



Jensen Summit Series

Portfolio Managers Allen Bond, Kurt Havnaer and Eric Schoenstein discuss how accounting principles can guide investing, how companies weigh stock buybacks versus paying dividends, and potential effects of the presidential election

ALLEN BOND: Thank you everyone for joining us for our third Summit Series recording. My name is Allen Bond. I'm a portfolio manager and analyst here at Jensen Investment Management, and I will be the host for the conversation today. Joining me are my colleagues, Eric Schoenstein and Kurt Havnaer, both portfolio managers here at Jensen Investment Management as well. I thought this would be an interesting group today because both Eric and Kurt are former CPAs, so I thought we could bring in some accounting topics and hopefully where accounting and investing intersect as best we can. And it's interesting to me as a non-former CPA, day-to-day we do our jobs and do financial statement analysis nearly every day. Accounting questions don't always come up, especially particularly thorny ones, but when they do it is very nice to have former CPAs on your team. And so for that, thank you Kurt and Eric for all your help over the years. I wanted to start with Eric, and I'm curious how your accounting background has influenced your business and financial analysis from the perspective of an investor?

ERIC SCHOENSTEIN: Thanks, Allen. I think what I'd start with is "former" is probably too strong a word. And I mean that from a particular purpose. I technically am not an active CPA — still practicing — but I remain a CPA, and I still stay attuned to what is happening in the industry, what's happening with accounting regulations and things like that. And I usually use the term "recovering CPA" as a way to more accurately reflect what my role is these days.

But to your question, I actually would take it back even a little bit further in terms of how you think about it. It influencing financial analysis, business analysis and related to Jensen is that, when I came out of the international accounting structure that I was in before, having spent 13 1/2 years with one of the big accounting firms, the entire premise for my moving to Jensen was the fact that at the time, the person that they were searching for and the resume that they were looking for and the skill sets, actually were almost identical to what an audit manager CPA type would do: deep analysis, understanding of cash flow, understanding of financial statements, what could make companies successful in the future, what had made them successful in the past.

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Honestly, in looking at that job description then and how we think about it now, all of those things still hold true. And it was almost as if Val Jensen, our founder, had started a search by looking at my resume and saying, “These are the things I want,” and then publishing that. It wasn’t something I actually thought would be the next career for me, to go from being an audit manager to going into an investment firm. But as I got into it, I realized that there are a lot of similarities in large part because of the manner in which we invest and the way that we go about looking for the businesses, the few businesses that we want to own inside of all of our strategies. How it influences things or how it aligns, as I said, many of the aspects that we utilize to justify or measure the financial performance of the companies that we ultimately invest in are grounded in fundamental accounting concepts. How well do they do on a revenue perspective? How well do they do in terms of generating free cash flow? How do we think about returns on capital? And really looking at the entire set of financial statements. It’s not about the balance sheet, it’s not about the income statement, it’s not about the cash flow statement. It’s about all of those as a composite to help determine, are these successful businesses and can they continue to build on those foundations of success in the future?

Arguably I would say, that an accounting background — and this isn’t a knock or any kind of mark against any other type of business degree — but I think many people would agree with this, that an accounting background is perhaps one of the best ways to ultimately understand all aspects of business. And you can go into other places very easily that way. I think it’s actually a wonderful way to have a fit with the investment background that we do or the investment process that we do. What I like about it too, though, is I wouldn’t necessarily want our investment process and our investment team to only be CPAs, but I think the idea that we have a couple of us that have that deeper skill set, I think is a great complement just as everybody else’s skill sets and business backgrounds are a complement to understanding the whole business background for our companies.

ALLEN: That’s great. Kurt, I want to get your perspective on this, but I want to add something from my perspective first. Kurt and I’ve worked together a long time. I can say one way in which I’ve seen Kurt consistently apply probably many of the things he learned as an auditor is that I always, when people ask me about Kurt, what research he does and what coverage he does, I say, “Kurt makes sure that all the I’s are dotted and all the T’s are crossed and he probably doesn’t do it just once, he maybe does it twice, but he probably most cases does it three times.” And I’ve

seen that in your work a lot over the years. I’ve always wondered if that came from your background as an accountant where you don’t want to miss anything, don’t want to make any mistakes. I’m curious your thoughts on that and then just in general about how your background as an auditor shapes your use as an investor.

