Q1-2019 Commentary

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.

<table>
<thead>
<tr>
<th>FUND</th>
<th>1 YEAR</th>
<th>3 YEAR</th>
<th>5 YEAR</th>
<th>S.I.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sentry All Cap Income Fund, Series F</td>
<td>4.6%</td>
<td>4.8%</td>
<td>5.6%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Benchmark: 70% S&amp;P/TSX Composite Index and 30% S&amp;P 500 Index</td>
<td>9.8%</td>
<td>11.0%</td>
<td>8.4%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

* 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.

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