

FACT SHEET

06/30/2024

# Jensen Quality Growth Fund



Class I Shares **JENIX**

## The Jensen Investment Philosophy

A consistent, sustainable investment process is vital to weathering different economic climates. The strength of our investment philosophy is based on an unwavering commitment to investing in quality businesses. We believe these quality companies possess sustainable competitive advantages, creating value as profitable businesses that can, over time, provide attractive returns with less risk than the overall market.

We search for quality companies by targeting exceptional businesses that have consistently achieved a high return on equity (ROE) over the prior ten years, are in excellent financial condition, and are capable of sustaining outstanding business performance.



### Sell Discipline

Our sell discipline monitors the key tenets of our buy discipline: sustainable competitive advantages, growth, value creation, and price. We will sell a company if:

- + Company fundamentals deteriorate below our minimum business standard of a 15% return on equity on an annual basis as determined by the Investment Team, indicating a possible loss of competitive advantage
- + The market price of a business exceeds our estimate of full value
- + It is displaced by an investment that allows an upgrade to the portfolio's quality, growth outlook, and/or valuation metrics

# Fund Facts

Symbol: **JENIX**

CUSIP: **476313309**

Minimum: **\$250,000**

## Investment Objective

The objective of the Jensen Quality Growth Fund is long-term capital appreciation.

## Investment Team

The Investment Team members are a group of experienced business professionals, each with investment, management, or accounting experience.

## Team Members

Allen Bond, CFA	Ross Burford, CFA	Kurt Havnaer, CFA
Robert McIver	Adam Calamar, CFA	Kevin Walkush
Eric Schoenstein	Jannis Fingberg, CFA	

## Portfolio Statistics Definitions

**Active Share:** Is a measure of the differentiation of the holdings of a portfolio from the holdings of its appropriate passive benchmark index.

**Alpha:** The alpha of a mutual fund describes the difference between a fund's actual return over a period of time and its expected return, given the fund's level of risk. In this case, the risk profile of the fund is measured by the fund's beta.

**Beta:** A measure of the volatility of the fund's total returns relative to the general market as represented by a corresponding benchmark index of the fund. A beta of more than 1.00 indicates volatility greater than the market, and a beta of less than 1.00 indicates volatility less than the market.

**Dividend Yield:** This statistic reflects the annual rate at which dividends are being paid, including extra dividends. This is calculated by the indicated annual dividend for each stock divided by the price of the stock.

**Earnings Per Share (EPS) Growth:** Illustrates the growth of earnings per share over time. **Earnings growth is not a measure of a fund's future performance.**

**EPS Variability:** Measures the variability of annual EPS over the last 10 years. A high EPS variability number indicates that the portfolio is more heavily invested in companies with volatile earnings streams.

**Expense Ratio:** A fund's operating expenses, expressed as a percentage of its average net assets. Funds with lower expense ratios are able to distribute a higher percentage of gross income returns to shareholders.

**Portfolio P/E – I/B/E/S 1 Year Forecast EPS:** This calculation uses median I/B/E/S (Institutional Brokers Estimate System) consensus EPS estimates for the next fiscal year to calculate a P/E ratio. An adjustment is made to accommodate different fiscal year-ends and reporting time lags.

**Price/Earnings Ratio:** The weighted average of the price/earnings ratios of the equity securities referenced. The trailing P/E ratio is calculated by dividing current price of the stock by the company's past year earnings per share.

**Price-to-Cash-Flow Ratio (P/CF):** A stock valuation measure calculated by dividing a firm's cash flow per share into the current stock price. Financial analysts often prefer to value stocks using cash flow rather than earnings because the latter is more easily manipulated.

**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.

**Sharpe Ratio:** A statistical measure that uses standard deviation and excess return relative to a risk-free investment to determine reward per unit of risk. A higher Sharpe ratio implies better historical risk-adjusted performance.

**Standard Deviation:** A statistical measure of the historical volatility of the pooled investment vehicle.

**Weighted Average Market Cap:** Is when each component is weighted according to the size of its total market capitalization.

