

SENTRY SMALL/MID CAP INCOME FUND

Q4-2020 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Sentry Small/Mid Cap Income Fund, Series F*	9.2%	5.7%	8.5%	11.8%	12.2%
Benchmark: 70% S&P/TSX Completion Total Return Index, 30% S&P MidCap 400 Total Return Index	7.9%	6.5%	9.2%	7.5%	7.2%

* Inception date of Sentry Small/Mid Cap Income Fund, Series F: July 28, 2005.

Source: CI Global Asset Management, as at December 31, 2020.

PERFORMANCE SUMMARY

- Over the fourth quarter of 2020, Sentry Small/Mid Cap Income Fund Series F (the Fund) returned 15.0% compared with the 70% S&P/TSX Completion Total Return Index, 30% S&P MidCap 400 Total Return Index which returned 14.9%.
- The Fund outperformed its benchmark primarily due to its security selection in the information technology sector, being the largest contributor to performance. Performance was also aided by sector allocation decisions.

CONTRIBUTORS TO PERFORMANCE

Cargojet Inc. provides time-sensitive overnight air cargo services in Canada. Demand for logistics, particularly air transportation, accelerated greatly in 2020 and the company was able to benefit from this demand spike. Cargojet's control over key air transport routes provides the company with sustainable protection from competitors. Cigna Corp. provides insurance and related products and services. Amazon.com, Inc. announced that its new U.S. pharmacy operation will run in partnership with Cigna's insurance operations. The company also benefited from strong earnings growth and reduced fears around employment levels. These factors drove Cigna's outperformance.

DETRACTORS FROM PERFORMANCE

Real Matters Inc. provides technology and network management solutions to mortgage lending and insurance industries in Canada and the United States. An increase in appraisal waiver activity coupled with confusing guidance from management and an expensive valuation caused the share price to decline during the period. We continue to hold Real Matters as the core platform continues to offer strong value to its customers and its growth outlook remains underappreciated. Jamieson Wellness, Inc. develops, distributes, sells and markets natural health products. The company underperformed in the final months of the year partially as a result of mixed earnings and few business updates in the second half of the year. We continue to hold Jamieson as its growth profile remain unchanged and we expect 2021 to yield strong demand for the wellness products the company offers.

PORTFOLIO ACTIVITY

Boston Scientific Corp. develops, manufactures and markets medical devices for use in hospital procedures worldwide. We believe the market fails to understand the nature of Boston Scientific's business, particularly that elective procedures cannot be deferred indefinitely and will return sooner than anticipated. Inter Pipeline Ltd. engages in petroleum transportation and storage as well as

natural gas liquids processing businesses in Canada and Europe. Cost overruns and a lack of visibility on the company's ability to execute a major project on budget led us to exit the position in favour of better opportunities.

MARKET OVERVIEW

We expect the first half of 2021 to be marked by continued uncertainty, rolling restrictions on activity and an accelerating COVID-19 vaccine rollout. The second half of the year is expected to exhibit increased economic activity, driven by mass inoculations, supportive monetary and fiscal policy, and previously elevated consumer savings rates. We believe that this increase in economic activity will be reinforced by a reduction in unemployment rates across North America, including in hardest-hit areas, such as the service sector and tourism.

There should be increased visibility on the end to the pandemic to prompt a resumption of long-term capital expenditures that may have been on pause over the last year. We believe that household formation has accelerated as a result of prolonged co-habitation and low interest rates. As a result, we expect housing markets to be strong in 2021. Businesses with exposure to travel should do particularly well as a result of pent-up demand and elevated savings rates in 2020. Conversely, we believe that big-ticket discretionary items may fare less well in 2021 following an exceptional 2020. Following past recessionary periods, small-capitalization companies have outperformed large-cap companies. Our expectation is this will be the case again in this recovery.

For more information, please visit ci.com.

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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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