

Dahab Associates, Inc.
Request for Proposal – 2016

Large Cap Growth

Franklin Regional Retirement System

Company Name	Jensen Investment Management
Investment Style	Large Cap Growth
Product Name	Jensen Quality Growth Strategy
Principal Address	5300 Meadows Road, Suite 250 Lake Oswego, OR
Telephone Number	(503) 726-4384
Email Address	amar@jenseninvestment.com
Individual Completing this RFP	Amphaphone Mar
Position	RFP & Client Reporting Associate
Mailing Address (if different from above)	
Telephone Number (if different from above)	
Fax Number	(503) 726-4385
Date Completed	November 3, 2016

Firm Name	Jensen Investment Management
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Summary

General Information:

Firm Name	Jensen Investment Management
Product Name	Jensen Quality Growth Strategy
City, State of firm's headquarters	Lake Oswego, OR
Name of Parent Company, or "Independent"	Independent
Tax-Exempt Assets Under Management	\$2.3B
Total Assets Under Management	\$7.0B
Year Founded	1988
Year Registered	1988
Contact Name	Kimberly Foley
Contact Number	(503) 726-2065
Contact Email	kfoley@jenseninvestment.com

Which of the following types of products are available for this search? You may offer multiple product types if you choose. Indicate with an "X." There will be room to elaborate on the product offerings elsewhere in this document.

This selection should indicate that any minimum account sizes for the product are either met or waived for this search.

Separate Account	<input checked="" type="checkbox"/>
Commingled Funds	<input type="checkbox"/>
Mutual Fund	<input checked="" type="checkbox"/>

Equity Product Information:

Please provide the following figures for a representative account, with the data as of **the end of 3rd Quarter 2016** only.

Do not submit the following data for any other quarter, even if footnoted as such.

It is acceptable to submit preliminary data, if necessary.

Only provide statistics for indicated time-periods.

Do not put “since inception” statistics in lieu of the requested time-period.

If statistics for a given time period are not available, leave the response area blank.

All statistics must be **based on quarterly** numbers, never monthly, even when the question isn't explicit in that regard.

All statistics should be made with regard to the following benchmark:

Russell 1000 Growth

Do not submit statistical data compared to any other benchmark, even if your product is traditionally benchmarked against a different index, **even** if you choose to indicate it as such.

Product Name	<u>Jensen Quality Growth Strategy</u>
Style (Core, Growth, Value) Please answer as to your firm's specific classification of this product.	<u>Large Cap Growth</u>
Typical Number of Securities Held	<u>25-30</u>
Portfolio Turnover, 12-month rolling (%)	<u>15.94%</u>
P/E of typical portfolio- Estimate	x
P/E of typical portfolio- Trailing	x
5-year information ratio	<u>-.02</u>
5-Year Tracking Error	<u>4.22</u>
5-year Upside Capture Ratio	<u>87.78</u>
5-year Downside Capture Ratio	<u>67.88</u>
5-year R-squared statistic	<u>86.98</u>
Strategy Inception	<u>1988</u>
Benchmark Used for Above and below statistics (Must be the required benchmark as indicated)	
Benchmark for product	<u>Russell 1000 Growth</u>
Total Assets In This Strategy	<u>\$6.7B</u>
Soft/Hard Close Amount for the Strategy	<u>\$15.0B /</u>

	3-Year	5-Year
Alpha	<u>2.43</u>	<u>2.27</u>
Batting Average (% of quarters beating benchmark)	<u>56.76</u>	<u>54.10</u>
Standard Deviation	<u>10.49</u>	<u>10.59</u>
Beta	<u>0.85</u>	<u>0.85</u>

Firm Affiliation

1. Is the firm independent? | Yes
2. Is the firm registered under the Investment Advisors Act of 1940? | Yes
3. Is the firm minority owned? If so, what percent? | 2%
4. Is the firm women owned? If so, what percent? | 1%
5. Is the firm a subsidiary of, or related in any way to:

A brokerage firm	
Insurance company	
A bank	
Other	

6. What is the name of the parent company? |
7. Please provide details of the ownership structure of the firm.

Jensen operates as a Subchapter S corporation and is an independent firm that is 100% owned by thirteen active employees. From its founding, the firm was designed to be passed successfully from one generation of leaders to the next through a willingness to share both ownership and decision making control.

Equity in the firm is purchased, not granted, and is subject to vesting over a period of five years. Shareholder/employees are covered under strict buy/sell agreements that define the terms under which ownership is bought and sold. These agreements also include non-compete provisions should an owner choose to leave the firm. In order to facilitate long-term business planning, Team members with ownership stakes are asked to provide a minimum one-year notice prior to resignation.

Periodically, Jensen's Board of Directors selectively offers ownership to key employees across all areas of the firm in an effort to diversify the ownership base and create the next generation of shareholders.

