

## Sentry Precious Metals Fund

Jon Case, CFA, M.Fin., *Portfolio Manager*

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Sentry Precious Metals Fund, Series F	-15.8%	-9.5%	1.4%	-3.5%	6.1%
S&P/TSX Global Gold Index	21.8%	5.3%	9.5%	-1.8%	2.2%

\* Inception date of Sentry Precious Metals Fund, Series F: July 28, 2005.

Source: Sentry Investment Management, as at March 31, 2020.

### PERFORMANCE SUMMARY

- In the first quarter of 2020, Series F of Sentry Precious Metals Fund (the Fund) returned -26.6% compared with the S&P/TSX Global Gold Index, which was down 9.5% over the same period.
- The Fund underperformed its benchmark during the period largely as a result of stock selection.

### CONTRIBUTORS TO PERFORMANCE

- **Semafo Inc.** is a Canadian-based mining company with gold production and exploration activities in West Africa. The company's share price rose after it received a premium takeover offer from Endeavour Mining Corp.
- **Newmont Mining Corp.** is a leading U.S.-based gold mining company and producer of copper, silver, zinc and lead. The company reported a strong fourth quarter and a favourable five-year outlook.

### DETRACTORS FROM PERFORMANCE

- **Guyana Goldfields Inc.** is a Canadian gold mining company operating in Guyana, South America. The company determined that it would have a four-to-six month gap in ore production and require additional funding to execute its mine plan.
- **TMAC Resources Inc.** is a Canadian-based mining company that holds a 100% interest in the Hope Bay gold mine in Nunavut, Canada. After it reported fourth-quarter operating results that were below expectations, the company encountered water issues during the first quarter of 2020 that resulted in the suspension of development of a planned ore source.

### PORTFOLIO ACTIVITY

- We added a new position in **SilverCrest Metals Inc.**, a Canadian precious metals exploration company that is focused on a high-calibre silver project in Mexico. We believe that the company has significant resource growth potential that is not yet fully appreciated by the market.
- **Pretium Resources Inc.** owns and operates the Brucejack gold mine in British Columbia, Canada. After we forecasted that the company's fourth-quarter results would fall short of expectations, we exited the position ahead of the release of its results.

## MARKET OUTLOOK

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- We believe that open-ended quantitative easing announced by the U.S. Federal Reserve in March 2020 and similar announcements by global central banks, along with the corresponding drop in sovereign bond yields, begins a new positive cycle for gold and gold equities.
- As this new cycle takes hold, we expect that royalty companies and senior miners will likely lead the rebound because of their liquidity.
- When the reflation stage begins, we expect to rotate the Fund into the mid-capitalization and intermediate producer group, which should outperform. Conversely, the Fund has a negligible allocation to development companies, which we believe are most at risk of delays and capital constraints from COVID-19.
- We have scaled back the Fund's exposure to exploration companies, which tend to lag behind until the new cycle is more mature and accepting of greater risk.

Source: Morningstar Research Inc., Bloomberg Finance L.P. and Sentry Investment Management.

Note: 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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