



# Buy: IDEXX Laboratories (IDXX)

MAY 2026

HOLDINGS UPDATE

JENSEN QUALITY GROWTH STRATEGY

The Jensen Quality Growth Investment Team added IDEXX Laboratories (ticker: IDXX) to the Quality Growth Strategy with an initial weighting of 1.5%. As of May 31, 2026, the Strategy had 27 holdings.

## What Led Us to Buy IDEXX

Our thesis for IDEXX is driven by the company's strong business fundamentals and their alignment with key tenets of the **Jensen Quality Growth Strategy's** investment selection process:

- > **Competitive Advantages:** IDEXX benefits from an installed base of instruments with high customer switching costs, resulting in very high customer retention (99%) and recurring revenue (~90% of sales). The company also benefits from intellectual property, a strong track record of innovation, and barriers to entry driven by research and development requirements.
- > **Earnings Stability:** IDEXX boasts impressive earnings stability due to recurring revenue and customer retention, and less sensitivity to economic cycles, as a large majority of veterinary diagnostic tests are focused on acute needs, rather than optional testing. Additionally, the company has an impressive balance sheet with very low debt levels.
- > **Valuation:** After weak performance of IDEXX stock in 2026 as investors rotated towards more cyclical technology companies, we saw an opportunity to establish a position in the Strategy.

## Why Now

We saw an opportunity to establish a position in IDEXX and upgrade the quality of the businesses in our Strategy, based on the company's fundamentals and valuation at the time.

## Outlook

In the near term, consumers who make pet and veterinary purchasing decisions will remain under pressure from inflation and high fuel prices. However, we see a long-term opportunity for IDEXX to continue generating consistent revenue and earnings growth, driving returns on capital well above its capital costs. We believe this will create compounding value for shareholders over time.

*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](http://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 account 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.*



5500 Meadows Road, Suite 200  
Lake Oswego, OR 97035  
800.221.4384

*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.*

*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. © 2026 Jensen Investment Management.*