The ownership structure of Jensen Investment Management as of 9/30/2016 is shown in the table below:

<u>Name of Owner</u>	<u>Title</u>	<u>% of Ownership</u>
<u>Robert Zagunis</u>	<u>Managing Director, Portfolio Manager</u>	<u>More than 20%</u>
<u>Dave Mertens</u>	<u>Managing Director, Sales and Marketing</u>	<u>More than 20%</u>
<u>Eric Schoenstein</u>	<u>Managing Director, Portfolio Manager</u>	<u>10-20%</u>
<u>Rob McIver</u>	<u>Managing Director, Portfolio Manager</u>	<u>5-10%</u>
<u>Brian Ferrie</u>	<u>Managing Director, Finance</u>	<u>5-10%</u>
<u>Tom Smith</u>	<u>Managing Director, Operations and Information Systems</u>	<u>0-5%</u>
<u>Gabe Goddard</u>	<u>Chief Compliance Officer & General Counsel</u>	<u>0-5%</u>
<u>Adam Calamar</u>	<u>Portfolio Manager</u>	<u>0-5%</u>
<u>Allen Bond</u>	<u>Portfolio Manager</u>	<u>0-5%</u>
<u>Kurt Havnaer</u>	<u>Portfolio Manager</u>	<u>0-5%</u>

<u>Kevin Walkush</u>	<u>Portfolio Manager</u>	<u>0-5%</u>
<u>Linsey Owens</u>	<u>Director, Marketing</u>	<u>0-5%</u>
<u>Richard Clark</u>	<u>Director, Sales and Marketing</u>	<u>0-5%</u>

8. If the firm is related in any fashion (financially or otherwise) to any other entity, explain.

General Background Information

1. Please indicate the types of accounts that your firm currently manages:

Domestic Equity	<u>yes</u>	Socially Conscious	
Fixed Income		Hedge Fund of any type	
Balanced		Institutional Mutual Funds	
International		Retail Mutual Funds	
Global			

2. Please provide the location and function of each of the firm's offices.

Jensen's sole office is located at 5300 Meadows Road, Lake Oswego, OR 97035, where all functions of the firm are carried out.

3. Please give a brief history of the firm.

Jensen Investment Management ("Jensen") is a Portland, Oregon area investment management firm that began managing assets in August of 1988. The firm was founded by Val Jensen, who at that time had managed private client assets for more than three decades. Since the firm's inception, Jensen has managed U.S. high quality equity portfolios derived from a select universe of companies that have produced a long-term record of persistently high returns on shareholder equity. While the firm began as a manager of separate accounts for high net worth individuals, today we serve a nationwide base of institutional, individual and RIA clients, as well as acting as the advisor to two U.S. mutual funds.

Jensen began managing the flagship Quality Growth Equity Strategy as separately managed accounts in August 1988. The Jensen Quality Growth Mutual Fund was launched on August 3, 1992 and the inception date of the Jensen Quality Growth Equity Composite performance was January 1, 1994.

The Jensen Quality Value Strategy is based on the same investable universe of quality companies with high Returns on Equity (ROE), was introduced in 2008 and is managed in a way that does not draw resources from our primarily Quality Growth Strategy. The Jensen Quality Value Fund was launched in March of 2010.

4. When was the firm founded?

August 1988

5. When was it registered as an investment advisor?

August 1988

6. When did the firm begin to manage tax exempt accounts?

1988

7. Describe the level of error and omission insurance coverage the firm carries.

Jensen Investment Management carries an aggregate coverage of \$7,000,000 in error and omission insurance.

8. Are you now the subject of a SEC or other regulatory body sanction? If so, explain.

No.

9. Has the firm ever been subject to a SEC or other regulatory body sanction? If so, explain.

No.

10. Discuss, in detail, any litigation brought against the firm in the last five years.

The firm has not been involved in any litigation in the last five years.

11. Please provide details on the financial condition of the firm.

12. Provide a breakdown of assets by type of Investment Strategy. (for example, Mid Cap Growth, Core Fixed Income, Emerging Markets, etc.) You may add additional rows to this table as needed.

Investment Strategy	# of Accounts	\$ Value
<u>Large Cap Growth</u>	<u>140</u>	<u>\$6.7B</u>
<u>Mid Cap Value</u>	<u>1</u>	<u>\$33mm</u>

Accounts above are accounts over separately managed accounts over \$250,000.

13. Please provide a breakdown of the FIRM'S accounts & assets in the following table:

	# of Accounts	\$ Value
Tax Exempt Assets:	<u>64</u>	<u>\$1.0B</u>
ERISA	<u>14</u>	<u>\$124mm</u>
Public	<u>0</u>	<u>\$0</u>
Taft-Hartley	<u>4</u>	<u>\$22mm</u>
Endowment	<u>8</u>	<u>\$339mm</u>
Foundation	<u>1</u>	<u>\$8mm</u>
Religious Order	<u>8</u>	<u>\$75mm</u>
Other	<u>29</u>	<u>\$432mm</u>
Total Tax-Exempt	<u>64</u>	<u>\$1.0 B</u>
Taxable Assets:	<u>77</u>	<u>\$159mm</u>
Personal Trusts		
Commingled		<u>\$0</u>
Total Taxable	<u>77</u>	<u>\$159mm</u>
Mutual Funds:	<u>2</u>	<u>\$5.5B</u>
Equity	<u>2</u>	<u>\$5.5 B</u>
Fixed Income		<u>\$0</u>
Money Market		<u>\$0</u>
Total Mutual Funds	<u>2</u>	<u>\$5.5B</u>
Overall Total	<u>141</u>	<u>\$7.0 B</u>

14. Provide a breakdown of the PRODUCT'S accounts & assets in the following table:

	# of Accounts	\$ Value
Tax Exempt Assets:	<u>64</u>	<u>\$1.0B</u>

ERISA	<u>14</u>	<u>\$124mm</u>
Public	<u>0</u>	<u>\$0</u>
Taft-Hartley	<u>4</u>	<u>\$22mm</u>
Endowment	<u>8</u>	<u>\$339mm</u>
Foundation	<u>1</u>	<u>\$8mm</u>
Religious Order	<u>8</u>	<u>\$75mm</u>
Other	<u>29</u>	<u>\$432mm</u>
Total Tax-Exempt	<u>64</u>	<u>\$1.0B</u>
Taxable Assets:	<u>77</u>	<u>\$159mm</u>
Personal Trusts		
Commingled	<u>0</u>	<u>\$0</u>
Total Taxable	<u>77</u>	<u>\$159mm</u>
Mutual Funds:	<u>1</u>	<u>\$5.4B</u>
Equity	<u>1</u>	<u>\$5.4B</u>
Fixed Income		
Money Market		
Total Mutual Funds	<u>1</u>	<u>\$5.4B</u>
Overall Total	<u>141</u>	<u>\$6.7B</u>

Assets above represent separately managed accounts with \$250,000 or more in assets.

