

FACT SHEET

06/30/2021

# Jensen Quality Value Fund



Class I Shares **JNVIX**

## The Jensen Investment Philosophy

A consistent, sustainable investment process is vital to weathering all 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 are extremely selective.

The Jensen Quality Universe™ includes only those businesses that have produced a return on shareholder equity of 15% or greater in each of the past ten years, as determined by the Investment Team. We search for quality companies by targeting exceptional business performance combined with endurance. For those businesses that qualify, we look for undervalued stocks of high-quality companies that are experiencing a temporary dislocation in fundamentals. This often results in meaningful valuation disconnects between our estimate of what those businesses may ultimately be worth and their current share price. The ability to maintain these characteristics over time has generally resulted in increasing free cash flow well in excess of operating needs—which can be a prime indicator of a valuable investment.



## Sell Discipline

A company will be sold from the Jensen Quality Value Discipline if:

- + It no longer meets one or more of the criteria of the investment process
- + Its fundamentals deteriorate, lowering ROE below 15% on an annual basis, indicating a possible loss of competitive advantage
- + The Investment Team determines that another qualifying company has a better opportunity to achieve the Fund's objective

# Fund Facts

Symbol: **JNVIX**CUSIP: **89833W519**Minimum: **\$250,000**

## Investment Objective

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

## Investment Team

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

## Team Members

Eric Schoenstein      Adam Calamar, CFA®      Tyra Pratt, CFA®  
Kurt Havnaer, CFA®

## Portfolio Statistics Definitions

**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.

**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.

**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.

**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.

**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/Book Ratio:** The weighted average of the price/book value of ratios of the equity securities referenced. The P/B ratio is calculated by dividing current price of the stock by the company's book value per share.

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

The information presented here is for the Jensen Quality Value Fund, a public mutual fund. Alpha and beta are compared against the Russell 2500 Index and are no guarantee of future results. All characteristics as of June 30, 2021.

**Gross Dividend Yield:** This statistic reflects the annual rate at which dividends have been paid for the trailing 12 months, including extra dividends. This is calculated by the indicated annual dividend for each stock divided by the price of the stock, then taking the weighted average, and therefore does not include the effect of any Fund expenses.

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

**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.

**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.

**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.

## Jensen Quality Value Fund Statistics

Total Net Assets	<b>\$131,816,676</b>
Inception Date	<b>03/31/2010</b>
Number of Stocks	<b>35</b>
Percent of Net Assets in Stocks (%)	<b>97.56</b>

## Top 10 Holdings

% of Net assets as of 06/30/21

Copart Inc	<b>4.39</b>
Equifax Inc	<b>4.24</b>
Laboratory Corporation of America Holdings	<b>4.22</b>
Hill-Rom Holdings Inc	<b>4.22</b>
Broadridge Financial Solutions Inc	<b>4.10</b>
Factset Research Systems Inc	<b>4.06</b>
Verisk Analytics Inc	<b>4.05</b>
Expeditors International of Washington Inc	<b>3.99</b>
Crown Holdings Inc	<b>3.98</b>
Hasbro Inc	<b>3.96</b>

## Portfolio Characteristics

	<b>JNVIX</b>	Russell Midcap	Russell 2500 Index
EPS Growth – 5Yr	<b>12.3</b>	14.7	11.6
EPS Variability – 10 Yr	<b>29.6</b>	62.3	75.3
ROE – 5Yr	<b>29.8</b>	14.1	10.7
Price/Cash Flow	<b>17.8</b>	22.8	23.9
Portfolio P/E – I/B/E/S 1 Yr Forecast EPS	<b>20.0</b>	20.8	18.6
Price/Book	<b>5.87</b>	3.71	3.03
Gross Dividend Yield	<b>1.24</b>	1.20	1.04
Weighted Avg. Market Cap (\$bil)	<b>19.25</b>	23.25	7.18
Standard Deviation – 5Yr	<b>16.11</b>	17.67	19.78
Alpha – 5Yr	<b>0.99</b>	0.94	0.00
Beta – 5Yr	<b>0.76</b>	0.88	1.00
Sharpe Ratio – 5Yr	<b>0.79</b>	0.82	0.77
Active Share	<b>98.18</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 [CLICK HERE](#).

