



Sell: PepsiCo (PEP)

JUNE 2025	HOLDINGS UPDATE	jenseninvestment.com
-----------	-----------------	---

The Jensen Investment Team has sold **PepsiCo Inc (PEP)**, a long-term holding in the **Jensen Quality Growth Strategy**. Uncertainty surrounding earnings, cash flow and the potential impact of increasingly popular GLP-1 weight loss drugs on the company's revenue growth prompted the sale.

While initially approved by the FDA to treat Type 2 diabetes, GLP-1s such as Wegovy, Ozempic and Zepbound are now being used for weight loss and weight management. GLP-1s suppress appetite and increase satiety, leading to lower overall caloric intake and reduced cravings for high calorie, highly palatable foods such as snacks and sugary drinks, two of PepsiCo's larger product categories. We believe GLP-1s will hurt PepsiCo's sales in these two categories, but estimating the precise impact is difficult due to a number of uncertainties. Some of these uncertainties include the portion of PepsiCo snack and beverage consumers who are overweight and could benefit from taking the drugs, GLP-1 uptake, future GLP-1 price changes, drug use persistency over time and the degree to which GLP-1s are covered by insurance.

As recently as March 31, 2023, PepsiCo was the Strategy's largest holding with a weighting in excess of 6%. The company's strong market positions, economies of scale versus smaller competitors, financial strength and well-known brand names resulted in PEP being a core Strategy holding for a number of years. Despite these strengths, we reduced our position in the name in late 2023 and continued to sell shares throughout 2024 and into early 2025 as prescriptions for GLP-1s and public awareness of the drugs increased. Ultimately, we decided it was in our clients' best interests to liquidate the remaining position in the name and deploy the proceeds to companies in which we have greater confidence for long-term success.

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

The company discussion is solely intended to illustrate the application of our investment approach and is not to be considered a recommendation by Jensen. The specific security identified is taken from a representative accounts of the Jensen Quality Growth Strategy and does not represent all of the securities purchased and sold for the Strategy. Our views expressed herein are subject to change and should not be construed as a recommendation or offer to buy or sell any security and are not designed or intended as a basis or determination for making any investment decision for any security. Our discussions should not be construed as an indication that an investment in a security has been or will be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of any security discussed herein.

Certain information contained in this material represents or is based upon forward-looking statements, which can be identified by the use of terminology such as "may," "will," "should," "expect," "anticipate," "target," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of a client account may differ materially from those reflected or contemplated in such forward-looking statements.



5500 Meadows Road, Suite 200
 Lake Oswego, OR 97035
 800.221.4384
[jenseninvestment.com/contact-us](https://www.jenseninvestment.com/contact-us)

This information is current as of the date of this material and is subject to change at any time, based on market and other conditions.

Jensen Investment Management, Inc., is an investment adviser registered under the Investment Advisers Act of 1940. Registration with the SEC does not imply any level of skill or training. Although taken from reliable sources, Jensen cannot guarantee the accuracy of the information received from third parties.

© 2025 Jensen Investment Management.