15. What are your firm's plans for growth of these assets?

Jensen does not set growth goals for the firm, but focus on the integrity of our product and our clients' needs, with the expectation that our business success will follow.

16. Are there plans for limiting growth in any of the above areas?

No.

17. How does your firm plan to staff the growth of the firm described above?

Jensen will continue to proactively add staff in anticipation of future growth to ensure we continue to provide high levels of service and direct access to all clients. These additions will likely include portfolio management, operational and client service employees to ensure we continue to provide high levels of service and direct access to institutional and other key clients.

18. Give five (5) references for your services.

Jensen is unable to disclose our clients' identities due to contractual requirements. We would gladly supply this information in the next step of the process upon receipt of permission from the clients and if our clients' identities will not be considered public record.

19. State the average size of the firm's 5 largest tax-exempt funds.

\$155mm

20. Indicate the number & assets of tax-exempt accounts the FIRM gained & lost in each category:

Gained	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$

Public	1	\$40m	0	\$0	0	\$0	0	\$0	0	\$0
ERISA	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Taft-Hartley	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Endowment	4	\$56m	0	\$0	0	\$0	0	\$0	0	\$0
Foundation	1	\$17m	0	\$0	2	\$2mm	0	\$0	0	\$0
Religious Order	0	\$0	1	\$5mm			0	\$0	0	\$0
Other	5	\$14m	0	\$0	3	\$850	1	\$250	0	\$0
Total	11	127m	1	\$5mm	5	\$3mm	1	250	0	0

Lost	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public	0	\$0	0	\$0	1	\$54m	0	\$0	0	\$0
ERISA	0	\$0	0	\$0	1	\$1mm	0	\$0	0	\$0
Taft-Hartley	0	\$0	0	\$0	0	0	0	\$0	0	\$0
Endowment	2	\$29m	1	\$6mm	1	\$45	1	\$33m	0	\$0
Foundation	1	\$1mm	2	\$7mm	5	\$110	4	\$2mm	0	\$0
Religious Order	0	0			0	\$0	0	\$0	3	\$15m
Other	1	760	1	\$286	0	\$0	1	\$371	4	\$21m
Total	4	\$31m	4	\$13m	8	\$211	6	\$35m	7	\$36m

Assets above represent separately managed accounts with \$250,000 or more.

21. Please discuss any unusually large number of accounts or assets lost.

Assets losses can primarily be attributed to institutional clients restructuring or reallocating assets.

22. Indicate the number & assets of tax-exempt accounts the *PRODUCT* gained & lost:

Gained	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public	1	\$40m	0	\$0	0	\$0	0	\$0	0	\$0
ERISA	0	0	0	\$0	0	\$0	0	\$0	0	\$0
Taft-Hartley	0	0	0	\$0	0	\$0	0	\$0	0	\$0

Endowment	4	\$56m	0	\$0	0	\$0	0	\$0	0	\$0
Foundation	1	\$17m	0	\$0	2	\$2mm	0	\$0	0	\$0
Religious Order	0	0	1	\$5mm	0	\$0	0	\$0	0	\$0
Other	5	\$14m			3	\$850	1	\$250	0	\$0
Total	11	\$127mm	1	\$15m	5	\$3mm	1	\$250	0	\$0

Lost	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public	0	\$0	0	\$0	1	\$54m	0	\$0	0	\$0
ERISA	0	0	0	\$0	1	\$1mm	0	\$0	0	\$0
Taft-Hartley	0	0	0	\$0	0	\$0	0	\$0	0	\$0
Endowment	2	\$29m	1	\$6mm	0	\$0	1	\$33m	0	\$0
Foundation	1	\$1mm	2	\$7mm	5	\$110mm	4	\$2mm	0	\$0
Religious Order	0	0	0	\$0	0	\$0	0	0	3	\$15m
Other	1	\$760	1	\$286	0	\$0	1	\$371	4	\$21m
Total	4	\$31m	4	\$13m	8	\$211	6	\$35m	7	\$36m

23. For the PRODUCT, please discuss any unusually large # of accounts or assets lost.

In the following table, list the 5 clients (or all clients, if fewer than 5 in the strategy) with the most invested in the product (including clients that aren't included in the composite), and the requested details.

If the client is public (or you may disclose its name) please do. Otherwise state the type of client (e.g. Taft-Hartley, Foundation, Sub-Advisory, Mutual Fund, etc.).

For Vehicle, potential choices would include (but aren't limited to) Separate Account, Commingled Fund, CIT, Mutual Fund, etc.

	Client Name or Type	\$ Invested	State (or Nation)	Investment Year	Vehicle	Included In Composite?
1	<u>Corporate</u>	<u>\$557mm</u>	<u>Canada</u>	<u>2004</u>	<u>Separate Account</u>	<u>Yes</u>
2	<u>Endowment</u>	<u>\$213mm</u>	<u>MD</u>	<u>2010</u>	<u>Separate Account</u>	<u>Yes</u>
3	<u>Corporate</u>	<u>\$66mm</u>	<u>ME</u>	<u>2011</u>	<u>Separate Account</u>	<u>Yes</u>
4	<u>Religious</u>	<u>\$50mm</u>	<u>CA</u>	<u>2007</u>	<u>Separate Account</u>	<u>Yes</u>
5	<u>Endowment</u>	<u>\$43mm</u>	<u>NY</u>	<u>2010</u>	<u>Separate Account</u>	<u>Yes</u>

Investment Philosophy Implementation

1. Describe the structure of the product's investment team, including how many members the team has and the responsibilities of each member. Include an organizational chart which details the flow of information used in the decision making process.

