

Market Commentary

Fourth Quarter 2019



CI Global Health Sciences Corporate Class

Andrew Waight, Principal, CFA

Class F returns (in %) as at December 31, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (08/08/2000)
CI Global Health Sciences Corporate Class	13.2	13.2	7.6	3.3	12.7	7.7

Sources: Bloomberg Finance L.P.; Morningstar Direct; and Altrinsic Global Advisors, LLC, as at December 31, 2019.

Market Overview

- The health care sector performed very well during the fourth quarter of 2019, driven by clinical, regulatory and financial catalysts. On the clinical side, Biogen Inc. announced it would file for a trial of aducanumab for Alzheimer's disease early this year. Biogen had stopped the trial last March, as it appeared the drug did not work. It seems Biogen was a little impatient and, with more time, the drug was able to produce a positive effect for patients. This is potentially a significant advance in the fight against Alzheimer's.
- While it took longer than expected, the fourth quarter did see the approval of two significant deals. Roche Holding AG entered the gene-therapy market through its purchase of Spark Therapeutics Inc., while Bristol-Myers Squibb Co. acquired Celgene Corp. These approvals indicated that regulators have not changed the parameters by which they assess deals, removing that uncertainty. Finally, the quarter saw big pharmaceutical companies Sanofi SA, Merck & Co. Inc., Novartis AG and Astellas Pharma Inc. make small biotechnology acquisitions. As the pace of scientific advancement accelerates, it becomes increasingly difficult for the industry's large players to dominate therapeutic categories as they once did. This means looking outside for acquisitions in order to supplement internal research and development.

Performance Summary

- Over the fourth quarter of 2019, Class F of CI Global Health Sciences Corporate Class (the Fund) returned 19.3%, compared with 14.8% (in Canadian-dollar terms) for its blended benchmark (50% NASDAQ Biotechnology Total Return Index and 50% S&P 500 Pharmaceuticals Total Return Index).



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | www.ci.com

Head Office / Toronto
416-364-1145
1-800-268-9374

Calgary
403-205-4396
1-800-776-9027

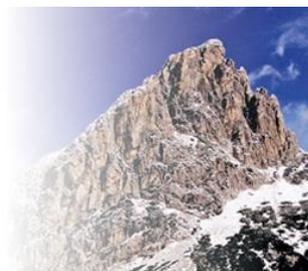
Montreal
514-875-0090
1-800-268-1602

Vancouver
604-681-3346
1-800-665-6994

Client Services
English: 1-800-563-5181
French: 1-800-668-3528

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Contributors to Performance

- During the quarter, the Fund's top contributing investments included Intercept Pharmaceuticals Inc. and Forty Seven Inc.
- Intercept Pharmaceuticals was the biggest contributor to performance and the Fund's largest holding. During the quarter, the U.S. Food and Drug Administration accepted the filing for Intercept's drug Ocaliva in non-alcoholic steatohepatitis (NASH) and gave it a priority review. This means Ocaliva could come to the market in mid-2020. NASH is currently a large unserved market.
- The Forty Seven name refers to the target of the company's CD47 drug, otherwise known as the "don't eat me" signal. CD47 is overexpressed in some cancers and by blocking it, the drug tips the balance toward the "eat me" side, causing the immune system to attack the cancer. Positive clinical results drove the share price up during the quarter.

Detractors from Performance

- A number of stocks detracted from our performance, including SeaSpine Holdings Corp. and Capital Senior Living Corp.
- SeaSpine is a maker of spinal implants. While its business is strong, it is a small emerging growth company. As such, it is likely it will need to raise capital in the near-term to fund growth. This uncertainty has capped SeaSpine's stock price.
- Capital Senior Living, an owner/operator of assisted and independent living facilities, is recovering from oversupply in the industry. While it is taking longer than anticipated, we are beginning to see a slowdown in new facility starts. This should allow Capital Senior to reduce its promotional spending and move to better monthly pricing.

Portfolio Activity

- Two stocks reached our intrinsic value targets and were eliminated from the portfolio: Dicerna Pharmaceuticals Inc. (an interfering-RNA company) and MorphoSys AG (a European antibody company).
- We added Translate Bio Inc. to the Fund. The company soon will release test results for an inhaled cystic fibrosis drug.

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Outlook

- We are looking forward to many clinical and regulatory results in 2020, but the one that will have perhaps the most impact will be the possible approval of Intercept Pharmaceuticals Inc.'s Ocaliva liver fibrosis in NASH drug.
- The cloud of uncertainty over the health care sector will be a focus in this year's U.S. presidential election. Several Democratic candidates have made radical proposals to address the twin problems of cost and access. While we think the U.S. health care system can only change incrementally in today's political environment, news headlines in the coming months may add to the volatility.

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