

Sentry Diversified Equity Fund

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FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Sentry Diversified Equity Fund, Series F	-3.2%	4.4%	5.0%	8.5%	7.7%
Benchmark: 70% S&P/TSX Composite TR Index and 30% S&P 500 TR Index	7.0%	9.3%	8.3%	9.7%	7.4%

* Inception date of Sentry Diversified Equity Fund, Series F: July 28, 2005.

PERFORMANCE SUMMARY

- In the third quarter of 2019, Series F of Sentry Diversified Equity Fund (the "Fund") returned 2.4%, underperforming its blended benchmark (70% S&P/TSX Composite Total Return Index and 30% S&P 500 Total Return Index), which was up 2.6%.

CONTRIBUTORS TO PERFORMANCE

- Real Matters Inc.** develops and provides technology and network management solutions to mortgage lending and insurance industries in Canada and the United States. It offers residential mortgage appraisals for purchase, refinance and home equity mortgage origination transactions to the mortgage industry, and insurance inspection services to property and casualty insurers. The holding contributed to the Fund's performance as a result of better-than-expected earnings results.
- TMX Group Ltd.** is an integrated, multi-asset class exchange that operates cash and derivative markets for multiple asset classes including equities, fixed income and energy. Its primary services include security listings, trading, clearing and the provision of related data. The company posted a solid quarter in a challenging environment with better-than-expected revenue and expense discipline.

DETRACTORS FROM PERFORMANCE

- Enerflex Ltd.** supplies natural gas compression, oil and gas processing, refrigeration systems and electric power generation equipment to the oil and natural gas industry. Its shares declined following lower customer bookings and backlog levels.
- Westshore Terminals Investment Corp.** operates the largest coal-loading facility on the west coast of North and South America. Westshore Terminals generates unregulated revenues pursuant to loading contracts with its customers. During the quarter, the company's outlook remained uncertain given the potential for

reduced volumes after a renegotiated contract with Teck Resources Ltd. (which expires March 2021) and continued U.S. thermal coal weakness.

PORTFOLIO ACTIVITY

- We added a new position in **Cedar Fair L.P.**, a provider of amusement parks in the United States and Canada. We believe that structural limitations to supply should create favourable pricing power for amusement park providers over the long term.
- We eliminated a position in **Scholastic Corp.**, a U.S.-based multinational publishing, education and media company that publishes and sells books and educational materials for schools, teachers, parents and children. The company had significant challenges recently in the form of revenue shortfalls in sales tax collection, higher-than-expected expenses for book fairs and adverse accounting impacts. Given the company's near-term issues, we decided to take profits and close the position.

MARKET OUTLOOK

- We have a cautiously optimistic outlook for North American economies. While global growth has slowed, we are not forecasting a recession in North America, but Western Canada would be most at risk if no new energy infrastructure projects are approved.
- Industrial production has turned negative, with most gross domestic product growth now coming from the consumer. We expect that some of this industrial slowdown will negatively impact consumer sentiment over time.
- Further interest rate cuts by the U.S. Federal Reserve are likely, and we believe that Canada will follow suit, but that is not a consensus view held by the market. Lower interest rates should provide a stimulative effect to some areas of the economy, such as housing.
- We have reduced the Fund's cyclical exposure and have added to existing holdings that are less exposed to the economy (particularly the industrial economy). Our view that the United States will continue to grow faster relative to Canada has led us to maintain the Fund's overweight allocation to U.S. equities.

Source: Sentry Investment Management. Data as at September 30, 2019.

All returns are total returns, stated in Canadian dollars. Fund returns are for Series F, net of fees, all distributions reinvested.

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. There are various important differences that may exist between the Mutual Fund and the stated indexes 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. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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