



Sell: UnitedHealth Group (UNH)

JUNE 2025

HOLDINGS UPDATE

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The Jensen Investment Team's decision to sell **UnitedHealth Group Inc (UNH)** from the **Jensen Quality Growth Strategy** reflects a significant shift in the company's risk profile. We originally purchased the company in 2014, an investment that was based on UNH's diverse and defensible revenue streams, its essential role in U.S. healthcare delivery, a history of disciplined business execution, and long-term tailwinds from rising healthcare spending. Over more than a decade, the company delivered strong returns, expanding across insurance, care delivery and analytics.

However, several recent developments have undermined our conviction in the business's quality and predictability. Most notably, the company experienced rising medical care costs in 2024 and 2025 that were well above expectations, calling into question its underwriting discipline and visibility into cost trends. At the same time, UNH is facing reputational and legal challenges, including allegations of Medicare fraud and a Department of Justice antitrust investigation related to its acquisition strategy, as well as abrupt management changes. The sudden withdrawal of 2025 financial guidance further raises concerns about transparency and near-term visibility.

Taken together, these issues suggest a potential erosion in the company's competitive advantages and governance stability. While UNH remains a dominant player in healthcare, the combination of rising regulatory scrutiny, operational uncertainty and weakening financial clarity no longer aligns with our investment criteria focused on business quality, risk management and long-term earnings visibility.

We began monitoring these concerns over the past 12 to 18 months and reduced the Strategy's UNH weighting by approximately 300 basis points during 2024, reflecting growing uncertainty around the business. The recent acceleration of negative developments — including rising medical costs, regulatory investigations and diminished financial visibility — ultimately led to our decision to fully exit the position. This move allows us to reallocate capital toward businesses with more stable outlooks, stronger governance and clearer alignment with our quality-focused mandate.

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.

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