

SENTRY ALL CAP INCOME FUND

Q1-2021 Commentary



| FUND | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR | S.I.* |
|---|--------|--------|--------|---------|-------|
| Sentry All Cap Income Fund, Series F* | 49.1% | 10.9% | 8.5% | 9.7% | 12.1% |
| Benchmark: 70% S&P/TSX Composite Total Return Index, 30% S&P 500 Total Return Index | 42.4% | 11.9% | 11.8% | 9.3% | 10.1% |

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

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

PERFORMANCE SUMMARY

- Over the first quarter of 2021, Sentry All Cap Income Fund Series F (the “Fund”) returned 2.8% compared with its benchmark, the 70% S&P/TSX Composite Total Return Index, 30% S&P 500 Total Return Index, which returned 7.1%.
- The Fund underperformed its benchmark primarily as a result of stock selection in the industrials sector and exposure to the utilities sector.

CONTRIBUTORS TO PERFORMANCE

Trisura Group Ltd., a specialty insurance company operating in Canada, the United States and internationally, beat consensus estimates for its 2020 performance as a result of growth in its U.S. operations. We continue to hold Trisura Group, expecting its operations to continue to improve as the world returns to normal. National Bank of Canada provides financial products and services to retail, commercial, corporate and institutional clients in Canada and internationally. It operates through four segments: personal and commercial, wealth management, financial markets, and U.S. specialty finance and international. Its exposure to Quebec’s strong relative gross domestic product growth and prudent credit management led to outperformance during the first quarter of the year. We continue to hold National Bank in the Fund for its exposure to Quebec and relatively low unsecured credit. However, we have trimmed the position after strong recent performance.

DETRACTORS FROM PERFORMANCE

BBTV Holdings Inc., a media and technology company, provides end-to-end management, distribution and monetization solutions to individual content creators and media companies. The holding detracted from performance largely because its business model is not well understood. We continue to maintain the Fund’s position in BBTV as we have confidence that over time the true economics of the business will show through and lead to share price appreciation. Nuvei Corp. provides payment technology solutions to merchants and partners globally. Concerns around Nuvei’s percentage fee declining as the company scales led some investors to sell its shares. We maintain the Fund’s position as we believe the company can grow faster than its fees decline.

PORTFOLIO ACTIVITY

We added shares of IA Financial Corporation Inc. Through its subsidiary, Industrial Alliance Insurance and Financial Services Inc., the company provides various life and health insurance products in North America. It has a track record of value creation, which has been

driven by solid profitability reflected in a strong return on equity. Additionally, we are attracted to the strong organic growth in individual insurance and segregated funds as a result of innovative products. We eliminated the Fund's position in PayPal Holdings Inc., which operates as a technology platform and digital payments company. Its shares have appreciated to our view of intrinsic value and we allocated the proceeds to more attractive opportunities.

MARKET OVERVIEW

Despite a recent resurgence in active cases of COVID-19, we remain positive about vaccination rates in Canada and the United States. We believe this should 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 global economic recovery leads us to be cautious on 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 household formation has accelerated as a result of prolonged co-habitation with significant others and low interest rates. As a result, we expect housing markets to remain strong in 2021. Many businesses have trimmed costs during the pandemic, allowing for healthy incremental margins as revenues return with the economic recovery.

We are cautiously optimistic that higher commodity prices should assist the economic recovery in Canada but remain slightly biased toward the faster recovery in the United States as a result of the higher inoculation rate. However, Canadian businesses offer a greater discount to our estimate of intrinsic value, on average.

Source: CI Global Asset Management

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

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