

SENTRY U.S. GROWTH AND INCOME FUND

Q1-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Sentry U.S. Growth and Income Fund, Series F	37.6%	12.5%	12.3%	N/A	15.1%
Benchmark: S&P 500 Total Return Index	38.1%	15.8%	15.6%	16.9%	17.0%

* Inception date of Sentry U.S. Growth and Income Fund, Series F: May 31, 2011.

Source: CI Global Asset Management, as at March 31, 2021.

PERFORMANCE SUMMARY

- Over the first quarter of 2021, Sentry U.S. Growth and Income Fund Series F (the Fund) returned 6.0% compared with its benchmark, the S&P 500 Total Return Index, which returned 4.7%.
- The Fund outperformed its benchmark primarily as a result of stock selection, particularly within the health care sector.

CONTRIBUTORS TO PERFORMANCE

Holdings in Alphabet Inc. and JPMorgan Chase & Co. contributed to the Fund's performance. Alphabet benefited from a resurgence in advertiser spend as businesses began to re-open. We continue to hold Alphabet as we anticipate continued share gains in marketing and a recovery in travel advertising spending. JPMorgan was positively impacted by increased spending and banking activity as pandemic lockdowns eased. We continue to hold JPMorgan in the Fund as we believe that its strong market position should continue to generate strong performance.

DETRACTORS FROM PERFORMANCE

Visa Inc. detracted from the Fund's performance. The company's share price performance was relatively flat through the start of 2021 as investors favoured higher-risk companies with greater exposure to the economic re-opening. We continue to hold Visa in the Fund's portfolio as we expect that its integrated network and global reach should allow it to out-earn smaller competitors. Cognizant Technology Solutions Corp. posted lackluster results for 2020, which led to a sell-off of its shares. This performance was driven by difficulties with cost management and issues within its content review department.

PORTFOLIO ACTIVITY

We added a new position in CACI International Inc., which provides information technology products and services to the U.S. Department of Defense and civilian bodies. CACI is focused on growing its software and hardware capabilities that should allow for faster growth and greater profit, which we believe the market is not yet appreciating. We exited the Fund's position in Cognizant Technologies as we believe its management will be unable to regain control of costs.

MARKET OVERVIEW

Despite a recent resurgence in active cases of COVID-19, we remain positive about vaccination rates in the United States and Canada. We believe this will allow global activity to return to normal sooner than some market participants expect.

Disruption to global supply chains and increased money supply, coupled with a stronger-than-expected economic recovery, leads us to be cautious about the potential for inflationary pressures to build. As a result, we are focused on owning businesses with competitive advantages that allow them to pass through increases in their input costs. We are increasingly cautious about businesses that cannot generate positive free cash flow in the near future, as higher yields may put pressure on these businesses.

We believe that a robust inoculation rate, plans for further economic stimulus, and healthy consumer savings rates should allow the United States to experience a strong economic recovery over the next 12-18 months. As such, we are looking to invest in companies that are well positioned to benefit from this increase in spending. Many businesses have reduced costs during the pandemic, allowing for healthy incremental margins as revenues return with the recovery.

Source: CI Global Asset Management

For more information, please visit [ci.com](https://www.ci.com).

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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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