KURT HAVNAER: Yeah, I think in general, as accountants we’re supposed to be very meticulous and we’re supposed to spot errors. So yeah, I do think there is to a certain extent that dotting the I’s and crossing the T’s. I think one thing that comes to mind for me though from a very high level, is accountants can be very skeptical. And I’ve always thought that in the investment business, having a healthy degree of skepticism is very important and a lot of times the management teams that we’re talking to, they’re going to tell you what they think you want to hear, and sometimes we need to take what they say with a grain of salt and try to cut through some of the things that they tell us as investors.

I think it’s very important, like I said, for investors to have a healthy degree of skepticism. And an unhealthy degree of skepticism can cause an investor to miss opportunities if that’s too extreme. But that healthy level of skepticism, I think, is very helpful in the investment business. And I think you see that in the accounting world as well.

One other thing that I’ve thought of is having a fundamental background in accounting, I think, has allowed some of us to come up with some metrics that we can use in analyzing financial statements that go above and beyond the standard metrics that a lot of investors use. There are some metrics that we’ve created over the years that basically go a little bit deeper than some of the standard metrics that your traditional investor might use, looking at a company’s ability to service their debt or looking at earnings quality. I think that’s another thing in terms of how the accounting background has helped in the investment business.

ERIC: One thing, Allen, if I could. Kurt, you mentioned healthy skepticism, and this isn’t necessarily directly on topic to your original question, Allen. But that term, healthy skepticism, was drilled into me certainly very early in my accounting background. That’s really the mantra of why we do the auditing the way we do it or did it. And I couldn’t agree more with you, with the idea that healthy skepticism is important, and frankly the idea of management is one of the areas that sometimes we get asked about. It’s like, “Do you do visits with management, for instance?” And our answer has always been, “Yes, we do. We have ongoing relationships with management.” Now, part of the reason that we do that is because we want to hear directly from the management



teams of these businesses to learn if there are some things that we can get insights into, and probably not much different than something like this.

This is how some of our investors may gain additional insights into what we think and what we do, but you do have that healthy skepticism that you don't just naturally trust what they say. Which is always one of the things that gets criticized about visiting with management is, they're just going to tell you what you want to hear. Well, that's where the healthy skepticism comes into play. Especially when you've been doing it for 25, 30 years as we have, you learn to be able to parse a little bit better what they're telling you.

And I think the other side of that, which you mentioned is unhealthy skepticism and therefore missing opportunities. In some respects that is why the fact that we have an investment team is so important, it's because we have those counterbalances from other business backgrounds and other skill sets that give us the opportunity to make sure that we don't all have the same unhealthy skepticism and therefore will miss those opportunities. That ability to balance off of each other as we execute our investment discipline and the team concept, I think, is what helps offset some of that. And that's why I think it's worked so well for our entire history.

ALLEN: Yeah, that's right. We can say as a non-former CPA, I also agree having healthy skepticism is very important even when we're looking at extremely high-quality businesses like we focus on, being able to read against the grain is really critical in a business, and I totally agree with that.

Moving on, there's two topics here I wanted to address, that I think have this intersection between financial statement reporting and how we interpret those financial statements and actions as investors. The first thing I wanted to talk about is a question we actually get a fair amount and it's really about how we look at GAAP, which is Generally Accepted Accounting Principles, financial statements versus non-GAAP financial statements. I have a couple questions here. One of the big ones that we get is how we use those non-GAAP adjustments in formulating the return on equity universe that forms our investable universe area. I just thought I'd start with you, maybe you could talk us through how we do that and how we make that determination?

ERIC: Sure. I think from a high level, the way that we do that is we certainly could just use Generally Accepted Accounting Principles, just look at the form 10-Ks, which is how companies issue financial statements in the public sphere and simply do an average return

on equity calculation based on those financial statements. And that would certainly create a universe for us that would be fairly robust. A lot of the companies we have in our investible universe today would be in that universe as well.

However, and when you think about what happens with companies, there can be operating experiences that within the business, that may not necessarily truly be indicative from a long-term perspective of what's going to happen in the future or perhaps even what's happened in the past. They're generally things that are one time in nature or should be one time in nature, meaning that they're almost more a period experience within that particular fiscal year or maybe a year or two.

When you are looking at trying to invest in long-term business opportunities based on well-grounded competitive advantages and foundations, and also then looking at long-term investment horizons — be they five, 10, 15, even 20 years as we do — those period charges may not necessarily represent the business in the manner in which we would like to analyze it, but they may create an effective penalty to that return on equity calculation that we use to represent the returns on capital in the business.