## Jensen Quality Growth Fund Statistics

As of June 30, 2024

Total Net Assets	<b>\$9,522,698,512</b>
Number of Stocks	<b>27</b>
Percent of Net Assets in Stocks (%)	<b>99.37</b>
Portfolio Turnover (%) – Fiscal year ended 5/31/24	<b>10.47</b>
Annual Operating Expense Ratio (%)	<b>0.61</b>

## Top 10 Holdings

% of Net Assets as of June 30, 2024

Microsoft	<b>7.93</b>
Alphabet Inc	<b>7.24</b>
Apple	<b>6.85</b>
Accenture	<b>6.19</b>
Marsh McLennan	<b>5.85</b>
Intuit	<b>5.84</b>
Stryker	<b>5.47</b>
UnitedHealth Group	<b>4.18</b>
KLA	<b>4.02</b>
Mastercard	<b>3.78</b>

For a full list of this Fund's current holdings, please visit [www.jenseninvestment.com/growth-fund-holdings](http://www.jenseninvestment.com/growth-fund-holdings).

## Portfolio Characteristics As of June 30, 2024

	JENIX	S&P 500	Russell 1000 Growth
EPS Growth – 5Yr	<b>14.1</b>	18.7	24.4
EPS Variability – 10Yr	<b>22.2</b>	48.3	44.3
ROE – 5Yr	<b>35.3</b>	27.7	36.5
Price/Cash Flow	<b>24.8</b>	19.1	28.7
Port. P/E – I/B/E/S 1 Yr Forecast EPS	<b>26.6</b>	22.6	30.1
Dividend Yield	<b>1.35</b>	1.35	0.70
Weighted Avg Market Cap (\$bil)	<b>805.28</b>	1022.02	1528.52
Standard Deviation – 5Yr	<b>16.49</b>	18.08	20.57
Alpha – 5Yr	<b>-1.39</b>	0.00	3.03
Beta – 5Yr	<b>0.88</b>	1.00	1.09
Sharpe Ratio – 5Yr	<b>0.59</b>	0.70	0.83
Active Share (%)	<b>75.29</b>	-	-

*Fund holdings are subject to change at any time and are not recommendations to buy or sell any security.*

For a current Fund prospectus, please visit [www.jenseninvestment.com/growth-prospectus](http://www.jenseninvestment.com/growth-prospectus).

The information presented here is for the Jensen Quality Growth Fund, a public mutual fund. Alpha, beta, and active share are compared against the S&P 500 Index, and are no guarantee of future results. All characteristics as of June 30, 2024.

Historical Performance (%) Average Annual Returns as of June 30, 2024

	QTR	YTD	1Year	3Years	5Years	10Years	15Years
<b>Jensen – Class I</b>	<b>1.31</b>	<b>5.67</b>	<b>11.55</b>	<b>6.70</b>	<b>11.97</b>	<b>12.60</b>	<b>13.81</b>
S&P 500	4.28	15.29	24.56	10.01	15.05	12.86	14.82
Russell 1000Growth	8.33	20.70	33.48	11.28	19.34	16.33	17.29

Annual Total Returns as of December 31 of Each Year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Jensen – Class I</b>	<b>11.98</b>	<b>1.80</b>	<b>12.29</b>	<b>23.56</b>	<b>2.44</b>	<b>29.34</b>	<b>18.62</b>	<b>30.33</b>	<b>-16.34</b>	<b>16.91</b>
S&P 500	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29
Russell 1000 Growth	13.05	5.67	7.08	30.21	-1.51	36.39	38.49	27.60	-29.14	42.68

**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](http://www.jenseninvestment.com).

All returns include the reinvestment of dividends and capital gains. The performance shown above is for the Class I Shares; because the performance for each share class is calculated on the fees and expenses of that class, performance of other Fund share classes will differ. 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.

**The I Shares annual operating expense ratio is 0.61%. The 30-day SEC Yield for the Jensen Quality Growth Fund I Shares was 0.80% as of 06/30/24.**

**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. The prices of growth stocks may be sensitive to changes in current or expected earnings, may experience larger price swings and may be out of favor with investors at different periods of time. Mutual fund investing involves risk, and principal loss is possible.**