Portfolio Managers work together as equals forming the team that executes the Jensen Quality Growth Strategy's investment process. The Investment Committee, composed of seven Portfolio Managers meets daily to discuss issues surrounding the Quality Growth Equity Strategy in addition to more in-depth research meetings each week. All members of the Investment Committee have equal voting rights and decisions are made by consensus and cannot be made by an individual member of the team.

Allen Bond, Kurt Havnaer, Kevin Walkush, and Adam Calamar spend a majority of their time performing fundamental due diligence on the companies that are either held in the Jensen Quality Growth Strategy or are candidates for inclusion in the model portfolio.

Please see exhibit I and organizational chart.

2. How long have the key members of the team worked with this product? Have there been additions or departures in the last 3 years for the team managing the proposed product? Please explain.

Jensen's investment discipline is team-managed by Portfolio Managers working together as equals. Jensen's current Investment Committee has an average of over 9 years of experience managing Jensen's Quality Growth Equity investment process. Portfolio Manager Robert Zagunis currently has the longest tenure having joined in 1993. The shortest tenure Portfolio Manager is Adam Calamar with a little over 6 years of experience with the Strategy. There have been no departures or additions in the past three years to the team managing the Jensen Quality Growth Strategy.

3. What is the # of accounts and account volume (in \$) that is handled by this team?

For purposes of relationship management and team leadership, Portfolio Manager Robert Zagunis, Rob McIver or Eric Schoenstein were typically assigned according to existing client assignments, geographic considerations, and an assessment of the best "fit" with the client and their advisors or consultants. On average, these three Portfolio Managers service 40 client relationships apiece.

4. Do the same groups manage equity, fixed income, & balanced portfolios at the firm?

Yes, Jensen currently manages two equity strategies, our flagship product the Jensen Quality Growth Strategy and the Jensen Quality Value Strategy. The Jensen Quality Value Strategy is based on the same investable universe of quality companies with high Returns on Equity (ROE) and is offered as a mutual fund and as a separate account product.

5. Does the firm employ a central trading desk?

Yes, trading is centralized for the entire firm and the trading team's activities are overseen by Managing Director, Operations and Information Systems, Tom Smith.

6. If yes, describe the trading operation & the traders' qualifications.

Our Traders, Robert Brinker and Adam Dunn, are responsible for executing and monitoring trades. Trading is centralized for the entire firm and the Trader's activities are overseen by the Jensen Investment Team, which approves daily trades, and by Jensen's Head of Operations. The Operations Team reconciles all transactions and positions for clients' accounts at all custodians on a daily basis. On a monthly basis, security pricing is reviewed for valuation purposes, and any pricing differences are investigated and resolved.

Bob joined the firm in 2012. Bob leads Jensen's trading activities, including management of Jensen's trading systems. As such, Bob also has an integral role in the maintenance of Jensen's information systems, and is the

company's database administrator. He chairs Jensen's Best Execution and Trading Committee and is deeply engaged in transaction cost analysis. Before joining Jensen, Bob worked at Elite Wealth Management where he held the position of Funds Operations Manager. In that role, he was responsible for client account administration, operations and trading. Prior to Elite, he spent 8 years at Columbia Management Group, Inc. fulfilling various roles from institutional trading system administrator to portfolio analyst/administrator duties for the high net worth group. Bob earned his Bachelor's degree from Oregon State University.

Adam joined the firm in 2015. Adam is responsible for the firm's trading activity and also participates as an account executive, where he supports our separate account clients. He graduated from U.C. Santa Cruz with a B.A. in Economics and then began his career at Montgomery Securities. With almost 20 years of industry experience, he has worked both as an institutional equities trader and supported individual clients. Most recently, Adam worked at StanCorp Investment Advisers, a Portland-based retail adviser, where he was their trader.

7. Does the firm have an investment committee?

Yes, Jensen's Investment Committee, consisting of seven Portfolio Managers is ultimately responsible for making all investment decisions, including model portfolio construction and security selection. All seven members have equal voting rights and decisions are made by consensus and cannot be made by an individual member of the Committee.

8. If yes, describe how it operates & the background/experience of the members.

The Jensen Investment Committee is responsible for implementing the investment process. Portfolio Managers work together as equals forming the team that executes the Jensen Quality Growth Strategy's investment process. The Investment Committee, composed of seven Portfolio Managers meets daily to discuss issues surrounding the Quality Growth Equity Strategy in addition to more in-depth research meetings each week. All members of the Investment Committee have equal voting rights and decisions are made by consensus and cannot be made by an individual member of the Committee.

Below are the biographies of all seven of our Portfolio Managers:

Robert Zagunis, Managing Director - Portfolio Manager, joined the firm in 1993. Robert has been on the Investment Committee since joining the firm and currently serves as Chairman of the firm. Robert has over thirty-nine years of business experience. The first 16 years of his career in financial services were in Corporate Banking with First Interstate Bank and the Bank of California, where he covered the full spectrum of business banking situations. Robert graduated from Stonier Graduate School of Banking (University of Delaware) in 1988. He received his BS from Oregon State University with a major in business, a science minor, and a concentration in international trade.

