

Legendary Investors

Jim Simon's Picks

Renaissance Technologies

Filtered by risk

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Renaissance's investment strategy and key holdings

AUM \$75 bn

- Jim Simons is an American mathematician who founded and runs Renaissance Technologies, a top Wall Street quant hedge fund.
- He is among the most successful hedge fund managers owing to the enormous success of his quantitative algorithms and models
- Medallion, the main fund which is closed to outside investors, has earned over \$100 billion in trading profits since its inception in 1988. This translates to a 66.1% average gross annual return or a 39.1% average net annual return between 1988 – 2018
- Simons and his team are among the most secretive traders Wall Street has ever encountered, loath to drop even a hint of how they'd conquered financial markets. Employees avoid media appearances and steer clear of industry conferences and most public gatherings.

Company Name	% of Portfolio	Value	Average Buy Price
Novo-nordisk A S	2.28%	\$ 1.72B	<u>\$41.48</u> (+267.0%)
Amazon Com Inc	1.23%	\$ 929.71M	<u>\$101.58</u> (+26.8%)
Gilead Sciences Inc	1.17%	\$ 878.17M	<u>\$73.56</u> (+3.5%)
Tesla Inc	1.11%	\$ 835.04M	<u>\$52.28</u> (+416.0%)
Airbnb Inc	1.00%	\$ 753.19M	<u>\$132.46</u> (+3.8%)
Unitedhealth Group Inc	0.91%	\$ 685.70M	<u>\$507.41</u> (-8.8%)
Verisign Inc	0.89%	\$ 672.68M	<u>\$83.28</u> (+156.6%)
Hershey Co	0.78%	\$ 586M	<u>\$111.14</u> (+117.0%)
Boeing Co	0.73%	\$ 550.64M	<u>\$197.56</u> (+10.7%)
Chevron Corp New	0.70%	\$ 526.12M	<u>\$138.64</u> (+14.1%)

Source:
SEC 13F
filing

UnitedHealth Group

Target
XXX

Portfolio weight: 0.91%

Market price: \$463

Investment : \$686 mn

Renaissance's average cost: \$507

Profile: UnitedHealth Group (UNH) is the largest managed health care firm in the US., providing health plans under UnitedHealthcare (57% of revenue) while its other segment, Optum provides healthcare delivery and services. UnitedHealthcare offers both risk and fee based health plans to more than 50 million individuals. Optum includes pharmacy and outpatient facilities negotiation that help in lowering medical costs for its customers

Fundamentals		Outlook
Mcap	\$431 bn	UNH's unique combination of the nation's largest health plan provider and a major health care services firm provides a huge material advantage over competing firms through lower costs for its plan members.
P/E (2023E)	20x	
Year end	December	
EPS 2024E	\$25.49	Under its Optum segment, OptumRx negotiates favorable drug prices, OptumHealth offers lower cost services than third-party providers, and OptumInsight's data analytics lowers costs of health care delivery. With a low-cost advantage derived through Optum, UnitedHealthcare is more competitive in bidding for health plan business, as its premiums can be lower than competitors that have to cover higher medical and operating costs.
EPS 2023E	\$22.69	
Next earnings day	Jul 14, 2023	UNH's growth has been led by Optum, which historically generates higher operating margins than UnitedHealthCare. In 2021, UNH entered into agreements to acquire Change Healthcare for \$8 billion. Change Healthcare will help UNH grow its health care technology capabilities if the deal is able to close as it is yet to receive regulatory approval.
Div yield (Excl. withholding tax)	1.5%	
ROE	26%	
Institutional holding	90%	In 2022, UNH paid out dividends of \$6.0 billion and made net share repurchases worth \$7.0 billion

United Therapeutics Corp

Target
xxx

Portfolio weight: 0.66%

Market price: \$222

Investment :\$499 mn

Renaissance's average cost: \$114

Profile: United Therapeutics is a Public Benefit Corporation engaged in research and development of technologies for treating rare lung diseases, oncology and organ manufacturing. The company currently owns four commercial platforms and five programs in the pipeline close to a commercial launch. The company's key products include Tyvaso, Remodulin and Orenitram used to treat patients suffering from lung disease and pulmonary hypertension. It is also developing technologies for lung transplantation in the near-term.