Attribution Analysis (%) March 31, 2024 through June 30, 2024

	Benchmark: S&P 500 Index	Avg Port Weight	Port Contrib	Avg Bmrk Weight	Bmrk Return	Bmrk Contrib	Sector Alloc Effect	Stock Select Effect	Total Effect
GICS Sector	Communication Services	7.48	1.41	9.28	9.37	0.84	-0.10	0.77	0.67
	Consumer Discretionary	9.56	-1.42	10.07	0.65	0.05	0.01	-1.47	-1.45
	Consumer Staples	7.01	-0.12	5.97	1.35	0.09	-0.01	-0.24	-0.26
	Energy	0.00	0.00	3.89	-2.43	-0.10	0.27	0.00	0.27
	Financials	9.49	-0.18	12.86	-2.03	-0.26	0.22	0.01	0.23
	Health Care	14.98	-0.28	12.04	-0.96	-0.12	-0.15	-0.10	-0.25
	Industrials	14.01	-0.26	8.59	-2.90	-0.26	-0.40	0.16	-0.25
	Information Technology	34.47	2.43	30.48	13.81	4.07	0.41	-2.25	-1.84
	Materials	1.91	-0.12	2.31	-4.50	-0.11	0.02	-0.04	-0.01
	Utilities	0.00	0.00	2.34	4.66	0.12	0.00	0.00	0.00
	Real Estate	0.00	0.00	2.17	-1.91	-0.05	0.14	0.00	0.14
	Cash	1.11	0.01	0.00	0.00	0.00	-0.05	0.00	-0.05
<b>TOTAL</b>	<b>100.00</b>	<b>1.47</b>	<b>100.00</b>	<b>4.28</b>	<b>4.28</b>	<b>0.35</b>	<b>-3.16</b>	<b>-2.82</b>	

Source: Refinitiv Eikon. Attribution analysis is an analytical process used to understand the factors contributing to a portfolio's relative performance. For equity portfolios, it dissects a portfolio's relative performance into sector weighting and security decisions. See the performance table above for the actual total returns for the Fund for the quarter and other periods ended June 30, 2024.

Top Contributors (%) As of June 30, 2024

Alphabet Inc	<b>1.41</b>
Apple	<b>1.29</b>
KLA	<b>0.59</b>
Microsoft	<b>0.47</b>
Amphenol	<b>0.41</b>

Bottom Contributors (%) As of June 30, 2024

Accenture	<b>-0.81</b>
Nike	<b>-0.54</b>
Starbucks	<b>-0.49</b>
Mastercard	<b>-0.34</b>
Stryker	<b>-0.30</b>

## U.S. Performance Summary

For the second quarter of 2024, the Jensen Quality Growth Fund I Shares ("Portfolio") produced a total return of 1.31%, underperforming the S&P 500 Index ("Index") by 297 basis points. We believe this underperformance is largely a continuation of the past six quarters, during which investors have focused mainly on a handful of generative artificial intelligence ("AI") stocks at the expense of the broader market. For example, **Nvidia (NVDA)**, which is not owned by the Portfolio, has contributed 820 basis points to the Index's return over the last six quarters, accounting for a significant portion of the underperformance the Portfolio has experienced during this time. In our experience, this degree of relative underperformance is uncommon, but we have observed similar instances in the past such as when financials, energy and home builder stocks accelerated during the 2007 stock market run-up. This year, investors have also shown a stronger appetite for risk as the U.S. economy has managed to avoid a recession and inflationary pressures ease. As such, we believe expectations for a more accommodative interest rate policy in the near future from the U.S. Federal Reserve also helped drive the market higher.

From a quality perspective, the Portfolio's overweight position to high quality stocks detracted from its benchmark relative return as investment performance from higher-quality stocks (A+, A, and A-, as measured by the S&P Quality & Dividend Rankings) trailed that of lower-quality stocks (B+ and lower). The Portfolio's allocation to these highest-quality companies averaged 54.8% of portfolio assets compared to 32.9% for the Index. This overweight to quality detracted from the Portfolio's relative returns during the period which, in our opinion, reflects increased investor appetite for risk since early 2023. While low-quality businesses can outperform in some periods, we believe that over a full market cycle, investors in higher-quality businesses have the potential to be rewarded with better returns and lower volatility.

At the sector level, the Portfolio's security selection within the Information Technology and Consumer Discretionary sectors was the largest detractor from relative investment performance. On the positive side, the Portfolio's security selection in the Communication Services sector and the lack of exposure to stocks in the Energy and Real Estate sectors boosted relative performance. Due to inconsistent profitability, there are very few companies in either of these sectors that qualify for the Jensen investable universe. The Portfolio's relative underweight in the Financials sector also contributed to performance.

The Portfolio's top individual performers in the quarter were **Alphabet Inc (GOOGL)** and **Apple (AAPL)**.

Alphabet Inc is a prominent technology services and hardware company known for flagship products like Google Search, Android and YouTube. After several quarters of perceived challenges in its AI services rollout, we believe the company is on a positive trajectory as the market recognizes its AI strengths. During the quarter, GOOGL reported strong topline growth and earnings, driven by effective performance in its core business segments: Search, YouTube and Google Cloud. Additionally, the company initiated its first dividend and increased its share buyback authorization, which we believe was enthusiastically received by investors.