Rob McIver, Managing Director - Portfolio Manager, joined the firm in 2004. Along with his portfolio management responsibilities, Rob also serves as Jensen's President and as a director of The Jensen Quality Growth Fund. For three years prior to joining Jensen, he was located in British Columbia, Canada where he managed two private companies. Rob has over twenty-six years of experience in the banking and investment businesses, including 10 years with Schroder Investment Management in London. He also served as Chief Investment Officer, Latin America for the Miami, Florida-based Schroder & Co. Trust Bank. Rob received a BA (Joint Honors) from the University of Nottingham.

Eric H. Schoenstein, Managing Director - Portfolio Manager, joined the firm in 2002. Eric is chairman of the Investment Committee and coordinates the fundamental research conducted across the investment team. Eric has over twenty-eight years of business experience. Eric spent nearly fourteen years with Arthur Andersen

LLP, as a Senior Audit Manager, providing a wide variety of services to clients of all sizes in both the public and private sectors. He earned a B.S. in Business Administration, with a focus in Accounting, from Oregon State University. Eric is currently serving as a trustee for the Oregon State University Foundation and is a past president of the Oregon State University Alumni Association. He serves as a director for the Western Golf Association which administers and oversees the Evans Scholars Foundation and serves on the Executive Committee for the Oregon Golf Association, currently as its President.

Kurt M. Havnaer, CFA, Portfolio Manager, joined the firm in 2005. Kurt conducts fundamental research on potential companies as well as monitors portfolio companies. Kurt has over twenty-eight years of business experience. Kurt spent nine years with Columbia Management Group, Inc. as a high yield analyst and co-portfolio manager of the Columbia High Yield Fund. Prior to joining Columbia, he held positions as Portfolio Manager, Analyst and Trader at SAFECO Asset Management in Seattle. Kurt's career began as a Staff Accountant and Auditor at Price Waterhouse. He earned a BA in Business Administration from the University of Washington. He earned his MBA from Seattle University and is a Chartered Financial Analyst (CFA) charterholder.

Allen T. Bond, CFA, Portfolio Manager, joined the firm in 2007. Allen is vice chairman of the Investment Committee and conducts fundamental research on potential companies as well as monitors portfolio companies. Allen has over eighteen years of business experience. Allen joined Jensen from Washington Mutual where he held the position of Credit Analyst. In that role, Allen performed fundamental analysis on investment grade corporate bond issuers. Prior to Washington Mutual, he was a High Yield Credit Analyst and Trader for Columbia Management Group. Allen began his career as a Trader at Ferguson Wellman Capital Management. He earned a BS in Business and an MBA from the University of Oregon and is a CFA charterholder. Allen currently serves on the board of directors for the CFA Society of Portland.

Kevin Walkush, Portfolio Manager, joined the firm in 2007. Kevin conducts fundamental research on potential companies as well as monitors portfolio companies. He is also a voting member of the Investment Committee. Kevin has over seventeen years of business experience. Kevin joined Jensen from Morningstar where he held the position of Equity Analyst. In that role, Kevin provided equity research coverage of industrial, mining, and alternative energy stocks. Prior to Morningstar, he consulted for Lux Capital where he performed due diligence on investment candidates as well as prepared university based technology for commercialization. Kevin has also held various finance and operational roles at Amazon.com and Weyerhaeuser. He earned his BS in Chemical Engineering from Washington University in St. Louis and his MBA from the University of Michigan. He also serves on the Oregon Episcopal School Board of Trustees and Chairs the Board's Investment Committee.

Adam Calamar, CFA, Portfolio Manager, joined the firm in 2008. Adam conducts fundamental and quantitative research for both the Jensen Quality Growth and Jensen Quality Value investment strategies. Adam previously held the position of Manager, Institutional Services at Jensen, where he assisted in relationship management with the company's institutional clients. Adam has over nine years of business experience. Adam began his career at Broadmark Asset Management, LLC, a hedge fund management company specializing in low-volatility equity strategies. He earned his BS and MBA degrees from Oregon State University, and has a broad background in finance, small business, and the sciences. Adam is a CFA charterholder and a member of the CFA Society of Portland, as well as the Portland Alternative Investment Association. Adam was born in 1983.

9. If applicable, how often does the investment committee meet?

The Investment Committee meets daily.

Equity Investment Philosophy

1. Please indicate which categories most correctly identify the equity investment style of the product:

Large Cap	<u>x</u>	Core	
Mid Cap		Bottom-Up	<u>x</u>
Small Cap		Top-Down	
Micro Cap		Momentum	
All Cap		Sector Rotator	
Value		Market Neutral	
Relative Value		Low P/E	
Deep Value		Quantitative	
Growth	<u>x</u>	Fundamental	<u>x</u>
GARP		Index Funds	

2. In one or two brief sentences, please state the product's investment philosophy.

Jensen has adhered to one investment philosophy of owning businesses that have demonstrated consistent business performance, enjoy durable competitive advantages and have outlooks for continued persistently high business performance. We seek to achieve risk-adjusted investment results through a consistently applied process of researching and owning high quality businesses, as well as acquiring their stocks at reasonable valuations.

3. Describe the equity investment philosophy including how buy and sell decisions are made.

Buy and sell decisions for the Jensen Quality Growth Strategy are made by consensus by Jensen's seven-member Investment Committee. All members of the Investment Committee have equal voting rights and decisions are made by consensus and cannot be made by an individual member of the Committee.

