View from the Observation Deck

1. The Patient Protection and Affordable Care Act ("Obamacare") was signed into law on March 23, 2010. It was upheld by the U.S. Supreme Court on June 28, 2012.

2. President Obama campaigned heavily in 2008 on reforming health care, including potentially reigning in the rising costs associated with it.

3. While this legislation is extremely complicated – with much of it scheduled to be phased-in over years beginning in 2014 – it has already negatively impacted at least one health care subsector.

4. From 2008-2012, managed health care companies, such as HMOs, posted an average annual total return of -2.30% due, in part, to the uncertainty over future profitability of insuring more people or competing with a payer-system run by the government.

5. Pharmaceutical companies, in addition to the growing challenge of patent expirations on blockbuster drugs, have operated from time-to-time with fears over price-caps, or at least governmental pressure to lower prices.

6. The one health care niche that has been able to operate outside of Obamacare’s reach has been biotechnology.

7. Biotech’s deep pipeline of potentially game-changing medicines could help transform the global health care system in the years ahead, and perhaps cuts costs along the way, in our opinion.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The NYSE Arca Biotechnology Index is an equal-dollar weighted index designed to measure the performance of a cross section of companies in the biotechnology industry. The S&P 500 Health Care Index, S&P 500 Managed Health Care Index, S&P 500 Health Care Equipment Index and the S&P 500 Pharmaceuticals Index are all capitalization-weighted indices focused on either the health care sector or its subsectors.