Apple is a global leader in consumer electronics and services, known for its iconic products such as the iPhone, iPad and Mac. Apple is a core holding in our portfolio due to the strength of its brand and the network effect from its comprehensive ecosystem of products and services. The company's stock price received a significant boost following its June 10 Worldwide Developers Conference keynote, where it announced the integration of AI, branded Apple Intelligence, into its upcoming products and services.

The leading individual detractors from Portfolio performance during the quarter were **Accenture (ACN)** and **Nike (NKE)**.

A leading global IT firm, Accenture offers services spanning consulting, IT implementation and business outsourcing. In recent months, the company's share price has come under pressure, which we attribute to transient softness in IT services demand stemming from macroeconomic uncertainties. Accenture's experience parallels that of its peers in this regard. We suspect that end users are pausing IT investments due to high pandemic-related IT expenditures and the evolving, uncertain landscape of AI. Nonetheless, we anticipate a temporary lull in IT services demand, with growth expected to rebound next year. Looking ahead, we expect demand drivers to intensify and diversify, driven by heightened interest in adopting and leveraging AI to enhance customer business productivity, alongside enterprise cloud and security solutions. In our view, Accenture is exceptionally positioned to capitalize on this trend. Despite its recent share price volatility, we maintain a strong conviction in Accenture's long-term prospects as a cornerstone investment.

Nike is the world's leading athletic apparel and footwear company. During the quarter, the company provided financial guidance that disappointed investors, leading to poor relative share price performance. While the company's quarterly results showed strong profit growth and its inventory turnover continued to improve, Nike's management warned that sales and earnings growth for the fiscal year ending May 31, 2025, would be relatively weak due to a consumer spending pullback and heightened competition and discounting in the industry. Nevertheless, Nike remains a core

portfolio holding due to its strong brand, economies of scale, unique portfolio of sponsored athletes, long track record of innovation, and solid balance sheet.

## Portfolio Changes

During the quarter, the Quality Growth Investment Team initiated a new position in **Sherwin-Williams (SHW)** and liquidated the position in **Moody's (MCO)**. A brief synopsis of the rationale for these decisions follows.

Sherwin-Williams is a leading manufacturer and retailer of paint, coatings and related products to professional, industrial, commercial and retail customers. The company is the leading low-cost global coatings producer, with superior scale across 136 manufacturing and distribution facilities in more than 120 countries, generating over \$23 billion in sales in 2023 and employing more than 64,000 people worldwide. We expect Sherwin-Williams to continue to leverage its strong and durable competitive advantages. The company continues to invest in its business as peers retrench, which should allow it to gain further market share as it has through past down cycles. Sherwin-Williams demonstrates many attributes we favor, and in addition to sustainable competitive advantages it features consistently high returns on equity, strong and improving margins, an excellent management team and corporate culture, and ample free cash flow generation.

Founded in 1909, Moody's is a global risk assessment firm focused on helping clients make better decisions. The company is best known for its investor services and is a global leader in the issuance of credit ratings. We retain a positive view of Moody's as a business. However, the stock price exceeded our estimate of full value and we began reducing the position in 2023. We continue to closely monitor Moody's and may consider reestablishing a position based on improvement in the company's valuation, fundamentals and/or risk characteristics.

## Jensen Outlook

As we look forward to the remainder of 2024 and into next year, we maintain a neutral outlook for market returns in the coming months. Returns in the overall market over the past 12 months have been very solid, but we are mindful that those returns have been concentrated in just a few of the largest stocks based on market capitalization.

To wit, according to a recent report from Strategas, the five largest U.S. companies by market capitalization accounted for 29% of the S&P 500 Index at the end of June, the highest ever recorded over

more than four decades of data that Strategas has tracked. Likewise, this four-decade high holds for the top 10 largest companies by market capitalization as well. Over the 12-month period ending June 30, the top five companies by market capitalization accounted for 47% of Index's total return and the top 10 accounted for 58%, highlighting just how concentrated returns have been in a limited number of stocks.

The economic challenges that have been building over the last two years continue to persist. While there are some signs of improvement, particularly with softening inflation from the generationally high levels reached in the middle of 2022, overall inflation remains well above long-term targets of the U.S. Federal Reserve. As a result, interest rates continue to remain much higher than those during the more accommodative stance taken by central banks around the world. Further, current domestic messaging from the Federal Reserve indicates that any tapering of interest rates may not occur until 2025. This will keep interest costs at higher levels, reducing the cash available for more productive uses for highly leveraged businesses. The full effect of higher interest rates has likely not fully impacted the economy, and this remains a substantial headwind for many companies.

