

Q4-2019 Commentary

## Sentry Resource Opportunities Class

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FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Sentry Resource Opportunities Class, Series F	4.5%	-9.3%	-2.4%	-5.2%	-6.9%
50% S&P/TSX Global Gold Index and 50% S&P/TSX Capped Energy Index	27.7%	1.7%	5.9%	-1.1%	-1.3%

\* Inception date of Sentry Resource Opportunities Class, Series F: April 15, 2008.

Sources: Morningstar Research Inc., Bloomberg Finance L.P. and Sentry Investment Management, as at December 31, 2019.

### PERFORMANCE SUMMARY

- In the fourth quarter of 2019, Series F of Sentry Resource Opportunities Class (the “Fund”) returned 11.2% compared with its blended benchmark (50% S&P/TSX Global Gold Index and 50% S&P/TSX Capped Energy Index), which was up 10.1% over the same period.
- The Fund outperformed its benchmark during the period largely as a result of security selection within the oil and gas industry. Exposure to copper also contributed to performance.

### CONTRIBUTORS TO PERFORMANCE

- Calgary-based firm **Advantage Oil & Gas Ltd.** is an oil and gas company focused on development of its Montney natural gas and liquids resources. It reported third-quarter results that showed growth of liquids in its production mix, which is expected to continue. In the fourth quarter, condensate pricing, a key area of growth for the company, rose approximately 25%, lifting Advantage’s share price.
- **NuVista Energy Ltd.**, another Calgary-based firm, is actively engaged in the exploration, development and production of oil and natural gas reserves in the Western Canadian sedimentary basin. It reported third-quarter results that were in line with its early start-up of the Pipestone South compressor station, which should be a source of growth over coming quarters. In the fourth quarter, condensate prices rose by approximately 25%, which lifted the company’s share price as it is a key product that makes up the majority of NuVista’s cash flow.

### DETRACTORS FROM PERFORMANCE

- **Guyana Goldfields Inc.** is a Canadian gold mining company focused primarily on the exploration, development and operation of gold deposits in Guyana, South America. It reported a disappointing third

quarter of 2019, while lowering its production outlook and suspending future forecasts in order to conduct a review of ongoing operational challenges.

- Canadian-based gold producer, **Superior Gold Inc.**, owns and operates the Plutonic Gold operations, located in the Western Australia gold fields. It issued a five-year production outlook for its Plutonic underground mine that was below market expectations, leading many analysts to lower their valuations for the company.

## PORTFOLIO ACTIVITY

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- We added a new position in **Northern Star Resources Ltd.**, an Australian-based gold mining company that currently operates in Australia and North America. The company purchased a stake in the Kalgoorlie mine during the period, which we expect to be positive for the company's value.
- The Fund's holding in **Barkerville Gold Mines Ltd.** was eliminated after it was acquired by Osisko Gold Royalties Ltd. Barkerville Gold Mines is focused on developing mineral rights in central British Columbia.

## MARKET OUTLOOK

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- We expect that in the first half of 2020, investors will be more focused on riskier assets, spurred by recent strong U.S. job growth numbers and optimism around a deferral of tariffs. This should prove a challenge for the price of gold. However, this economic optimism should give way to a more defensive stance in the second half of the year as optimism fades.
- Accordingly, the Fund has been positioned with a 40% weighting in energy sector-related equities and a 25% weighting in industrial metals equities, led by copper.

All returns are total returns, stated in Canadian dollars, unless otherwise stated. Fund returns are for Series F, net of fees, all distributions reinvested. The S&P/TSX Global Gold Index is both broadly representative and an investable index, such that it can be used as a leading benchmark of global gold portfolios and as a basis for innovative, index-linked investment vehicles.

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