

Q4-2019 Commentary

Sentry All Cap Income Fund

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FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Sentry All Cap Income Fund Series F	26.6%	6.3%	6.2%	11.0%
Benchmark: 70% S&P/TSX Composite Total Return Index and 30% S&P 500 Total Return Index	23.5%	9.1%	8.7%	9.7%

* Inception date of Sentry All Cap Income Fund Series F: September 18, 2009.

PERFORMANCE SUMMARY

- In the fourth quarter of 2019, Sentry All Cap Income Fund Series F (the “Fund”) returned 6.3% compared with its blended benchmark (70% S&P/TSX Composite Total Return Index and 30% S&P 500 Total Return Index), which was up 4.2%.
- The Fund outperformed its benchmark during the period largely as a result of security selection within the health care and financials sectors.

CONTRIBUTORS TO PERFORMANCE

- **UnitedHealth Group Inc.** is a private health insurer, top pharmacy benefit manager, service provider and health analytics business. The company benefited from its vertically integrated system, which has allowed it to be a cost leader in the industry. It has also found a way to succeed despite changes to the regulator environment.
- **JPMorgan Chase & Co.** operates as a financial services company that offers various consumer banking, investment banking, commercial banking and wealth management services. The stock performed well following strong loan demand, the opening of new branches and strength in the company’s credit card business.

DETRACTORS FROM PERFORMANCE

- A holding in **Gildan Activewear Inc.** was a detractor from performance. The company manufactures and sells a range of apparel products, including t-shirts, tops, bottoms and sportswear. Despite its recent initiatives, the company’s share price has been negatively impacted by a discouraging macroeconomic environment.

- A holding in **Cedar Fair L.P.** also detracted from the Fund's performance. The company owns and operates amusement parks, water parks and hotels in North America. Its stock declined during the quarter because of cost challenges and negative external factors.

PORTFOLIO ACTIVITY

- We added a new position in **Onex Corp.**, a private equity firm that specializes in acquisitions and platform acquisitions. The company is poised to grow because the challenges of a few underperforming operating companies will soon be gone, net asset value is set to accelerate, and there may be opportunities ahead for its asset management segment.
- A holding in **Manulife Financial Corp.** was eliminated from the Fund. The company is a provider of financial advising services, insurance and wealth management solutions. It has benefited from international sales growth and positive net flows into its wealth management business.

MARKET OUTLOOK

- Global Purchasing Managers Indexes appear to be stabilizing after a volatile end to 2019.
- The North American labour market continues to be tight and consumer confidence is high, with the exception of Western Canada, which is still beleaguered by a lack of access to global energy markets.
- Central banks globally are in an accommodative monetary stance. The U.S. Federal Reserve appears to be willing to let inflation run above target before tightening policy, while the Bank of Canada is maintaining current interest rates until economic data warrants a change.
- Geopolitical uncertainty caused by trade and foreign policy tensions remains rampant, and equity markets appear to be discounting a favourable outcome already.
- We do not believe that a global recession is imminent. However, recognizing that we are 11 years into the economic cycle, we are paying close attention to the balance sheets and capital allocation decisions of the management teams of our holdings.
- We remain biased toward businesses that benefit from growth trends that will allow them to grow at rates faster than the average North American company.
- Our preference continues to be to own businesses that possess a competitive advantage that will allow them to maintain pricing power. These businesses have the ability to pass through price increases in the event of a return to an inflationary environment.

Source: Sentry Investment Management. Data as at December 31, 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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Published January 24, 2020.