Despite some challenging economic conditions, markets returns have been robust, particularly for those companies associated with the AI theme and its accompanying investments and infrastructure buildout. As a further example of the concentrated returns in AI related companies, according to Strategas, the semiconductor industry now represents 13% of the Index, up from just 2% a decade ago, potentially creating the seeds of future volatility as investors chase returns in fewer companies, industries and sectors.

In addition to, or perhaps because of, these factors, we note that the corporate performance and recent market return patterns could influence the outlook for the remainder of the year, and reverse or at least pause the "risk-on" character of the last few months. More recent concerns acknowledge that the current market may represent a "priced to perfection" scenario for several companies as stock prices move higher and faster than representative earnings growth. By our measure, the growth in earnings for S&P 500 Index companies over the last four reported quarters has averaged a little over 8%, substantially less than the 24.6% return in the Index over the last 12 months. Against that "disconnected" stock performance, we further note that Index earnings are currently expected to average nearly 20% growth for the last two quarters of 2024, which would be impressive, but perhaps difficult to fathom given the ongoing economic challenges. In our mind, any shortfall in the reported earnings against such robust expectations could negatively impact

# 2Q/24 Commentary

*Opinions expressed are those of Jensen Investment Management and are subject to change, not guaranteed and should not be considered investment advice.*

the markets and create increased volatility, a factor many investors have set aside in the current rally.

In our view, given the current and ongoing concentration in the markets and focus on a few momentum-driven, more speculative companies, we believe there are many opportunities for more consistent and resilient businesses of higher quality to garner favor from investors looking for lower volatility in the face of the issues discussed here. An additional consideration that may potentially add to volatility is the specter of the upcoming presidential election and the accompanying uncertainty for policy outcomes and their future impact on businesses.

We continue to have confidence in the lineup of high-quality businesses owned in the Portfolio because of our focus that favors characteristics such as strong and resilient business models, durable competitive advantages, pricing power, steady operating margins and strong free cash flow that is consistently reinvested into future growth opportunities, rewarding shareholders via growing dividends and stock buybacks. In an environment characterized by higher-than-normal interest rates and an uncertain macroeconomic outlook, we believe these high-quality attributes can provide resiliency via financial flexibility and pricing power. Likewise, our disciplined approach to valuation — utilizing our deep research to construct discounted cash flow models reflecting the opportunities for (and threats to) the companies in which we invest — provides us confidence to invest in these sound businesses.

While the economic uncertainty and the corresponding volatility of market returns has worried many commentators over the last year, the Jensen Investment Team remains convinced that the strategy and process guiding our management of the Portfolio is sound. We believe the attributes we emphasize matter and with good reason. In our mind, investing in companies with solid fundamentals and proven business performance provides the foundation for commensurate

stock price appreciation over long-term periods as it has long been recognized that the market is a “weighing machine” of business value creation over the long term. We believe paying attention to valuation instead of investing at any price reduces risk and helps identify prudent investment opportunities that have the potential to provide downside protection when markets lose momentum. Further, investing with conviction and a long-term focus requires sound research to underpin such conviction while also allowing for the powerful effect of compounding to enhance shareholder value and returns. These attributes may be currently out of favor, but we do not believe they have gone out of style.

The Jensen Investment Team remains confident in the strategy and process guiding our management of the Portfolio. Our goal remains the ownership of a portfolio of companies positioned to grow and accrue business value. We seek to participate in this value creation as investors via the long-term ownership of what we believe are fairly priced, high-quality stocks. We believe the attributes noted above enable quality companies to generate business returns consistently above their cost of capital, ultimately resulting in shareholder value creation.

We are tremendously grateful for the ongoing support of our firm and investment strategies from our partners and clients. Thank you.

*If you would like this fact sheet emailed to you on a quarterly basis, please visit [www.jenseninvestment.com](http://www.jenseninvestment.com).*

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**Free Cash Flow:** Is equal to the cash from operations of a company less capital expenditures.

**S&P Earnings and Dividend Rankings:** (also known as “quality rankings”) S&P Earnings and Dividend Rankings score the financial quality of several thousand U.S. stocks from A+ through D with data going back to 1956. The company rankings are based on the most recent 10 years (40 quarters) of earnings and dividend data. The better the growth and stability of earnings and dividends, the higher the ranking.

**This must be preceded or accompanied by a prospectus.**

The Jensen Quality Growth Fund is distributed by Quasar Distributors, LLC