Jensen's four research dedicated Portfolio Managers spend approximately 130 to 170 hours researching companies prior to the securities of those companies being included in client portfolios. Research includes reading annual reports and government filings, reviewing news items related to the company, building proprietary financial models to assess company profitability and financial strength, assessing competitive advantages and entry barriers, meeting with company management teams, comparing the company to its peers, etc. During the research process, the Portfolio Manager provides periodic updates to the team to ensure the business still merits analysis. Upon completion of due diligence, the Portfolio Managers prepares a report, which is then reviewed by the entire Investment Committee. A meeting is then held during which Investment Committee members discuss the merits of the company in question.

Our sell discipline monitors the key tenets of our buy discipline: sustainable competitive advantages, growth, value creation and price. Jensen will sell shares in companies when either the business performance falls below our high standards (for example, if the company's Return on Equity drops below 15%) or when it becomes fully priced according to our estimates. A third, more subjective reason that may cause a business to be sold is when a company from Jensen's roster of research candidates represents a more compelling investment opportunity.

Jensen's Investment Committee does not deviate from the above described process as each candidate is scrutinized prior to their inclusion or removal into or out of the portfolio.

4. When was the investment philosophy established?

Jensen's investment philosophy was established in 1988, when the firm was founded.

5. Has this philosophy been implemented for the last five years? If not, are the creators of the previous philosophy still with the firm?

Yes, the firm has been implemented for the last five years. The Jensen Quality Growth Strategy has been around since 1988 and some of the past Portfolio Managers have retired. Previous Portfolio Managers include Val Jensen, the firm's founder, who retired in 2004, Gary Hibler, former President and Portfolio Manager, retired in 2007, and Bob Millen, former President and Portfolio Manager, retired in 2011. Portfolio Manager Robert Zagunis has been managing the Jensen Quality Growth Strategy since 1993.

6. What is considered to be the competitive advantage of the philosophy?

From the inception of our firm, we believe that our Return on Equity requirement has been a key component and a competitive advantage to our investment process. At Jensen, we believe that Return on Equity (ROE) is a very useful criterion for identifying companies that have the potential to provide attractive returns over long periods of time. Our experience suggests that our requirement of consistently high Return on Equity results in a universe of high-quality, profitable companies that are able to generate returns above their costs of capital in a variety of circumstances and economic environments. Further, we believe that this universe produces companies with sustainable competitive advantages, strong growth potential and stocks with a low beta relative to broad market indices.

We believe the following points differentiate the Jensen Quality Growth Equity Strategy from our peers:

It is Jensen's belief that great businesses consistently add value every day, but that the market does not reflect that value creation in a straight, incremental line each day. By first seeking those companies that are great businesses and then patiently waiting for the opportunity to buy them as attractive stocks, Jensen can take advantage of short-term volatility and inefficiencies in the market through active management.

In our opinion, the current low growth environment cannot sustain high market returns and long-term investors should be rewarded by investing in high quality growth businesses, such as those included in the Jensen Quality Growth Equity Strategy. These businesses continue to post relatively consistent growth in revenue, earnings, and free cash flow in spite of what feels like a perpetually uncertain global economic landscape. We believe long-term investors in these businesses have the potential to be rewarded when the consistency of these companies' performance is reflected in their share prices. Our approach, including our insistence that a stock trade at a discount to our estimate of full value, allows us to properly balance the portfolio's potential upside opportunities while seeking downside protection over the long-term.

The independence of our firm serves as another competitive advantage, and provides the framework to patiently execute our investment discipline without conflicting mandates such as growth goals or margin targets which may occur in firms with more of a short term focus.

7. What changes have been made to the investment process in the past 5 years?

Jensen's philosophy has been constant since its inception in 1988. However, we have sought to continuously improve our process. An example of this has been that our fundamental business valuation model has been refined over time to reflect, as accurately as possible, the full value of a business. We also have added more research professionals in recent years to allow us to conduct more in-depth research into current model portfolio businesses and potential investments. A desire for continuous improvement should lead to more enhancements in the future, yet we will remain true to the basic tenet of our investment discipline which has been proven successful over our twenty-five plus year history.

8. In what market environments is the strategy expected to outperform/underperform?

When the market's behavior is driven by the value created by businesses and favors high quality businesses with more consistent performance, we believe Jensen's investment strategy should outperform the benchmark. Over the long term, given that preservation of capital in difficult markets plays a big role in returns over a full market cycle, we believe Jensen's investment strategy will outperform the benchmark and the majority of our peer firms.

Conversely, when the market is driven by momentum and market sectors that the portfolio is precluded from investing in (due to our strategy's emphasis on companies that have produced a long-term record of persistently high returns on shareholder equity) the Jensen equity discipline will tend to underperform the benchmark.

9. Please explain any significant quarterly underperformance over the past five years.

10. Indicate the % of equity market capitalization as of the most recent quarter-end, as well as a range over the last three years.

	<u>Current</u>	<u>3 year range</u>
Micro Cap (<\$100mm)	<u>0%</u>	<u>0%</u>
Small Cap (\$100mm - \$2b)	<u>0%</u>	<u>0%</u>
Mid Cap (\$2b - \$15b)	<u>2.28%</u>	<u>4.66%</u>
Large Cap (>\$15b)	<u>97.72%</u>	<u>95.34%</u>

11. Indicate the median and average market capitalizations for the most recent quarter-end.

	<u>(Product)</u>	<u>(Benchmark)</u>
Median Market Cap	<u>\$139.9B</u>	<u>\$152.3B</u>
Average Market Cap	<u>\$85.0B</u>	<u>\$9.0</u>

12. Please share some of the risk constraints that are used by the firm (e.g., maximum sector weightings, maximum % for an individual holding, tracking error, etc.)