## Historical Performance (%)

Average Annual Returns as of June 30, 2021

	QTR	1 Year	3 Years	5 Years	10 Years
<b>Jensen – Class I</b>	<b>5.55</b>	<b>42.09</b>	<b>15.17</b>	<b>13.88</b>	<b>11.50</b>
Russell Midcap	7.50	49.80	16.45	15.62	13.24
Russell 2500	5.44	57.79	15.24	16.35	12.86

**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. All returns include the reinvestment of dividends and capital gains. 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. Performance shown is for the Class I Shares; performance for other Fund share classes will differ.

**The I Shares Gross Annual Operating Expense Ratio: 1.24%. Net Annual Operating Expense Ratio: 0.83%.** The Adviser has contractually agreed to waive fees through September 30, 2021 as needed in order to limit the Fund's expense ratios.

The 30 day SEC yield for the Jensen Quality Value Fund I Shares was subsidized: 0.39% and unsubsidized: 0.33%, as of June 30, 2021.

**The Fund invests in mid and smaller capitalization companies, which involve additional risks such as limited liquidity and greater volatility.**

The Russell 2500 is a market cap weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. This index is unmanaged and you cannot invest directly in an index.

The Russell Midcap Index is a market capitalization weighted index comprised of 800 publicly traded U.S. companies with market caps of between \$2 and \$10 billion. The 800 companies in the Russell Midcap Index are the 800 smallest of the 1,000 companies that comprise Russell 1000 Index. This index is unmanaged and you cannot invest directly in an index.

## Performance Attribution (%)

March 31, 2021 through June 30, 2021

	Benchmark: Russell 2500	Avg Port Weight	Port Return	Port Contrib	Avg Bmrk Weight	Bmrk Return	Bmrk Contrib	Alloc Effect	Select Effect	Total Effect
GICS Sector	Communication Services	0.21	9.55	0.08	2.94	12.78	0.37	-0.22	0.05	-0.17
	Consumer Discretionary	18.90	6.42	1.08	13.85	4.24	0.59	-0.07	0.36	0.29
	Consumer Staples	10.94	0.32	0.02	3.16	0.97	0.03	-0.38	-0.08	-0.46
	Energy	0.00	0.00	0.00	2.72	23.25	0.55	-0.44	0.00	-0.44
	Financials	3.65	9.02	0.27	14.65	2.54	0.39	0.30	0.21	0.51
	Health Care	12.33	2.50	0.32	14.42	4.84	0.70	0.03	-0.31	-0.28
	Industrials	27.75	13.85	3.65	16.34	3.10	0.51	-0.24	2.87	2.63
	Information Technology	15.15	0.31	0.08	15.81	7.90	1.27	0.04	-1.24	-1.19
	Materials	5.32	-1.52	-0.02	5.71	6.12	0.33	0.06	-0.41	-0.35
	Utilities	0.00	0.00	0.00	2.56	-0.10	0.00	0.15	0.00	0.15
	Real Estate	2.97	8.37	0.25	7.81	9.28	0.69	-0.16	-0.03	-0.19
	Cash	2.78	0.01	0.00	0.00	0.00	0.00	-0.23	0.00	-0.23
<b>TOTAL</b>	<b>100.00</b>	<b>*5.73</b>	<b>5.73</b>	<b>100.00</b>	<b>5.45</b>	<b>5.45</b>	<b>-1.15</b>	<b>1.43</b>	<b>0.28</b>	

\*This figure represents the weighted average return of the Fund's holdings for this period and is therefore not reflective of the Fund's total return for this same period, which was lower due to the effect of its investment advisory fee and other expenses. In addition, the return and performance attribution figures shown here are impacted by rounding and were calculated using Refinitiv Eikon, which uses a different calculation methodology than that used to calculate actual Fund performance and which may be impacted by market volatility and the timing of cash flows. See above for the actual total returns for the Fund for the quarter and 1-, 3-, 5-year periods ended June 30, 2021.

