

Sentry All Cap Income Fund

Bryan Brown, CFA, *Portfolio Manager*

PERFORMANCE SUMMARY

- In the first quarter of 2019, Series F of Sentry All Cap Income Fund (the “Fund”) returned 13.1% compared with its blended benchmark (70% S&P/TSX Composite Index and 30% S&P 500 Index), which was up 12.7%.

CONTRIBUTORS TO PERFORMANCE

- **The Estee Lauder Companies Inc.** is one of the world’s largest manufacturers and marketers focused exclusively on prestige beauty. Heading into the December 2018 quarterly results, the company’s stock was under pressure amid concerns over growth in China, but its earnings report revealed an acceleration in the Chinese market along with raised forecasts for revenue growth.
- **Keyera Corp.** is one of the largest midstream companies in Canada with assets in natural gas gathering and processing, and midstream businesses and operations in Alberta, British Columbia and the United States. Keyera delivered fourth-quarter 2018 results that were well above expectations. The company had particularly strong results in its marketing segment after deploying a successful risk management strategy, securing attractive margins despite weakening prices for liquified natural gas.

DETRACTORS FROM PERFORMANCE

- Health care services company, **CVS Health Corp.**, is one of the largest health care companies in the United States, providing retail, mail and specialty dispensing services, and pharmacy benefits. In late February, the company provided its forecast for 2019, which was below expectations as the company faced concerns tied to pharmacy reimbursement pressure and lower brand inflation.
- A holding in **Chemtrade Logistics Income Fund**, one of North America’s largest suppliers of sulphuric acid and provides other industrial chemicals and services to customers, was another detractor from performance. The company’s results have been under pressure as a result of plant turnarounds, rising raw material costs and declining caustic soda prices, which weighted on its fourth-quarter results.

PORTFOLIO ACTIVITY

- We added a new position in **Accenture PLC**, the largest information technology services firm in the world, which provides management and consulting services and solutions. The company has successfully pivoted its strategy to high-growth markets (digital, cloud and security), which now account for more than 60% of its total revenues.

- A holding in **AGT Food & Ingredients Inc.** was eliminated. The company is a global leader in pulse and staple food processing and distribution, with processing facilities and sales offices located around the globe. In early February, shareholders approved a plan by a group of investors, led by the CEO, to take the company private.

MARKET OUTLOOK

- We have an optimistic outlook for North American equities. We expect the North American economy to show positive growth, and we also expect an easing of trade hostility between the United States and China.
- While our outlook is positive, we will take a relatively defensive approach to stock selection and believe the companies held in the Fund will generate rising free cash flows and deliver growing dividends.
- We will continue to look for investment opportunities in companies that have low debt levels and the ability to deliver steadily growing cash flows. We also favour companies that have exposure to the faster-growing U.S. economy.

FUND	1 YEAR	3 YEAR	5 YEAR	S.I.*
Sentry All Cap Income Fund, Series F	4.6%	4.8%	5.6%	11.6%
Benchmark: 70% S&P/TSX Composite Index and 30% S&P 500 Index	9.8%	11.0%	8.4%	9.5%

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

Source: Sentry Investment Management. Data as at March 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 indices or a weighted blend of widely quoted market indices. There are various important differences that may exist between the Mutual Fund and the stated indices 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 indices. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

IMPORTANT DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all dividends/distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Certain statements in this document are forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect,"



SENTRY[™]
INVESTMENT MANAGEMENT

“anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Investments Inc. and the portfolio manager believe to be reasonable assumptions, neither CI Investments Inc. nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

The author and/or a member of their immediate family may hold specific holdings/securities discussed in this document. Any opinion or information provided are solely those of the author and does not constitute investment advice or an endorsement or recommendation of any entity or security discussed or provided by CI Investments Inc.

The opinions expressed in the communication are solely those of the author and are not to be used or construed as investment advice or as an endorsement or recommendation of any entity or security discussed. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Investments Inc. has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

Sentry, Sentry Investment Management[™] and the Sentry Investment Management logo are trademarks of CI Investments Inc. Sentry Investment Management is a division of CI Investments Inc.

© CI Investments Inc. 2019. All rights reserved. “Trusted Partner in Wealth” is a trademark of CI Investments Inc.

Published April 22, 2019.