of 2019.

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Sentry Resource Opportunities Class, Series F	-29.7%	-15.5%	-11.8%	-3.6%	-7.8%
50% S&P/TSX Global Gold Index and 50% S&P/TSX Capped Energy Index	-7.8%	-3.9%	-3.6%	-1.5%	-2.5%

* Inception date of Sentry Resource Opportunities Class, Series F: April 15, 2008.

Sources: Morningstar Research Inc., Bloomberg L.P. and Sentry Investment Management, as at June 30, 2019.

All returns are total returns, stated in Canadian dollars, unless otherwise stated. Fund returns are for Series F, net of fees, all distributions reinvested. The S&P/TSX Global Gold Index is both broadly representative and an investable index, such that it can be used as a leading benchmark of global gold portfolios and as a basis for innovative, index-linked investment vehicles.

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