



Partners

QUARTERLY
PROFILE

2nd Quarter 2017

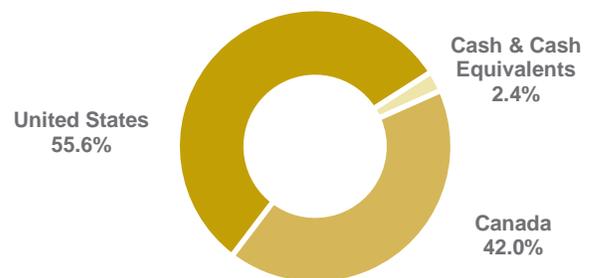


NORTH AMERICAN EQUITY-INCOME

PORTFOLIO OBJECTIVE

Sentry North American Equity-Income SMA aims to provide income and long-term capital appreciation by investing primarily in a diversified portfolio of dividend-paying North American equity securities and, to a lesser extent, interest-bearing securities such as bonds.

ASSET ALLOCATION



MAJOR HOLDINGS

COMPANY	% OF PORTFOLIO
CHEMTRADE LOGISTICS INCM FD UT	5.09%
LIVE NATION ENTERTAINMENT INC	4.53%
MCKESSON CORP	4.13%
BROOKFIELD ASSET MGMT INC CL A	3.98%
JPMORGAN CHASE & CO	3.83%
WELLS FARGO & CO NEW	3.26%
ALPHABET INC CL C	3.24%
MAGNA INTL INC	3.24%
LIBERTY GBL PLC CL C	3.15%
ALIMENT COUCHE-TARD CL B	3.04%

2nd Quarter 2017	QTD	1YR	3YR	5YR	10YR
Sentry Equity Income*	1.0%	15.6%	9.0%	14.6%	12.4%
Customized Benchmark**	-0.6%	14.5%	1.4%	7.2%	6.6%

*Return Data Source: Returns from inception to Sep 2011 are from the Sentry Canadian Income Fund (gross mutual fund returns in C\$). Returns from Oct 2011 to present are based on a RJ Partners Program composite, gross returns in C\$. All performance data represents past performance and is not necessarily indicative of future performance. Benchmark: 50% S&P 500, 50% TSX Composite Index.

**Benchmark Data: The benchmark used from inception to Dec. 2015 is 10% S&P 500, 20% TSX Capped REIT, 70% TSX Equity Income. From Jan. 15 to present, 50% S&P 500, 50% S&P/TSX Comp. is used.

PORTFOLIO REVIEW

Performance summary

Over the second quarter of 2017, Sentry North American Equity-Income SMA returned 1.0%, outperforming its custom blended benchmark, 50% S&P/TSX Composite Index and 50% S&P 500 (in Canadian dollars), which declined 0.5%.

Contributors to performance

A key contributor to SMA performance was Newell Brands, Inc., a global consumer and commercial goods company with well-known brands including Rubbermaid, Sharpie and Rawlings. The threat of Amazon has had a negative impact on the entire consumer discretionary sector, putting pressure on pricing, independent of product line or business. We believe Newell's broad product lineup is less impacted by price compression, offering more sales stability than its peer set. The stock rallied during the period, up 11.5%, on the back of strong organic growth and a 21% dividend increase. The company also increased the synergy target of its prior acquisition of Jarden to approximately \$1 billion and expects to achieve its new target at an accelerated pace, potentially creating further bottom-line growth and an offset during periods of temporary weakness in the category.

Another notable contributor to performance over the period was Oracle Corp., up 9.9%, continuing its strong performance from the first quarter of 2017. Oracle is one of the world's leading providers of enterprise software and computer hardware products and services. During the quarter, Oracle reported strong fourth-quarter results, with revenue beating consensus estimates by about 5% and reported EBITDA coming in ahead of consensus estimates as well. Part of Oracle's revenue increase was due to its Cloud annual recurring revenue bookings which exceeded its goal for the fiscal year 2017 and is encouraging for its cloud business growth prospects for fiscal year 2018. Another encouraging sign is that Oracle's growth in cloud subscriptions finally exceeded its decline in license revenue which is an important milestone for the company. We continue to like Oracle's growth prospects and hold it in our portfolio.

Notable contributors: Live Nation Entertainment Inc., McKesson Corp., Newell Brands Inc.

Detractors from performance

A key detractor to SMA performance during the second quarter was Shawcor Ltd., a Canadian energy services company and global market leader in pipeline coating and application for both the onshore and offshore energy markets. Despite results very much in line with market expectations, the stock was down 31.7% over the quarter, due in part to concerns over a flat backlog, caused by less expected capital expenditure in the current commodity price environment. We continue to maintain our position and believe the long-term outlook for increased infrastructure spending is promising, especially given the age of much energy infrastructure globally. It is our opinion that Shawcor will remain a best-in-class operator in its niche and will capture a significant portion of the new infrastructure contracts once the cycle turns.

Notable detractors: Crescent Point Energy Corp., Liberty Global PLC., Shawcor Ltd.

OUTLOOK

Within North American markets, we've seen a wide dispersion in equities which means there are still opportunities in the market, provided you dig through the vast opportunity set.

With regards to the political landscape, we continue to closely monitor the leadership change in the U.S. and the implications that President Trump's actions have on the Canadian and global economy. We believe that the market will be looking to see some progress on tax reform and health care reform which should be a good measure as to what can be accomplished in the first year of this new presidency.

Canada was built on trade, and it relies on trade for economic prosperity and the well-being of its citizens. There are now many trade irritants with the U.S., including another softwood lumber dispute. However, softwood lumber disputes with the U.S. have occurred since before Confederation. Since the last lumber dispute, Canadian forestry companies such as West Fraser Timber Co. and Interfor Corp. have purchased sawmills and other lumber assets in the U.S., so they have still been able to operate well despite trade friction.

Geographically we're seeing opportunities both in Canada and the U.S. In Canada, the general tone has been quiet – we haven't seen many IPOs, for example. And overall, we're still seeing good value in selective areas of the market, and we believe that the opportunity set is more skewed towards the U.S.

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