We have always had a practice of adjusting out those one-time period charges and trying to get to a more true representation of the return in the business from a return on equity perspective. I think good examples of that would be one-time tax litigation settlements, for instance. Maybe the company and the IRS have had a disagreement or a dispute and they come to a settlement or a legal settlement that is a result of litigations. When you get to the point where that settlement happens, that can result in an accounting charge that then goes through the return on equity. And from our perspective, given the one-time nature of that, we would prefer to take that out and get to, as I said, a bit more of a true return on equity representation. I think that gives us an opportunity to maintain what I would refer to as a more robust universe of opportunities because you're able to look through some of those things.

Now, that does require some extra work on our part, whether it's doing additional analysis of the return on equity data or something like that. But I think in the long term, that has also benefited us over time, that companies that go through something that might be singular or as I said, one-time in nature, don't automatically fall out of our investable sphere and can have the opportunity to navigate through that and beyond, and remain very sound investments because nothing has changed in the business from a competitive advantage perspective, from a cashflow generation



perspective or a return on capital perspective. All that's really happened is we've cleaned up the return on equity that we're utilizing to create the universe, and I think it's actually benefited our clients and our investors rather than harmed them.

KURT: A I think another interesting point is, Eric talked about one-time charges. You can also have situations where companies sell a business and they take a gain, or they sell some assets and they take a gain. If you include that in net income, you're really overstating the company's ongoing return on capital when you calculate that ROE. We would take those gains out of their net income. So, it works both ways. There are charges that are extraordinary expenses that are one-time, but there are also benefits to income that are one-time and can overstate that net income.

ALLEN: Yeah, that's helpful. The way I've always thought about this, and again I'm going to say the same thing for the third time here, I think right now. But just the way I've always thought about it's we're trying to use the ROE calculation as a tool to help us find great businesses, and we don't want to unnecessarily exclude a great business just because they had a one-time issue in their financial returns. So, we're really trying to look at the underlying cash flow generation power of the business. That's the way I've always thought about it.

I wanted to just stay on the same question, but shift gears a little bit. Thinking about more in terms of how we think about analyzing results for the businesses that we follow, how we use non-GAAP information to make model assumptions. And the one thing that maybe goes without saying is that most of the time the non-GAAP adjustments are made in the income statement. And Eric talked about how if we're going to do financial statement analysis, we need to look at the financial statements holistically. We need to look at an income statement, balance sheet, cash flow statement, how they all work together. And for us, the most important number, at least I think so, is the cash that a business generates from their operations. And so to me, there's this journey of, we're going to start with a non-GAAP number and how does that translate into actual cash flow generation? That's usually one of the things I spend a lot of time thinking about as I'm going through earnings and updating models. And I'm just curious, Kurt, about your perspective on that.

KURT: It's similar to what Eric said in terms of we want to take those one-time items out of the net income because what we're really trying to do is get a sense for what is the underlying ongoing recurring profitability of this business. And so, that's

why you take these one-time items out. To your point though, it is interesting when you start to try to forecast a cash flow number. In our projections we will forecast both GAAP and adjusted net income. So, if you want to get to a company's true cash from operations, you need to start with the GAAP net income number because there can be cash impacts associated with some of those one-time items.

If a company takes a charge of a \$100 million, the actual cash outflow associated with that might be 50. You need to start with your GAAP net income, and then as you work your way down to cash from operations, you'll get to that net cash outflow, in this case of \$50 million, by how working capital works. That's what we try to do with our projections is get to that true cash flow number and try to project that out into the future. And again, we want to adjust for those one-time items, but we also want to take into consideration cash impacts that are associated with those.

ERIC: One other thing I think is worth noting, and perhaps a lot of the folks that are listening to this may already know this or realize this. But this little thread has been discussing the fact that of adjustments to return on equity, and coming up with their own calculations, if you will, although grounded in the actual results for how we calculate the returns on capital, in this case returns on equity for our universe of companies. It's something that Kurt mentioned earlier as we were talking about the CPA background, quality of earnings as a metric. And I think it is worth re-emphasizing or emphasizing in this case, that we're not taking or even attempting to be aggressive in the approach about how we consider these adjustments to return on equity. In fact, I would say the vast majority of the businesses that are in our investable universe and, frankly, invested in our strategies — be it Quality Growth, Mid Cap, Global or any of the vehicles themselves — are of very high quality and have very few, if any, adjustments to the return on equity calculation.

