

Holdings Update: UnitedHealth Group, Inc. (“UNH”)

Company Description

UNH is one of the industry leaders in the healthcare insurance markets covering commercial risk, individuals, public sector employers, and government based businesses. UNH operates under two primary business segments, UnitedHealth and Optum. UnitedHealth provides health care benefits to a broad array of customers, while Optum is a health services business serving the health care marketplace.

Fundamental Approach to Investing

As part of Marsico’s fundamental approach to investing, we are regularly on the road visiting companies. Insights we glean from these meetings can inform our perspective about the company and the industry it participates in. For example, we recently attended the UNH analyst day, spending the day learning about how UNH plans to surpass competitors in the evolving health care space. Coming out of the meeting we gained a greater appreciation of UNH’s ability to leverage its data advantage to drive down healthcare costs and deliver better solutions for its customers.

Insight: UNH expects their data advantage to drive long term benefits for customers and returns for investors

The company has built one of the industry’s more extensive demographic and clinical databases with over 250 million medical records aggregated over the past decade. In 2019, UNH will be one of the first insurance carriers to provide an individual integrated health record that will aggregate all relevant clinical, demographic, and financial data to assist enrollees with their healthcare information, as well as seek to predict outcomes for providers. The predictive model, called Rally, is intended to ensure that every intervention required results in patients seeing the right physician, at the right time, in the most appropriate and least costly venue. Rally is considered one of UNH’s main platforms and the company states they have seen significant wins in 2019 due to its launch. Since Rally’s launch the company has added nearly 400,000 new unique users to the platform.

In addition, the company is building one of the largest ambulatory (physician practices, clinics, surgical centers, etc.) networks within the U.S., called Optum. Optum currently serves more than 125 million individuals with its expansive set of healthcare services. The global market for health services represents more than a \$1.4 trillion opportunity. By leveraging the company’s extensive clinical database, the focus for Optum is to provide the highest quality, lowest cost, and most positive member experience per healthcare episode.

We believe UNH remains well positioned to deliver solid returns going forward. We expect the company to deliver mid-teens earnings per share growth over the next several years as it benefits from the aging population in the U.S., led by the baby boomer generation, and leverages data to provide innovative solutions to customers in key segments of the healthcare market.

Disclosures

The performance information presented represents past performance and does not guarantee future results. The views expressed are as of the date of this writing and are those of the Advisor to the Funds.

As of 9/30/19, UnitedHealth Group comprised 2.49% of the Marsico Focus Fund, 1.74% of the Marsico Growth Fund, 0.00% of the Marsico 21st Century Fund, 0.00% of the Marsico International Opportunities Fund and 0.00% of the Marsico Global Fund.

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This individual stock is not representative of the other stocks in the Funds.

Sources

UnitedHealth Group Investor Day presentation 2018.

UnitedHealth Group third quarter earnings call

UMB Fund Services, Inc. and MCM.

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Investments in mutual funds carry risks and investors may lose principal value.

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