

# **UnitedHealth Group (UNH)**

**Presented by:** *The Big Shorties (Vivek Anandh, Briana Bradley, Maddy Hadwick, Kenny Mark)*

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**Investment decision:** *Invested \$15,000 in the DA Davidson Fund*

## **Introduction:**

We selected the **healthcare insurance sector** because it provides defensive stability and consistent earnings growth even during market downturns. Within this sector, **UnitedHealth Group (UNH)** stood out due to its strong market leadership, diversified business model across insurance and health services, and history of operational excellence. UNH also helps balance the fund's exposure by adding a large-cap, low-beta name in a traditionally resilient industry.

## **Company and Valuation Details:**

**UnitedHealth Group (NYSE: UNH)** operates through two main segments: **UnitedHealthcare**, which offers health benefit plans, and **Optum**, which provides health services including pharmacy benefit management and data analytics.

- **Current Price:** \$354.50
- **Target Price:** \$453.12
- **Upside Potential:** ~35%
- **Valuation Methods:** DCF (50%), Comparable Companies (30%), and Precedent Transactions (20%)
- **DCF Implied Value:** \$735.74
- **Comps Implied Value:** \$223.89
- **Precedents Implied Value:** \$219.51

UNH's leadership in both Medicare Advantage and healthcare services gives it a durable competitive moat. Risks include potential regulatory changes, medical cost inflation, and increased competition in government programs. However, the company's diversified revenue mix and consistent earnings growth mitigate these concerns.

## **Historical Performance:**

Over the past **5 years**, UNH has delivered strong total returns, significantly outperforming the **S&P 500 (SPY)**.

- **5-Year Price CAGR:** ~13% vs. SPY's ~10%
- **Beta:** 0.56 – indicating lower volatility
- **Max Drawdown:** ~17% vs. SPY's ~25% during market corrections

UNH's defensive nature, steady cash flows, and dividend growth make it an attractive long-term investment despite moderate regulatory risks. Its consistent track record of earnings growth and strong balance sheet support the decision to invest.