

Sentry Global Investment Grade Private Pool Class Third-quarter 2019 Commentary

Class F returns (in %) as at September 30, 2019	Year-to- date	1 year	3 year	5 year	Since inception (07/04/2016)
Sentry Global Investment Grade Private Pool Class	9.7%	9.2%	3.8%	N/A	3.8%

Sources: Bloomberg Finance L.P. and Signature Global Asset Management, as at September 30, 2019.

Performance Summary

- Sentry Global Investment Grade Private Pool Class Series F (the “Fund”) returned 2.5% in the third quarter on the back of falling interest rates and steady credit spreads. The Fund underperformed its benchmark, the ICE BofAML Global Corporate Market Index (85% Hedged) which returned 3.0% for the quarter.

Market Overview

- The U.S. Federal Reserve (the “Fed”) cut overnight interest rates in July and September by 25 basis points (bps) each time, referring to them as a “mid-cycle adjustments” and not the start of an easing cycle. Additionally, Mario Draghi, European Central Bank (ECB) president, announced at the last ECB meeting that it would lower rates by 10 bps and restart quantitative easing for an undetermined amount of time. The U.S. economy has slowed but the consumer sector is still in good shape. We believe the U.S. and Canada are unlikely to slip into a recession over the next year, but there is no question that the risks are rising.
- U.S. 10-year government bond interest rates fell from 2.00% at the end of June to a low of 1.45% at the beginning of September before ending the quarter at 1.67%. The fluctuation followed the risk-off/risk-on moves caused by tweets on trade from U.S. President Donald Trump and slowing global growth.
- Investment-grade credit spreads in Canada, the U.S. and Europe ended their respective quarters relatively unchanged but did experience some volatility in the interim. Risk assets

rallied early in the quarter on the belief the Fed would cut interest rates at the July meeting in response to signs of stagnating growth, which tightened U.S. investment-grade credit spreads by 9 bps to 113 bps. An intensification of the U.S.-China trade war shortly thereafter renewed concerns of slowing global growth which pushed spreads wider in August to 131 bps. As the quarter came to an end, a pickup in foreign demand for yield assets combined with favourable hedging costs for said foreign buyers, helped credit tighten right back to where it began at 122 bps.

Contributors to Performance

- The main contributor to performance for the quarter was the Fund's long duration U.S.-dollar corporate bonds as interest rates fell during the quarter. The largest single contributor to performance was an overweight allocation to German government bonds – specifically the long German Bund. Long German bonds rallied over 30 bps during the quarter, driving prices higher while yields across the entire German government bond curve moved into negative territory for the first time.
- The main individual contributor to Fund performance was our position in Enbridge US\$ 7.50% 04/15/2038, due to investors' continued desire to seek out higher yielding securities in a falling rate environment.

Detractors from Performance

- The main detractor from performance was the Fund's allocation to short-term European investment-grade corporate bonds which widened in relation to the rally in German government bonds.
- The Fund's high hedge on U.S.-dollar assets during a time when the U.S. dollar appreciated in relation to the Canadian dollar by approximately 1.11% was a missed opportunity cost in the quarter.

Portfolio Activity

- We added to U.S. investment-grade corporate bonds during the quarter and initiated an allocation to preferred shares to take advantage of the pullback in the asset class of late. The Fund's duration was lengthened during the period as the global economic outlook weakened but was reduced in September as some global risks were reduced.

Outlook

- We are modestly positive on investment-grade credit due to accommodative central banks and the strong global demand for higher yielding assets, tempered by stretched credit fundamentals, geo-political risks and the slowing global economy. Spreads are tighter than earlier in the year, so valuations aren't as compelling, but remain positive as we believe we are still in a sweet spot for credit investors.

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 compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns), including changes in security value and reinvestment of all dividends/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 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.

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 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.



SIGNATURE
GLOBAL ASSET MANAGEMENT™

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.

CI Investments® and the CI Investments design are registered trademarks of CI Investments Inc. Signature Global Asset Management is a trademark of CI Investments Inc. Signature Global Asset Management is a division of CI Investments Inc.

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

Published November 4, 2019.