And in fact, our so-called adjustments arguably would be less in some cases than what the companies themselves may propose. As many people are aware that companies will say, "Here's our earnings and here's our earnings with adjustments," and they want you to look at that because it paints a different picture. In a lot of cases, we don't necessarily even include all of the company adjustments that they would include. We include only those that really are an indication of what we've talked about here, true one-time items that don't reflect the ongoing operations of the company and with cash considerations alongside that.



I think it is an important distinction that we're not trying to get aggressive or manipulate the return on equity calculation to ultimately influence our universe. We're just trying to get to something that we believe is a more appropriate representation of the business, and that return on equity adjustment may be necessary. In a lot of cases that ultimately isn't, because we do have a strong belief that as much as we want to find great quality businesses that starts in some cases with making sure those earnings are also of a high-quality nature.

ALLEN: The next topic or next question I wanted to ask, I think it's related to this. It's a capital allocation question and the companies that we look at, the companies that we own across our portfolios all tend to be very strong cash flow generators. And that's a real focus for us, we want to have companies that have good investment opportunities, investments that allow them to earn business returns above capital costs, but have the financial strength and the cash flow to invest in those projects and grow and create value. That's the formula we think that creates shareholder value over time.

So for most of our companies, they have choices about how they're going to spend cash flow, and so we spend a lot of time thinking about capital allocation. One of these choices is the choice between paying a dividend and buying back shares. And it's interesting because there's varied approaches across the companies that we own. And so, we don't think there's a one size fits all solution, but it is an interesting topic to discuss. Kurt, I want to turn it to you and how do you think about companies buying back shares versus paying dividends, versus other capital allocation uses?

KURT: I think from a very high level, we invest typically in companies that generate significant amounts of free cash flow. Some of those companies generate excess cash flow, that would be defined as cash after they've basically invested in their operations and after they've invested in generating future returns, so maybe building a new plant or making an acquisition. After they've made those investments, a company has a decision, we can pay our shareholders dividends, we can buy back stock, we can keep cash on the balance sheet. If you look, at least historically over the last 20 years or so, share repurchases have become much more popular than dividends. Companies are spending more money buying back stock than they are in paying out dividends. That has been a trend that we've seen, as I said, for the last 20 years or so.

I think the question that investors have to ask themselves, is that a good use of capital to buy back stock? There are cases when it

absolutely can be a great use of capital. Again, if it's excess cash, you've already funded your operations, you've already invested in those investments you need to make to generate returns in the future, buying back stock can create even more value, but that's only a value creator if a company buys back stock at a price that is below the intrinsic value of the company's stock. If a company has an ongoing share repurchase plan and they are consistently paying prices that are above the intrinsic value of the stock, that actually destroys value.

We think as investors, it's very important to really try to assess and analyze why is the company buying back stock and are they making a good investment? It's no different than any other investor looking to purchase that stock. In general, we want to buy shares low and sell them high. And what we found, historically, with some businesses is when stock prices are declining significantly — for instance during the COVID pandemic, during the Great Recession, the financial crisis, during the bursting of the tech bubble — by and large, corporate America cut back significantly on the amount of stock that they bought back.

In that case, they're really not buying low, and then what you see is when the stock market is typically increasing, companies are typically buying back a lot of stock. You do see that trend in the marketplace, but again, we think it's very important as investors to really assess what the reason is behind share repurchases. And sometimes we think it's better for a company if they have excess cash and their stock price is very high, it's above intrinsic value, we would say if you wanted to play that excess cash, pay a special dividend. There are some companies that pay special dividends, but I would say they're few and far between.

ALLEN: Eric, any thought from your perspective on the capital allocation discussion before we move on?

ERIC: Yeah, I think just at the high level, one of the things that I may not have been as aware of when I first arrived at Jensen because of my accounting background, but then learning it more from the investment background and certainly how we think about it is, the beauty of a lot of the companies that are in our universe, is that they are redundant free cash flow generators, as Kurt mentioned. They have plenty of excess free cash flow because of the phenomenal businesses that they operate and the results that they can generate.

