

# CI GLOBAL HEALTH SCIENCES CORPORATE CLASS



## Q2-2021 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Global Health Sciences Corporate Class, Series F*	19.2%	7.9%	8.0%	13.6%	8.1%
Benchmark: 50% NASDAQ Biotechnology Total Return Index, 50% S&P 500 Pharmaceuticals Total Return Index	10.8%	13.0%	11.1%	18.4%	N/A

\* Inception date August 8, 2000.

Source: Altrinsic Global Advisors LLC, as at June 30, 2021

### PERFORMANCE SUMMARY

- Over the second quarter of 2021, CI Global Health Sciences Corporate Class Series F (the Fund) returned 2.8% compared with the 50% NASDAQ Biotechnology Total Return Index, 50% S&P 500 Pharmaceuticals Total Return Index, which returned 6.8%.
- The Fund underperformed its benchmark as a result of an underweight exposure to major pharmaceutical companies, which performed well. Concerns over rising interest rates also negatively impacted pre-commercial drug discovery companies.

### CONTRIBUTORS TO PERFORMANCE

The Fund's position in Biogen Inc. contributed to performance as the company received approval of the first drug to treat Alzheimer's in 20 years. Alzheimer's is a large global market with about six million sufferers in the United States alone. Another contributor to the Fund's performance was SeaSpine Holdings Corp., a maker of spinal medical products. It reported solid quarterly results as elective spine surgery recovered from the COVID-19 slowdown.

### DETRACTORS FROM PERFORMANCE

A holding in Ionis Pharmaceuticals Inc. detracted from the Fund's performance. Its anti-sense drug discovery program suffered a clinical setback resulting in the company stopping development of its cystic fibrosis drug. Takeda Pharmaceutical Co. Ltd. also detracted from the Fund's performance. It released an unfavourable 2022 forecast as a result of increased research and development spending, which will impact its operating margins.

### PORTFOLIO ACTIVITY

We added a new holding in Anthem Inc., the largest U.S. managed care company by membership. It should benefit from the move away from "fee for service" health care to value-based care. This long-term trend should put upward pressure on margins. Alexion Pharmaceuticals Inc. was eliminated from the Fund. Astrazeneca PLC offered to buy the company late last year for a combination of stock and cash. As we got closer to the closing date of the transaction, the stock began to reflect the true value of Astrazeneca PLC's offer and we eliminated the position.

## **MARKET OVERVIEW**

Going forward, the launch of Biogen Inc.'s Alzheimer's drug should be of great interest. The controversial approval (clinical data was incomplete), high price and large market mean that the launch will be watched by both investors and policy makers. We also expect to see clinical results from Ionis Pharmaceuticals Inc. in both Alzheimer's and ALS drugs. Many diagnostic companies have benefited from pandemic-related volumes, but this is beginning to unwind, the speed and magnitude of which are still unknown.

On the U.S. health care policy front, we expect increased risk from news headlines as we head into the autumn Congressional session. We anticipate incremental change rather than some of the more radical proposals on the table.

Source: Altrinsic Global Advisors, LLC, FactSet Research Systems Inc.

For more information, please visit [ci.com](https://www.ci.com).

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