## Top Contributors (%)

Equifax	<b>1.30</b>
Copart	<b>0.83</b>
Expeditors International Of Washington	<b>0.70</b>
Genuine Parts	<b>0.44</b>
Levi Strauss	<b>0.40</b>

## Bottom Contributors (%)

Scotts Miracle Gro	<b>-0.28</b>
F5 Networks	<b>-0.24</b>
Campbell Soup	<b>-0.17</b>
Encompass Health	<b>-0.17</b>
Gentex	<b>-0.13</b>

## U.S. Performance Summary

The U.S. stock market continued the positive performance of recent quarters. Investors have appeared more exuberant in anticipation of a broad reopening of the economy as vaccination approvals and rollouts have enabled substantial numbers of people in the United States and elsewhere to be vaccinated and begin a return to relative normalcy. Many companies have seen improving quarterly business results, albeit against very easy comparisons, providing the foundation for another relatively strong period for the Russell 2500 Index. The Index ended the quarter with a positive return of 5.44%. The second quarter of 2021 also saw the Jensen Quality Value Fund ("Portfolio") produce a positive return, slightly outperforming the Index.

At Jensen, our investment discipline requires that every company considered must be profitable at a level high enough to achieve a Return on Equity (ROE) of at least 15% for each of the last ten consecutive years, as determined by Jensen's investment team. In our opinion, generating a ROE of 15% or more for at least a decade is an indication of sustained competitive advantages. From the qualifying universe, we select companies for the Portfolio based upon fundamental research and relative stock price valuations. We believe that over a full market cycle, the shares of these higher-quality businesses will outperform those of lower-quality businesses, but over shorter time periods relative performance differences are to be expected.

Jensen's benchmark-agnostic approach to sector weightings is a consequence of our bottom-up investment discipline. From an allocation perspective, the Portfolio's relative performance benefited from its underweight in Financials and Utilities. Stock selection in the Industrials, Consumer Discretionary, and Financials sectors also enhanced relative returns.

Performance was held back by the Portfolio's relative underweight in the Energy and Communications sectors, and the Portfolio's overweight in the Consumer Staples and Industrials sectors. Specific companies in the Information Technology, Materials, and Health Care sectors also reduced relative returns.

## Contributors and Detractors

**Equifax (EFX)**, a provider of information services including consumer credit reporting, was the largest contributor to relative performance during the quarter. We believe the strength in the share price was primarily due the company's quarterly financial results, which

exceeded the expectations of many investors. We remain confident Equifax will continue to meet our long-term expectations given its unique data assets, high barriers to entry, diversified revenue streams, and favorable industry structure.

**Copart (CPRT)**, a provider of auction services for salvage vehicles and other vehicle remarketing services, was the second largest contributor to performance during the quarter. We believe this was because the company's quarterly earnings results came in above the expectations of many investors. We continue to have a positive long-term view of Copart's business due to its strong network effect from owned real estate, high customer switching costs, and economies of scale, all of which enable the company to generate strong free cash flow.

Other notable companies that contributed positively to Portfolio performance included **Expeditors (EXPD)**, a provider of import/export brokerage and logistics services, **Genuine Parts Company (GPC)**, a provider of automotive and industrial replacement parts, and **Levi Strauss (LEVI)**, a casual apparel company.

**Scotts Miracle-Gro (SMG)**, a manufacturer of plant fertilizers and gardening supplies, was the largest detractor from relative returns during the quarter. While the company reported strong revenue growth and raised its guidance for future growth, we believe the shares sold off due to profit-taking by short-term investors after a period of strong stock performance. Over the long term, we believe Scotts will continue to benefit from its large scale, strong brands, high customer loyalty, and high barriers to entry.

**F5 Networks (FFIV)**, a provider of information technology services including cloud applications and cybersecurity tools, was the second largest detractor from relative returns. The company's share price fell after it reported quarterly earnings; despite solid revenue growth, investors reacted to lower gross margins arising from an unfavorable mix shift to lower-margin hardware sales. Notwithstanding these short-term challenges, we believe the company continues to benefit from its high customer retention rates, large recurring revenue base, and industry tailwinds including ever-increasing cybersecurity risks.

Other notable detractors from quarterly performance included **Campbell Soup (CPB)**, a manufacturer of packaged foods, **Encompass Health (EHC)**, a provider of post-acute recovery, home health, and hospice services, and **Gentex (GNTX)**, a manufacturer of automotive components.

## Portfolio Changes

As of June 30, 2021, the Jensen Quality Value Portfolio was invested in 35 companies. Portfolio changes during the quarter were driven by valuation and fundamental analysis. During the period, the investment team purchased **Gentex (GNTX)**, a manufacturer of automotive components, including digital mirrors, dimmable glass, and digital vision technologies. We believe the company benefits from market dominance, high barriers to entry, high customer switching costs, and a robust innovation pipeline. Gentex was purchased due to the favorable valuation of its shares at the time.