Fundamentals		Outlook
Mcap	\$10 bn	The company reported a 10% YoY growth in sales reaching \$507 mn in Q1 2023 led by its Tyvaso franchise, which reported a robust 39% YoY growth contributing \$238 mn to the overall topline. Orenitram posted a 7% YoY growth in sales to \$88 mn, its highest ever till date.
P/E (2023E)	12x	
Year end	December	
EPS 2024E	\$20.26	Total R&D expense was higher by 20% YoY at \$83 mn or 16% of sales , which led operating income to decline slightly by 1.4% to \$284 mn. Net income rose slightly to \$240 mn from \$239 mn a year earlier
EPS 2023E	\$18.27	
Next earnings day	Aug 01, 2023	The company has a strong financial position having cash and cash equivalents of nearly \$4.6 bn as on Mar 31, 2023, which means that equity is valued at around \$5.4 bn given its current Mcap of around \$10 bn
Div yield (Excl. withholding tax)		
ROE	15%	
Institutional holding	99%	

Pfizer

Target
XXX

Portfolio weight: 0.66%

Market price: \$36

Investment :\$496 mn

Renaissance's average cost: \$46

Profile: Pfizer benefits from a diverse portfolio of drugs, with eight separate brands accounting for more than \$1B in annual sales and none contributing more than 14% of total revenue. This differs from most brand drug developers that have higher sales concentration in their key brands.

Fundamentals		Outlook
Mcap	\$203 bn	Pfizer spends heavily on R&D to keep new drugs coming out of its pipeline. Pfizer's R&D spending dropped to \$11.4 billion in 2022 (11% of sales) from \$13.8 billion in 2021. It has 19 drugs in development (including 15 developed in-house) with potential for \$20B in revenues by 2030. The company estimates that it has about \$17B of revenue at risk between 2025 and 2030 due to loss of exclusivity. Pfizer's \$43 bn Seagen acquisition, likely to be approved in the late 2023/early 2024 should have a strong contribution to its oncology sales. The company has also made other acquisitions in 2022 to take advantage of its cash and low debt levels to acquire FDA approved drugs in diverse therapeutic segments. This should offset loss in revenue from Covid-19 vaccines and loss of exclusivity in the years ahead. The stock trades at an attractive P/E multiple of 11x and dividend yield is also appealing at 4.6%.
P/E (2023E)	11x	
Year end	December	
EPS 2024E	\$3.49	
EPS 2023E	\$3.35	
Next earnings day	Aug 01, 2023	
Div yield (Excl. withholding tax)	4.6%	
ROE	31%	
Institutional holding	71%	

Abbott Laboratories

Target
xxx

Portfolio weight: 0.61%

Market price: \$107

Investment :\$456 mn

Renaissance's average cost: \$118

Profile: Abbott has highly innovative, diversified business segments such as branded generics (11% of sales), nutritional products (17%), diagnostic tests (38%) and medical devices (34%). Many of its products command a leading market share in their respective segments in global markets. The company has a strong financial position and a track record of consistent dividend growth.

Fundamentals		Outlook
Mcap	\$187 bn	<p>Post the sharp drop in demand for Covid -19 tests, Abbott's 2023 sales is expected to decline 8% YoY but should rebound around 5% YoY in 2024 led by its new offerings such as Alinity (diagnostic systems), Freestyle Libre (diabetes) and MitraClip (heart products).</p> <p>Freestyle Libre's sales grew 50% YoY in Q1 2023 in the US contributing \$1.3 bn in sales. Likewise, sales of devices from its heart portfolio grew in double digit in Q1 2023. Medical devices is a high margin segment which can be a key profit driver over the next two years.</p> <p>Its 'Ensure' nutrition brand continues to hold its market share helping its overall segment sales growth of 10% in Q1. Generics segment which is focused on emerging markets such as Brazil and China too posted an 11% YoY growth in Q1 2023</p> <p>The company has also received US FDA approvals for new technologies in diabetes and heart care</p>
P/E (2023E)	24x	
Year end	December	
EPS 2024E	\$4.62	
EPS 2023E	\$4.40	
Next earnings day	Jul 20, 2023	
Div yield (Excl. withholding tax)	1.9%	
ROE	15%	
Institutional holding	76%	