



# Buy: Cadence Design Systems (CDNS)

DECEMBER 2024

HOLDINGS UPDATE

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The Jensen Investment Team has added a new position in [Cadence Design Systems](#) to the [Jensen Quality Growth Strategy](#). Cadence provides software, hardware, services and licensed intellectual property to semiconductor companies that design semiconductors, circuit boards and computer systems.

Cadence holds a strong market position in a duopolistic market, particularly in analog semiconductor design tools, and enjoys strong competitive advantages including high customer switching costs, high barriers to entry and a large intellectual property portfolio. Additionally, the company benefits from a high proportion of recurring revenue, solid long-term growth drivers, an excellent balance sheet and high profitability.

While the semiconductor industry is cyclical, Cadence's cash flows tend to be less so due to the subscription nature and mission-critical status of its products. Overall, we are pleased to add Cadence to the Quality Growth Strategy.

*Strategy holdings are subject to change and should not be considered recommendations to buy or sell any security. For a listing of the Strategy's current holdings, please visit [www.jenseninvestment.com/growth-composite-holdings](https://www.jenseninvestment.com/growth-composite-holdings).*

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