Q1-2019 Commentary

Sentry Canadian Equity Income Private Pool Class

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PERFORMANCE SUMMARY

- In the first quarter of 2019, Series F of Sentry Canadian Equity Income Private Pool Class (the “Fund”) returned 11.6% compared with the S&P/TSX Composite Index, which returned 13.3%.
- The Fund underperformed its benchmark largely as a result of security selection within the health care and information technology sectors.

CONTRIBUTORS TO PERFORMANCE

- **Keyera Corp.** is one of the largest midstream companies in Canada, with assets in the 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 liquified natural gas pricing.

- **Industrial Alliance Insurance and Financial Services Inc.** is the fourth-largest Canadian life insurance company, manufacturing and distributing life insurance and wealth management products. Despite severe macroeconomic volatility during the fourth quarter of 2018, the company delivered on-par results and, later in period, received a favourable court ruling that dismissed claims by plaintiffs seeking compensation that was inconsistent with the intention of a particular insurance policy.

DETRACTORS FROM PERFORMANCE

- 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 the Fund’s 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 2018 results.

- **Onex Corp.** is a private equity investor and alternative asset manager with approximately US$30 billion in assets under administration. Both the private equity and credit portfolios were negatively impacted by market volatility during the quarter, which lowered the net asset value of the company.

PORTFOLIO ACTIVITY

- We added a new Fund 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.

- **Alliance Data Systems Corp.** is a provider of data-driven targeted marketing and loyalty solutions, along with credit card programs. The company has been working to reduce its mall-based retail customer exposure, which has slowed its growth. Also, the pending sale of its digital marketing business will remove a profit growth driver. As such, we exited the position.

**MARKET OUTLOOK**

- Alongside our optimistic view of North America, we believe the economic climate in Canada is favourable given that unemployment is at all-time lows, and this should provide sufficient opportunities to invest in attractively valued companies. Liquified natural gas investments are an additional reason for optimism.

- Results during the first three quarters of 2019 are likely to be impacted by harsh winter weather conditions. However, we expect any slowdown in growth to dissipate in the second quarter. We will closely monitor the companies most sensitive to weather during the upcoming earnings season.

- In addition to our microeconomic views, we expect interest rate increases by the Bank of Canada to be on hold as governor Stephen Poloz attempts to balance inflation with gross domestic product growth. As such, we believe there will be an easing of renewal challenges, which is beneficial to the Canadian consumer, but retain our defensive positioning within the Fund.

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<table>
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<th>FUND</th>
<th>1 YEAR</th>
<th>S.I.*</th>
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<tbody>
<tr>
<td>Sentry Canadian Equity Income Private Pool Class, Series F</td>
<td>4.2%</td>
<td>5.7%</td>
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<tr>
<td>S&amp;P/TSX Composite Index</td>
<td>8.1%</td>
<td>7.7%</td>
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* Inception date of Sentry Canadian Equity Income Private Pool Class, Series F: July 4, 2016.

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 S&P/TSX Composite Index is the headline index for the Canadian equity market.

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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