



Q3-2019 Commentary

Sentry All Cap Income Fund

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FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Sentry All Cap Income Fund Series F	4.9%	5.1%	5.6%	11.5%
Benchmark: 70% S&P/TSX Composite Total Return Index and 30% S&P 500 Total Return Index	7.0%	9.3%	8.3%	9.6%

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

PERFORMANCE SUMMARY

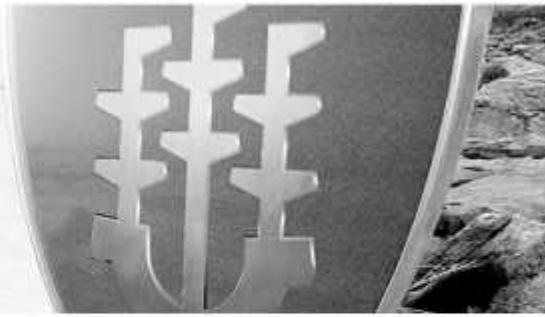
- In the third quarter of 2019, Sentry All Cap Income Fund Series F (the “Fund”) returned 3.6% compared with its blended benchmark (70% S&P/TSX Composite Total Return Index and 30% S&P 500 Total Return Index), which was up 2.6%.
- The Fund outperformed its benchmark during the period largely as a result of security selection within the industrials and communication services sectors.

CONTRIBUTORS TO PERFORMANCE

- Cedar Fair L.P.** is one of the largest regional amusement-resort operators in the world, headquartered in Ohio. Weather improved in the second quarter of the 2019 following record-setting rainfall in the first half of the year. Consequently, the company’s second-quarter results, along with preliminary results through Labour Day weekend, posted solid attendance and revenue growth.
- Alphabet Inc.** is a top search destination on the World Wide Web, providing a leading search marketing platform for advertisers and merchants. The company reported second-quarter results that were above expectation, highlighted by an acceleration in revenue growth from the previous quarter to 21%. Many investors were skeptical of the company’s ability to achieve greater than 20% growth.

DETRACTORS FROM PERFORMANCE

- Enerflex Ltd.** provides global full-cycle gas processing and compression products and services. While the company’s second-quarter results came in above expectations on revenue and earnings, its level of bookings was underwhelming, which is a poor indicator for future revenue growth.
- A holding in **UnitedHealth Group Inc.** also detracted from the Fund’s performance. The company provides health care services (coverage and benefits, and technology-enabled services) in the U.S. During its second-



quarter conference call, the company's management indicated that revenue would come in lower than its original forecast. Also, Senator Elizabeth Warren, who is a proponent for "Medicare for all", has been rising in the U.S. presidential election polls, which could prove negative for private health insurers.

PORTRFOIO ACTIVITY

- We added a new position in **People Corp.**, a Manitoba-based firm that delivers employee group benefits consulting on a national scale along with the administration of such benefits. The company is consolidating the benefits consulting and administration space, and attributes two-thirds of its growth to acquisitions. Its average customer tenure is eight to 10 years, with a retention rate of around 98%.
- A holding in **Mullen Group Ltd.** was eliminated from the Fund. The company provides a wide range of oilfield services in Western Canada, which includes specialized transportation services. Given the low visibility on a rebound in trucking activity and timing uncertainty on more potential mergers and acquisitions, we exited the position.

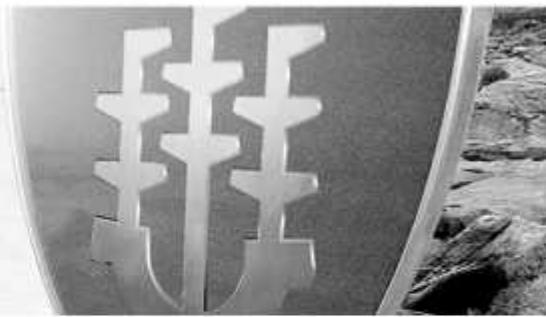
MARKET OUTLOOK

- We have a cautiously optimistic outlook for North American economies. While global growth has slowed, we are not forecasting a recession in North America, but Western Canada would be most at risk if no new energy infrastructure projects are approved.
- Industrial production has turned negative, with most gross domestic product growth now coming from the consumer. We expect that some of this industrial slowdown will negatively impact consumer sentiment over time.
- Further interest rate cuts by the U.S. Federal Reserve are likely, and we believe that Canada will follow suit, but that is not a consensus view held by the market. Lower interest rates should provide a stimulative effect to some areas of the economy, such as housing.
- We have reduced the Fund's cyclical exposure and have added to existing holdings that are less exposed to the economy (particularly the industrial economy). Our view that the U.S. will continue to grow faster relative to Canada has led us to maintain the Fund's overweight allocation to U.S. equities.

Source: Sentry Investment Management. Data as at September 30, 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 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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Published October 29, 2019.