

COVID-19 Coronavirus Statement

February 28, 2020

The Jensen Investment Committee

The Investment Committee at Jensen Investment Management is monitoring and analyzing the threats associated with the COVID-19 coronavirus. At present, we recognize there are short-term impacts being felt by a number of the Jensen portfolio companies, but there is still much uncertainty regarding the long-term economic effects of the illness (and the often severe countermeasures being implemented by the authorities around the world) which makes providing any specificity difficult.

At this time, approximately 50% of the Jensen Quality Growth portfolio companies have announced negative financial impacts related to COVID-19, most of which focus on expected shortfalls relative to previously announced revenue and earnings estimates for the upcoming quarter. More broadly, we expect the disease and its effects on the global supply chain to reduce global economic growth for at least the next six months. Beyond that, the ultimate length and severity of economic impacts remain unknown. Precedent from similar outbreaks, such as the SARS virus of 2003 and H1N1 virus of 2009, suggests the potential for a sharp economic rebound once the disease is contained and assuming no long-lasting damage to global supply chains.

We believe that much of the current volatility in capital markets represents a reaction to heightened uncertainty about the ultimate ramifications of COVID-19 rather than concerns about fundamental declines in individual businesses. Indeed, several of our portfolio companies are well-positioned to aid in illness mitigation efforts and stand to benefit financially. Another potential outcome of the market pullback is a valuation 'reset' such that quality companies with solid fundamental foundations may become more attractively priced and represent opportunities for patient investors.

Rest assured that we continue to monitor developments closely and we will adjust the investment theses and valuation models for our portfolio holdings as new information warrants.