



Uncompromising Quality.

The Jensen Portfolio 1st Quarter Commentary

Performance Summary

U.S. equity markets continued to climb during the first quarter of 2010. While these gains were more modest in absolute terms than in each of the previous three quarters, the quarter's gains ranked as the best first quarter for the Standard & Poor's 500 Index since 1998. Consistent with the previous three quarters, 2010's first quarter returns were led by the stocks of lower quality and more cyclical businesses.

The Jensen Portfolio lagged the performance of the S&P 500 and Russell 1000 Growth Indices during the first quarter. Our underweighting of Financial and Consumer Discretionary companies -- the two top performing sectors during the quarter -- presented the strongest headwinds to performance. Our selection in the Healthcare sector, however, aided returns. These sector weights are a residual of Jensen Investment Management's process of selecting the stocks of quality businesses that exhibit what we believe to be sustainable competitive advantages.

At the company level, Emerson Electric (represents 4.89% of the portfolio) was the top contributor to the Portfolio's performance during the quarter as the company reported strong first-quarter results. Margins improved in its Climate Technologies, Network Power and Appliance & Tools businesses, reflecting the benefits of restructuring efforts undertaken during the recession. Amphenol Corporation (represents 2.72% of the portfolio) was the greatest detractor to performance during the quarter -- albeit mildly so -- following strong stock performance in 2009.

Portfolio Changes

New to The Jensen Portfolio this quarter is C.H. Robinson Worldwide (represents 2.00% of the portfolio), a leading aggregator in the shipping market, providing freight transportation using contracted trucks, trains, ships and airplanes. An "asset light" company, C.H. Robinson does not own any transportation assets itself. Without being encumbered by shipping assets, the company does not have to maximize utilization and can meet the needs of customers by finding the best balance of service and cost, while managing its own returns. C.H. Robinson serves clients through a branch network that is larger than that of any competitor. Shares of the company were purchased at what Jensen believes to be a significant discount to intrinsic value.

Both Danaher Corporation and Ametek Inc. were sold from the Portfolio during the first quarter as each failed to meet Jensen's minimum Return on Equity (ROE) of 15% in 2009. A ten year business performance record of 15% or greater ROE is required for a company to be included in The Jensen Portfolio. This hurdle serves as an expression of competitive advantages within the business and indicates returns in excess of the company's capital costs. Historically, we have found that when the ROE of a business falls below 15% it likely signals an erosion of competitive edge and a shift in the landscape within the industry. Given the multi-generational cyclical downturn that the recent recession represents, it is less clear that Danaher and Ametek no longer possess the competitive attributes

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Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. To obtain updated performance information that is current as of the most recent month end, please call 1.800.992.4144 or visit www.jenseninvestment.com.

>Please [click here](#) for current Fund performance.

we identified prior to purchase. However, our investment discipline has proved successful and compelling alternative investments exist.

The Jensen Outlook

Jensen's investment process emphasizes building portfolios one quality business at a time. Yet themes have developed in what we believe are areas of opportunity. The Healthcare sector offers companies with compelling growth potential and attractive valuations. The signing of overhaul legislation produced a benign reaction by most portfolio companies. Pricing pressures resulting from the legislation may impact some companies, but more people in the healthcare system with greater access to coverage and the resulting higher sales volumes stand as positives.

The build out of global infrastructure should benefit holdings in the Industrial sector. A backlog of unfilled orders and resumed capital spending as the economic recovery takes hold represent positives. As market leaders, we believe that many of these companies are positioned to gain business in faster growing regions of the world.

Deferred spending, fueled by the upgrade cycle and a demand by corporations for greater efficiencies, should prove positive to Technology holdings. Leading companies in this sector have both strong business models and balance sheets. Their substantial cash hordes make merger and acquisition activity likely, as mature businesses seek added sources of growth at compelling valuations.

Holdings throughout The Jensen Portfolio benefit from a balance of revenues from inside and outside the U.S. Growth in the U.S. may be slow and the economic recovery may prove choppy. But the strong free cash flows from the domestic component of the portfolio companies are expected to be effectively deployed, in part to faster growing economies around the world. We believe these quality businesses are positioned well for the next stage of the economic recovery and their stocks remain priced at attractive levels.

As of March 31, 2010 the Russell 1000 Index's Average Annual Total Returns were 49.75%, -0.78%, 3.42%, and -4.21% for the 1-, 3-, 5-, and 10-year periods, respectively.

Mutual fund investing involves risk; loss of principal is possible.

The Fund is non-diversified, meaning that it may concentrate its assets in fewer individual holdings than a diversified fund, and is therefore more exposed to individual stock volatility than a diversified fund.

>[Please click here for a current Fund prospectus.](#)

The S&P 500 Index is a market value weighted index consisting of 500 stocks chosen for market size, liquidity and industry group representation. The Russell 1000 Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. These indexes are unmanaged, and you cannot invest directly in an index.

>[Please click here for current fund holdings.](#) Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

The information provided herein represents the opinions of Jensen Investment Management, and is not intended to be a forecast of future events or a guarantee of future results, and does not constitute investment advice.

Return On Equity: (ROE) Is equal to a company's after-tax earnings (excluding non-recurring items) divided by its average stockholder equity for the year.

Free Cash Flow: (FCF) Is equal to the after-tax net income of a company plus depreciation and amortization less capital expenditures.

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