The investment team sold **NetApp (NTAP)**, a provider of data management software, computer systems, and information technology services. The company's stock repeatedly exceeded our estimate of its full value, leading to a steady reduction in our ownership and finally the full sale of the position. The investment team also sold **Omnicom (OMC)** in order to reinvest the proceeds in more attractive opportunities. Omnicom is an advertising agency holding company which provides advertising, public relations, and branding services around the globe. The investment team continues to adjust the positioning of other companies in the Portfolio to take advantage of relative valuation opportunities.

## Jensen Outlook

Much has been written about the recent rise in the U.S. inflation data, manifested in rising wage and commodity costs and supply chain dislocations and exacerbated by overall strength in consumer balance sheets arising from the substantial stimulus and assistance distributed since the pandemic was declared in early 2020.

Inflationary pressures are very real; what remains to be seen and is harder to predict is how long such pressures will remain. Combined with potential upward pressure on interest rates and a likely return to slower overall growth rates for business performance once the easy comparisons come to an end, we are mindful that there is meaningful potential for market volatility going forward.

When fiscal and monetary support eases, we believe that a more normalized economic environment could prove a headwind to the market and thus give pause to what has been a very strong bull market recovery. It could become more challenging for companies to continue producing strong business results, especially if they lack the competitive advantages and substantial free cash flow generation that we believe is necessary to navigate more challenging economic circumstances.

High-quality businesses such as the ones in which the Portfolio invests enjoy the foundations noted above and thus, to our view, should be well-positioned to weather the ups and downs of a recovering global economy buffeted by rising costs and episodic flareups in the pandemic. Although these businesses were not rewarded to the extent that lower-quality companies were in recent quarters, we believe that they will be favored as a more normalized environment returns. Further, the market dominance of high-quality companies provides pricing power that we believe can offset inflationary headwinds that erode the value proposition of lower-quality businesses.

At Jensen we remain focused on the long term, investing in individual companies we deem to be of the highest quality as evidenced by strong and durable business characteristics. Our research prizes dominant competitive advantages, balance sheet strength, and free cash flow consistency and provides a framework to understand the companies in which we invest. Our decision making is driven by this critical bottom-up fundamental business analysis. While the Portfolio companies are not immune to global stresses, we remain confident that they possess business models that mitigate economic risk and have the potential to reduce the volatility of the Portfolio's returns. Our goal has been and remains to be to produce strong long-term returns while minimizing the risk of permanent loss of capital.

We believe the companies in the Portfolio should perform relatively well from a fundamental standpoint given their competitive positions and strong cash flow generation. Further, because of higher valuations and continued emphasis on equities by most investors, short-term market volatility stemming from any of the factors discussed earlier could also provide us with attractive opportunities as it has in the past. We see this as a key activity for a high conviction, active investment management firm—utilizing market volatility and pricing dislocations as an opportunity to take advantage of disconnects in the stocks of these businesses.


As we look to the remainder of 2021 and beyond, our near-term investment focus will be to analyze additional information about our companies' revenue, earnings, and cash flow growth expectations, and to monitor the evolving trends associated with the global economic reopening and the impact of some of the pressures discussed earlier. This will further shape our outlook for each business model and the future prospects of those companies. We believe the environment will continue to improve for high-quality businesses as economic reality highlights the inherent strengths that such businesses possess and differentiates these companies from less robust competition.

# 2Q/21 Commentary

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

We are tremendously grateful for the ongoing support of our firm and investment strategies from our shareholders, partners, and clients, and we trust that we will continue to deliver the results you expect of us.

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

	<p><b>S&amp;P Earnings and Dividend Rankings:</b> (also known as “quality rankings”) score the financial quality of several thousand US 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.</p> <p><b>Free Cash Flow:</b> Is equal to the after-tax net income of a company plus depreciation and amortization less capital expenditures.</p> <p><b>Return on Invested Capital (ROIC):</b> A calculation used to assess a company’s efficiency at allocating the capital under its control to profitable investments. Return on invested capital gives a sense of how well a company is using its money to generate returns.</p> <p><b>Must be preceded or accompanied by a current prospectus.</b></p>
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