From our perspective, and now it's obviously well ingrained, you think of it as, call it the big four as far as what you do with that free cash flow. You reinvest it in your business, and whether that's for



maintenance costs or growth opportunities. You hopefully have the opportunity to make strategic acquisitions that are additive to your competitive advantages and opportunities. You pay out a dividend, and if there's still excess cash left over, you may engage in stock buybacks. But in the reality, if you think about it, I just mentioned that as the last of those big four priorities. The other three are what are probably more important into us, because they indicate opportunities for growth or payment of some direct income to shareholders, which is really a reward for their patience while maybe certain initiatives take time to pay off. The stock buybacks really become the last opportunity, but they should never be at the expense of one of those other three if you can help it.

I think that to us is really the sign of a strong capital allocation strategy. The beauty of a lot of the businesses is that they have enough redundant free cash flow that they can do all four of those things and not necessarily have to prioritize, but if they do, we'd prefer to see it and prioritize the first three before you get to the buyback.

ALLEN: That's a typical framework we see across those companies.

Last topic, and this is not accounting related, but it is a bit topical, and it's a question that we get from time to time, so I thought this would be a good forum for us to address this a bit. It's about the election, and I think it's fair to say that this was very much a change election. And with a Republican sweep of all the chairs of government, there's a chance that we will see changes.

ERIC: You really wanted to go here?

ALLEN: Well, I guess what I wanted to see up here is that, as investors, we cannot necessarily predict these changes. If you look at the stock market, and in hindsight it doesn't look like there was a clear signal for the market about who was going to win. I know that some of the betting markets were even a bit mixed on the day of the election. So, we're dealing with uncertainty, we're dealing with things that are unpredictable. And I want to start, Eric, with you and just talk about how the election, but also just this uncertainty, how that plays into portfolio construction and how we think about how we want to position the portfolio, or how it doesn't in the sense that we're not making specific policy output calls and the trend to shape the portfolio necessarily to do that in the short term? I am curious to get your perspective on that one.

ERIC: It's obviously a question that's very topical and top of mind. Following the election results, we had a high degree of really enthusiastic speculation, particularly in the areas of the market

that were perceived to be more impacted by regulation, things like energy or financials, particularly because we could see a great big pickup in M&A activity that we haven't really maybe seen as much given some of the uncertainties in the business climate. Obviously, the markets have been looking at what are considered to be positives. Only recently have we seen it start to look a little bit more at some of the potential negatives, although we're still only a couple of weeks in. I think you think about things as reduced regulation, as I said, business-friendly policy changes, potentially an extension of the tax cuts or reduced taxes even further than that, potential for additional ways to stimulate business.

But there's also some other things on the other side. For instance, there may be some greater instability, uncertainty and inconsistency on policy barriers to global trade, what have you. And the uncertainty is exacerbated by a precarious global economy, tense relationships between the U.S., China, Russia, and other geopolitical fears.

What's really remarkable about what I just said is that is exactly what we said as a firm in a piece we published in 2016, following the first time that he (Donald Trump) was elected. It's a little disconcerting to see how much of that is very similar. I think it speaks to the idea that while there may be some things you could say, "Well, this is what's likely to happen or these are the areas that could be favored versus disfavored." The reality is we are always going to take a longer view that focuses on the strength and the fundamental characteristics of our companies.

We can utilize characteristics of the government and what it may portend to attempt to do as a way to think about how it could impact the models that we build for our businesses and their future opportunities. But I would posit that by and large, it isn't necessarily going to change drastically the portfolio that we would ultimately be invested in. We're still going to be invested in healthcare companies and we're still going to be invested in technology businesses. We're still going to be invested in consumer staples. We're still going to be invested in consumer discretionary and industrials. And the lens will be maybe a little bit different in terms of actual growth prospects, which could then change positioning, but it ultimately shouldn't. If you truly are a long-term investor and you've done the work, the research and the valuation work on your businesses, what you get from something like this is a tweak or a slight change, but you shouldn't be getting drastic changes that say wholesale businesses or sectors are no longer interesting or attractive, and others now are when they weren't before November 5.



I think that emphasizes the long term, which is certainly something that we have always preached and I think speaks to exactly how we would prefer to be invested. I don't see the election, while it will have obviously lots of puts and takes, I don't see it having a great degree of impact on how exactly the portfolio is constructed.

ALLEN: The way I think about it is that one of the reasons you invest for the long term in great businesses is because great businesses have resiliency. They have flexibility, they have financial strength, they have competitive advantages. These are attributes that can allow them to adapt and change and thrive, regardless of which way the political winds blow. We may see some subtle tweaks, like Eric said, but we're not investing for one political side. We're investing for multiple cycles and for the long term, and into the types of attributes that we require in those businesses. It helps you to sleep at night when you do have unexpected changes in a policy environment.

