



Buy: Intuitive Surgical

SEPTEMBER 2026

HOLDINGS UPDATE

JENSEN QUALITY GROWTH STRATEGY

The Jensen Quality Growth Investment Team added Intuitive Surgical (ticker: ISRG) to the Quality Growth Strategy with an initial weighting of 1.5%. As of September 30, 2026, the Strategy had 28 holdings.

Why We Like ISRG

Our thesis for Intuitive Surgical ("Intuitive") 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:** Intuitive is the market leader in robotic-assisted surgery, benefiting from a durable competitive moat supported by a large installed client base, broad procedural capabilities, extensive training and service infrastructure, and growing digital ecosystem. Hospitals face meaningful switching costs associated with retraining surgeons and staff, changing established workflows, replacing instruments and equipment, and supporting multiple robotic platforms. These advantages reinforce Intuitive's market position as competition in robotic surgery increases.
- > **Earnings Stability:** Intuitive generates a significant portion of revenue from recurring instruments, accessories, and service tied to its growing installed base and procedure volumes, providing attractive revenue visibility. Strong margins, free cash flow generation, high returns on capital, and a debt-free balance sheet provide substantial financial flexibility and support continued investment in innovation and expansion.
- > **Value:** Intuitive has historically traded at a premium valuation given its market leadership and strong growth profile. The recent multiple compression reflects more normalized growth expectations, while the underlying business quality and competitive moat remain intact, resulting in a more compelling valuation as expectations have reset.

Company Overview

Intuitive Surgical was founded in 1995 and is headquartered in Sunnyvale, California. The company is a global leader in robotic-assisted surgery and develops, manufactures, and markets the da Vinci surgical systems, which enable minimally invasive procedures across a growing range of specialties. Intuitive also offers the Ion Endoluminal System for minimally invasive lung biopsy.

Intuitive generates revenue from the sale and lease of robotic systems, recurring instruments and accessories used in procedures, and service contracts tied to its installed base. With more than 12,000 systems installed globally, the company has built a large ecosystem spanning hospitals, surgeons, training, service, and an expanding portfolio of digital capabilities.

Outlook

Near term, we expect procedure growth to remain healthy, supported by continued adoption of robotic-assisted surgery, increasing utilization of the installed base, and the ongoing rollout of da Vinci 5 in the U.S.

Longer term, we expect Intuitive to benefit from continued growth in robotic-assisted surgery, with significant runway for higher procedure penetration and international expansion. While competition is increasing, we believe Intuitive's strong competitive advantages and continued innovation should support its market leadership and attractive long-term growth.



Why Now

We have long viewed Intuitive as a high-quality business with durable competitive advantages and a significant long-term growth opportunity, though valuation previously limited prospective returns. Recent share price weakness provided a more attractive entry point, while our updated work reinforced our confidence in the durability of Intuitive's competitive moat and long-term growth opportunity.

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

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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