The Jensen Quality Growth Strategy will hold between 25 to 30 companies. Position sizes may vary from 1% of the Fund to as great as 7.5%. Stock weightings represent our level of conviction with respect to the businesses and their stocks. We do not focus on sector weights as, those weightings are a residual of the bottom-up discipline. However, the Investment Committee does not typically exceed approximately 30% allocation to any specific GICS sector. The Jensen Quality Growth Strategy is not managed to any particular benchmark and may have a high degree of tracking error. Turnover in the Strategy has historically averaged around 15% per year.

13. Are your managers given an approved stock list?

Yes, Our Investment Committee uses internally developed research reports, company specific models that include historical and projected analysis, and a proprietary valuation "dashboard" used in daily Strategy discussions to help evaluate current holdings and potential inclusions. We typically use Thomson Baseline to create an initial list of companies that meet our 15% ROE requirement each year for the past 10 years. The Investment Committee then reviews this data and makes any adjustments to the ROE measure as they deem appropriate. The Portfolio Managers create a detailed proprietary research report for a potential new company that is shared with the Investment Team.

Our valuation metrics for Strategy and select bench companies are updated at least weekly and distributed to the Team each Monday as a dynamic spreadsheet. Additionally we subject each position to rigorous analysis when our company-specific models are updated every quarter or as needed. The Portfolio Managers maintain a relational database that includes a "dashboard" of metrics as part of their evaluation process.

14. If so, how many securities are typically on that list?
After our fundamental analysis of qualifying businesses on a bottom-up basis without regard to sector, industry, group or market capitalization we generally get a result of approximately 40-50 companies we believe have the most favorable business outlooks within our investable universe and in which we have confidence in their ability to maintain persistently strong business performance.
15. Are there provisions so that securities that are not on the approved list may be purchased?
Only securities on the approved list may be purchased for modeled accounts.
16. Does the product invest in ADRs? If so, what are the current and maximum exposures?
The Jensen Quality Growth Strategy invests solely in quality growth companies based in the U.S. ADRs are eligible securities for our Strategy, the Strategy does not expect ADRs to be a significant portion of its total assets. We do not currently hold any in our mutual fund or modeled separate accounts.
17. Does the product invest in foreign ordinary shares?
No
18. Describe, in detail, the use of cash in the equity process.
Cash has typically varied from 1-3% of portfolio assets. This allocation is a reflection of our desire to remain fully invested.
19. What range of cash is typical?
Cash has typically varied from 1-3% of portfolio Cash has typically varied from 1-3% of portfolio assets.
20. For the most recent period available please indicate the Product's top ten holdings:

	<u>Name</u>	<u>Industry</u>	<u>%</u>
(1)	<u>Pepsico Inc.</u>	<u>Consumer Staples</u>	<u>5.97</u>
(2)	<u>Becton Dickinson And Co</u>	<u>Health Care</u>	<u>5.93</u>
(3)	<u>3M Co</u>	<u>Industrials</u>	<u>5.06</u>
(4)	<u>Microsoft Corp</u>	<u>Informational Technology</u>	<u>4.90</u>
(5)	<u>United Technologies Corp</u>	<u>Industrials</u>	<u>4.82</u>
(6)	<u>Johnson & Johnson</u>	<u>Healthcare</u>	<u>4.71</u>
(7)	<u>Ecolab Inc</u>	<u>Materials</u>	<u>4.61</u>
(8)	<u>Praxair Inc</u>	<u>Materials</u>	<u>4.55</u>
(9)	<u>Accenture Plc</u>	<u>Information Technology</u>	<u>4.41</u>
(10)	<u>Unitedhealth Group Inc</u>	<u>Health Care</u>	<u>3.98</u>
<u>% Total</u>			<u>48.93</u>

Research

1. What percentage of research is generated internally? 100%
2. What percentage of research is obtained from outside sources? 0%
3. Please describe how the research operation within your firm works.

Four of the Portfolio Managers, Kevin Walkush, Kurt Havnaer, Allen Bond, and Adam Calamar are assigned specific companies to monitor and research, as determined by the Investment Team. These Portfolio Managers are generalists and research companies across sectors. The one exception is Kevin Walkush, who researches Information Technology companies and dedicates additional time on industry trends and developments given the fast pace of change in that sector. Kevin does, however, also research companies outside of the Information Technology sector.

Jensen's four research dedicated Portfolio Managers spend approximately 130 to 170 hours researching companies prior to the securities of those companies being included in client portfolios. Research includes reading annual reports and government filings, reviewing news items related to the company, building proprietary financial models to assess company profitability and financial strength, assessing competitive advantages and entry barriers, meeting with company management teams, comparing the company to its peers, etc. During the research process, the Portfolio Manager provides periodic updates to the team to ensure the business still merits analysis. Upon completion of due diligence, the Portfolio Managers prepares a report, which is then reviewed by the entire Investment Committee. A meeting is then held during which Investment Committee members discuss the merits of the company in question. On a weekly basis, various measures are evaluated along with security price performance, valuation and the Investment Committee's knowledge of company business fundamentals to assess the appropriateness of each security's weighting in client portfolios.

4. Please describe how your firm obtains and pays for outside research reports.

Our research team currently uses the following software products: Thomson Baseline, Thomson Datastream, Callstreet and Morningstar Direct amongst others. The team has access to research from EvercoreISI, Morningstar, and Gartner. This research is paid for with hard dollars and is generally less than 5-10% of the total research utilized by the team.
5. Please name the three primary sources of data and/or analyses upon which your firm relies.

