Q3-2019 Commentary

Sentry Global Balanced Yield Private Pool Class

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FUND	1 YEAR	S.I.*
Sentry Global Balanced Yield Private Pool Class, Series F	4.9%	6.2%
Benchmark: 50% MSCI World TR Index and 50% ICE BofAML Global Broad Market TR Index	7.8%	7.4%

* Inception date of Sentry Global Balanced Yield Private Pool Class, Series F: July 4, 2016.

PERFORMANCE SUMMARY

- In the third quarter of 2019, Series F of Sentry Global Balanced Yield Private Pool Class (the "Fund") returned 1.7% compared with the 2.1% return for its blended benchmark (50% MSCI World Total Return Index and 50% ICE BofAML Global Broad Market Total Return Index).
- The Fund underperformed its benchmark. Within U.S. equities, security selection within the information technology and consumer discretionary sectors contributed to performance. Within Canadian equity holdings, selection in the communication services and health care sectors drove positive performance.
- The Fund's fixed income holdings also significantly contributed to performance. Its duration (sensitivity to interest rates) positioning through government bonds was another positive contributor to performance.

CONTRIBUTORS TO PERFORMANCE

- **Alphabet Inc.** provides online advertising services globally, operating through its Google and Other Bets segments. Its Google segment offers many products, such as online advertising, a search engine, hardware, Android, Chrome, Google Cloud, Google Maps, Google Play and YouTube, as well as technical infrastructure. Alphabet Inc.'s stock benefited from Google Cloud Platform gaining growth momentum in cloud services.
- **Brookfield Asset Management Inc.** is a global alternative asset manager with $150 billion in fee-bearing capital. With its latest quarterly results, the company continued to deliver fundraising momentum, capital deployment and the compounding effect of performance fees. Additionally, declining interest rates make it more attractive for investors in search of yield.

- **Brookfield Infrastructure Partners L.P.** is one of the largest owners and operators of critical infrastructure assets globally. The company benefited from second quarter results that were better than expected, highlighted by organic growth of 10%, ahead of the long-term expectation of 6-9%.

- A holding in **U.S. Treasury 3.0% August 15/2048** contributed to performance. Long-duration (sensitivity to interest rates) U.S. government bonds performed very well as a result of declining yields, which increased the bonds' price substantially.

DETRACTORS FROM PERFORMANCE

- **SS&C Technologies Holdings Inc.** offers software products and software-enabled services to the financial services and health care industries. Its products and services allow clients to automate and integrate both front-office and mid-office functions, which include trading and modeling, and portfolio management and reporting. The company faces challenges from the weak global trading environment and some attrition of customers in the acquired DST Systems Inc. business.

- **UnitedHealth Group Inc.** is a diversified health care company based in the United States. Its UnitedHealthcare segment offers health benefit plans and services to national employers, public sector employers, mid-sized employers, small businesses and individuals. The company's stock declined amid uncertainty surrounding the outcome of the upcoming U.S. presidential election.

- **Stella-Jones Inc.** is a leading North American manufacturer and supplier of pressure-treated wood products (e.g. railway ties and utility poles). Its second quarter results were below expectations largely as a result of delayed shipments of railway ties.

- A holding in **Tourmaline Oil Corp.** also detracted from the Fund's performance. Tourmaline is a Canadian senior crude oil and natural gas exploration and production company. Weak natural gas pricing weighed on the company's operating results during the period.

- A bond issued by U.S.-based insurance company, **Cigna Corp. 4.125% November 15/2025**, was negatively impacted by our poorly timed purchase, as the company's operations are stable. Cigna Corp. is a global health service company that provides health, pharmacy, dental, insurance and Medicare plans to individuals, families and businesses.

PORTFOLIO ACTIVITY

- We increased an equity position in **SLM Corp.** during the period, a company that provides student lending in the United States. We believe the company is substantially undervalued relative to its returns on equity and its long-term growth prospects.

- We added a new equity position in **CCL Industries Inc.**, which produces a broad range of specialty packaging applications and is the global leader in labelling. The company generates a high level of free cash flow and return on equity with its large geographic footprint, giving it a key competitive advantage.

- A new holding in **United Parcel Service Inc. 2.5% September 1/2029** was added based on its valuation and the high-quality nature of its business. The company, founded in 1907, has grown into a global company that is the world's largest package deliverer and a leading global provider of specialized transportation and logistics services.

- **Stella-Jones Inc.** is a leading North American manufacturer and supplier of pressure-treated wood products (e.g., railway ties and utility poles). This equity holding was eliminated from the Fund given constant uncertainty regarding the supply/demand balance of railway ties and the timing of an upgrade cycle for utility poles.

- An equity holding in **International Game Technology**, which provides gaming systems and lottery services in Europe and North America, was eliminated from the Fund. While we like the company's long-term contracts, we became less confident in its ability to grow and had concerns around its debt levels. Accordingly, we chose to exit the position and deploy the proceeds into more attractive investment opportunities.

MARKET OUTLOOK

- We expect to see continued economic challenges, led by manufacturing and the global traded goods sectors.

- Geopolitical tensions will likely remain high on numerous fronts, and should weigh on business spending.

- The Fund's duration (sensitivity to interest rates) has been extended, through the purchase of government bonds, after the recent rise in bond yields.

- 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.

Sources: Sentry Investment Management and Bloomberg L.P. Data as at September 30, 2019.

All returns are total returns, stated in Canadian dollars unless otherwise noted. 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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