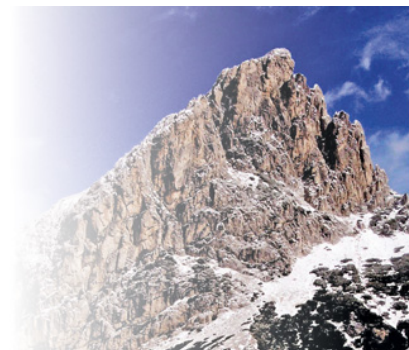


Market Commentary

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CI Global Health Sciences Corporate Class

CI Global Health Sciences Corporate Class (Class F) returned 8.4% for the quarter. The capital raising by smaller biotechnology companies remains strong. In fact, 2018 is on track to have the highest number of biotechnology IPOs since the record was set in 2014. This is a reflection of the great science that is going on in the sector. It is also a reflection of generous valuations in some areas of biotechnology.

Speaking of great science, fund holding Sangamo Therapeutics presented the initial data from patients with Hunter Syndrome. This is a genetic disease that results in patients not making a critical enzyme. Toxic intermediates build up in their tissues, eventually leading to early death. Sangamo did not use a pill or an injection to combat the disease, deciding instead to change/edit patients' DNA so they will produce the missing enzyme. In other words, Sangamo rewrote part of each patient's genetic code. One can imagine the difficulties getting to this point: years of research so it can be done safely and overcome regulatory hurdles. There is also a lot of soul searching; although it may be obvious to treat a patient with Hunter Syndrome, the tools can also be used to modify non-disease traits.

Given the above comments, it will not be surprising to learn that the best-performing stocks were Intercept Pharmaceuticals, ProQR Therapeutics, and Akcea Therapeutics. Intercept, our largest holding, continues to march toward the phase III results of its drug Ocaliva in non-alcoholic steatohepatitis (NASH) in the first half of 2019. This will be a company-defining event. ProQR reported positive results for its drug to treat Leber's congenital amaurosis (LCA) 10 – a genetic mutation that causes blindness. Finally, Akcea moved up on pipeline results for a drug to target lipoprotein-a. It is thought that when elevated, lipoprotein-a leads to cardiac disease.

Detracting from performance were Endologix (a maker of aortic aneurysm devices) and AAC Holdings (addiction clinics). Endologix was particularly frustrating, as 2017 was also a weak year. A new management team has decided that Endologix is in too many markets, resulting in a cost base that is delaying profitability. The company will now focus on fewer markets and larger accounts, resulting in a resetting of guidance. We believe the transition will take time, but the market is reflecting worst-case scenarios. AAC Holdings reported solid revenue growth but also higher expenses, disappointing investors. We acknowledge the company's poor communication of strategy but expect the higher cost base to allow AAC to support a higher occupancy. This, in turn, should drive profitability in the coming quarters.

During the quarter, we exited China Biologic Products Holdings and Encompass Health. In both cases, the companies had reached our estimate of intrinsic value. We added four names: Aerie

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Pharmaceuticals, Xenon, Ping An Healthcare, and Takeda Pharmaceutical. Aerie focuses on the treatment of glaucoma. Xenon specializes in drugs to treat epilepsy. Ping An Healthcare is a spinout from the insurance giant Ping An, allowing a focus on health care, and Takeda is a Japan-based pharmaceutical company in the process of buying U.K.-based Shire.

Later this year, the U.S. Congressional mid-term elections take place. While health care is not an election issue, a strong democratic showing may elevate health care in investors' minds. We certainly expect to hear the term "universal health care" thrown around more often. That being said, this issue would have to wait for a Democratic president.

As you can tell from our discussion about DNA editing for Hunter Syndrome, we are excited about some of the science that is being done. However, we are cognizant of the fact that biology is complex and that investors can get ahead of themselves, resulting in overvaluation in some sub-sectors.

The fund is relatively concentrated at 48 names, is still largely exposed to the U.S., and remains unhedged on currency.

Class F Returns (in %) as at September 30, 2018	Year-to- date	1 year	3 year	5 year	10 year
CI Global Health Sciences Corporate Class	21.7	20.0	5.7	10.7	14.6

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