



HARBOUR
ADVISORS



Sentry Growth and Income Fund Second-quarter 2019 Commentary

Market Overview

-) Both the Canadian and U.S. markets posted positive returns for the second quarter, resulting in strong year-to-date returns. There was a modest down draft during the quarter, as fears of escalating trade wars were somewhat offset by the belief that central banks would come to the rescue if economies were negatively impacted. Headlines from the G20 summit in June indicated that trade talks between the U.S. and China were taking a positive turn and an increase in U.S.-imposed tariffs would be delayed as a demonstration of good faith. The market rallied on the positive change in tone.
-) We continue to view the fundamental economic picture as one of modest growth supported by strong employment. There is certainly increased economic noise as supply chains wrestle with the threat of tariffs by pre-buying goods that are expected to be impacted. This creates a dearth in demand in the months following the imposition of tariffs or when deadlines pass and tariffs are not imposed. The risks continue to be that companies are delaying investment until there is a full resolution of the trade dispute. In this context, we view the market as fairly valued. We are also watching inflation and productivity closely.
-) Our concern is that the high debt levels of consumers, corporations and governments suggest a strong sensitivity to interest rates. If increasing inflation becomes evident, forcing central banks to act, the economy may be more fragile than many suspect. Productivity gains would be a positive offset, allowing economic growth to continue with modest inflation. For now, we appear to be in a “Goldilocks” state where the economy is not expanding or contracting by too much.

Performance Summary

-) Over the second quarter of 2019, Series F of Sentry Growth and Income Fund (the “Fund”) returned 3.7% while the Fund’s benchmark (a combination of S&P/TSX Composite Total Return Index (85%) and S&P 500 Total Return Index (15%)) returned 2.5% over the same period.



Portfolio Activity

-) The largest contributors to return during the quarter were Dollarama Inc. and CME Group Inc. The largest detractors were Alphabet Inc. and Lowe’s Companies Inc. We continue to hold all four, though we have trimmed the Fund’s position in Dollarama to manage the exposure.
-) During the quarter, we became somewhat more defensive by adding BCE Inc., a Canadian communications services provider and Algonquin Power & Utilities Corp., a provider of renewable energy. We also added Alphabet Inc., the parent company of Google and increased our position in Fiserv Inc., a payment processing company, as we believe both represent good value in the context of their growth prospects.
-) We sold Caterpillar Inc. after the stock rallied off recent lows, to reduce our industrial exposure. We also sold Honeywell International Inc., Tencent Holdings Ltd. and Northland Power Inc., as we believe the stocks had become fully valued.

Outlook

-) We continue to focus on companies with high returns on capital and solid growth prospects, such that there is opportunity to re-invest in growth to support current valuations. As always, we look for significant pricing dislocations where we can buy a good business significantly below our estimate of fair value. The latter opportunity has been rare in this market.
-) Looking forward, we continue to see modest economic growth with somewhat higher risk of a market decline. However, we believe a decline will likely be met by a central bank response that continues to support the market.
-) We will maintain our discipline in taking profits on high valuations and move aggressively on compelling opportunities while watching for those factors that can disrupt the Goldilocks state.

Series F returns (in %) as at June 30, 2019	Year-to-date	1 year	3 year	5 year	10 year
Sentry Growth and Income Fund	15.2	4.9	7.0	4.5	11.0

Sources: Bloomberg Finance L.P., Harbour Advisors, as at June 30, 2019.



HARBOUR
ADVISORS



IMPORTANT DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns), including changes in security value and reinvestment of all distributions, and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Investments Inc. has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

This commentary is published by CI Investments Inc. The contents of this piece are intended for informational purposes only and not to be used or construed as an endorsement or recommendation of any entity or security discussed. The information should not be construed as investment, tax, legal or accounting advice, and should not be relied upon in that regard. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies. These investments may not be suitable to the circumstances of an investor. Some conditions apply.

Certain statements in this document are forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect," "anticipate," "intend," "plan," "believe," or "estimate," or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Investments Inc. and the portfolio manager believe to be reasonable assumptions, neither CI Investments Inc. nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes or another investment fund. There are various important differences that may exist between the mutual fund and the stated indexes or investment fund, that may affect the performance of each. The objectives and strategies of the mutual fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes or investment fund. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

Harbour Advisors is a division of CI Investments Inc.

CI Investments® and the CI Investments design are registered trademarks of CI Investments Inc.



HARBOUR[®]
ADVISORS



© CI Investments Inc. 2019. All rights reserved. "Trusted Partner in Wealth™" is a trademark of CI Investments Inc.

Published August 7, 2019.