Kurt, do you want to talk about Equifax and how that's evolved since the election?

KURT: Sure, I'll start off by just describing what Equifax does. I think many of you know that Equifax is one of the three large credit reporting companies in the U.S. What that business involves is basically providing credit information to lenders, and the lenders will use that information to determine who should receive credit, what the interest rate on the loan should be and so on. So, that's their core business, that's a business they've been in for a very long time. Over the last decade or so, the company has made acquisitions of data businesses in some pretty interesting areas where we think they have a lot of growth opportunities.

They bought a company a while ago called TALX, and TALX has employment and income data. That employment and income data has historically been used by companies when they are looking to hire someone to fill a role at their company. What we're seeing with that data, it's increasingly being used by government agencies to determine if a person is eligible to receive benefits from that agency. They will look at that employment and income data. We're also seeing that employment and income data being used by lenders. A mortgage lender, instead of just looking at a person's credit report, their credit history, their propensity to pay their bills in the past, they'll also add this employment and income data as part of that process of determining whether or not they should grant someone a mortgage and what the interest rate on the mortgage should be.

In a nutshell, really the way we look at Equifax, it's really a data company, and then they surround analytics around that data and they provide solutions to their clients. And those solutions,

hopefully help their clients make better decisions. The company is most definitely exposed to interest rates. And what we saw after the election, the first day after the election, was the bond market sold off pretty significantly. Bond prices declined, interest rates went up, and we think that was the marketplace basically communicating concerns about potential inflation going forward. Some of the policies that the new administration has talked about, that being tariffs and mass deportation of illegal immigrants, those two factors could be drivers or contributors to higher inflation. If we have higher inflation, that means higher interest rates, that probably means fewer loans are issued by banks, and so it would definitely hurt the credit side of Equifax of their business.

When you take a step back, we think that Equifax has very strong competitive advantages. The company has data on hundreds of millions of people in this country. It would be extremely difficult for another company to try to get into this business and basically accumulate that amount of data. It would take a lot of time to do it, and it would be very expensive. Equifax is one of the top players in the credit reporting business, so they have strong market share. Again, the data that they own, that they have access to, we think that represents a significant barrier to entry.

The other thing that we really like about the company long term is we think that the services they provide certainly make their customers more efficient and allow their customers to make better decisions. But they also, especially on the credit side, make the granting of credit much more efficient. Equifax gets their credit data from banks and financial institutions. They obtain that data for free. Essentially, the raw materials don't cost anything. Then, they can turn around and sell that data, add analytics, provide those solutions to lenders, and that allows those lenders to make better decisions.

If you didn't have companies like Equifax or Experian operating, the loans that we would receive, the interest rates on those loans would be much higher because the data that is required to underwrite a loan would not be as dispersed or as diversified among the various lenders out in the marketplace. We do think that if the lending environment is negatively impacted, that could negatively impact Equifax and their results. One thing that we've done with our weighting in Equifax is, right now it's a little bit lower than the middle of our portfolio, and I think this is a good example of how we manage risk. Equifax stock, it can be somewhat volatile because of that interest rate exposure, exposure to the credit markets. What we will do is if that stock performs well, we'll trim it back and then add to it if the stock looks attractively priced.

ALLEN: Yeah, I think, not to dwell on this too much, but we always talk about knowing you own. And you know what you own, you



know the business, you know what makes it tick, you know where its competitive advantages lie, you know where its exposures are. And so, when you do have change that comes, you don't have to panic. You can say, "Okay, wait, I could take my existing knowledge. I could take this existing foundation knowledge I have about the business and very quickly realize, OK, this is where this may be impacted. This is where it's not. This is where the offsets are."

One of the things that I was thinking about this, maybe this could be a topic for the next time we do this, is about data. You hear a lot of companies talking about data, something you hear across industries everywhere else. The way I think about it is there's good data and there's bad data, or data that's not completely useful. Where Equifax has extremely good data, it's unique, they're the only ones that get it, in a lot of cases they get it for free. They can use this, they can package this data. And we've heard the company talk about how they've been able to grow faster and outgrow some of these headwinds that they're facing. And again, to me comes down to the competitive advantages and the strength of the businesses that we're focused on.

Thank you everybody for joining us today on the Summit Series conversation, and we will talk to you next time.

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As of September 30, 2024, the Jensen Quality Value Strategy was renamed the Jensen Quality Mid Cap Strategy.

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