- (1) Thomson-Reuters Software
- (2) Dow Jones Factiva
- (3) SEC Filings

6. Who coordinates the firm's research effort & what are their qualifications for that position.

Eric Schoenstein, Managing Director, Portfolio Manager is the Chairman of the Investment committee and is responsible for coordination of fundamental research conducted across the Investment Committee. Eric has over twenty-eight years of business experience. Eric spent nearly fourteen years with Arthur Anderson LLP, as a Senior Audit Manager, providing a wide variety of services to clients in both the public and private sectors, primarily in the manufacturing, transportation and

| [wholesale and retail distribution industries.](#)

Personnel

1. In the table below, indicate the appropriate number of employees employed in each category.

	2012	2013	2014	2015
Equity portfolio managers	<u>3</u>	<u>3</u>	<u>3</u>	<u>7</u>
Bond portfolio managers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balanced fund managers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Equity research analysts	<u>4</u>	<u>4</u>	<u>4</u>	<u>0</u>
Bond research analysts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Economists	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Management and Administrative (Compliance, Operations)	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>
Computer professionals	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Clerical	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Other (Marketing, Client Service, Trading)	<u>8</u>	<u>9</u>	<u>8</u>	<u>11</u>
Total				

2. Please provide biographical information on all key members of the proposed product's asset mgmt team, including years of experience with this asset class & years with the firm.

Below are the biographies of all our Portfolio Managers, Managing Directors, and Chief Compliance Officer.

Robert Zagunis, Managing Director - Portfolio Manager, joined the firm in 1993. Robert has been on the Investment Committee since joining the firm and currently serves as Chairman of the firm. Robert has over thirty-nine years of business experience. The first 16 years of his career in financial services were in Corporate Banking with First Interstate Bank and the Bank of California, where he covered the full spectrum of business banking situations. Robert graduated from Stonier Graduate School of Banking (University of Delaware) in 1988. He received his BS from Oregon State University with a major in business, a science minor, and a concentration in international trade.

Rob McIver, Managing Director - Portfolio Manager, joined the firm in 2004. Along with his portfolio management responsibilities, Rob also serves as Jensen's President and as a director of The Jensen Quality Growth Fund. For three years prior to joining Jensen, he was located in British Columbia, Canada where he managed two private companies. Rob has over twenty-six years of experience in the banking and investment businesses, including 10 years with Schroder Investment Management in London. He also served as Chief Investment Officer, Latin America for the Miami, Florida-based Schroder & Co. Trust Bank. Rob received a BA (Joint Honors) from the University of Nottingham.

Eric H. Schoenstein, Managing Director - Portfolio Manager, joined the firm in 2002. Eric is chairman of the Investment Committee and coordinates the fundamental research conducted across the investment team. Eric has over twenty-eight years of business experience. Eric spent nearly fourteen years with Arthur Andersen LLP, as a Senior Audit Manager, providing a wide variety of services to clients of all sizes in both the public and private sectors. He earned a B.S. in Business Administration, with a focus in Accounting, from Oregon State University. Eric is currently serving as a trustee for the Oregon State University Foundation and is a past president of the Oregon State University Alumni Association. He serves as a director for the

Western Golf Association which administers and oversees the Evans Scholars Foundation and serves on the Executive Committee for the Oregon Golf Association, currently as its President.

Kurt M. Havnaer, CFA, Portfolio Manager, joined the firm in 2005. Kurt conducts fundamental research on potential companies as well as monitors portfolio companies. Kurt has over twenty-eight years of business experience. Kurt spent nine years with Columbia Management Group, Inc. as a high yield analyst and co-portfolio manager of the Columbia High Yield Fund. Prior to joining Columbia, he held positions as Portfolio Manager, Analyst and Trader at SAFECO Asset Management in Seattle. Kurt's career began as a Staff Accountant and Auditor at Price Waterhouse. He earned a BA in Business Administration from the University of Washington. He earned his MBA from Seattle University and is a Chartered Financial Analyst (CFA) charterholder.

Allen T. Bond, CFA, Portfolio Manager, joined the firm in 2007. Allen is vice chairman of the Investment Committee and conducts fundamental research on potential companies as well as monitors portfolio companies. Allen has over eighteen years of business experience. Allen joined Jensen from Washington Mutual where he held the position of Credit Analyst. In that role, Allen performed fundamental analysis on investment grade corporate bond issuers. Prior to Washington Mutual, he was a High Yield Credit Analyst and Trader for Columbia Management Group. Allen began his career as a Trader at Ferguson Wellman Capital Management. He earned a BS in Business and an MBA from the University of Oregon and is a CFA charterholder. Allen currently serves on the board of directors for the CFA Society of Portland.

Kevin Walkush, Portfolio Manager, joined the firm in 2007. Kevin conducts fundamental research on potential companies as well as monitors portfolio companies. He is also a voting member of the Investment Committee. Kevin has over seventeen years of business experience. Kevin joined Jensen from Morningstar where he held the position of Equity Analyst. In that role, Kevin provided equity research coverage of industrial, mining, and alternative energy stocks. Prior to Morningstar, he consulted for Lux Capital where he performed due diligence on investment candidates as well as prepared university based technology for commercialization. Kevin has also held various finance and operational roles at Amazon.com and Weyerhaeuser. He earned his BS in Chemical Engineering from Washington University in St. Louis and his MBA from the University of Michigan. He also serves on the Oregon Episcopal School Board of Trustees and Chairs the Board's Investment Committee.

Adam Calamar, CFA, Portfolio Manager, joined the firm in 2008. Adam conducts fundamental and quantitative research for both the Jensen Quality Growth and Jensen Quality Value investment strategies. Adam previously held the position of Manager, Institutional Services at Jensen, where he assisted in relationship management with the company's institutional clients. Adam has over nine years of business experience. Adam began his career at Broadmark Asset Management, LLC, a hedge fund management company specializing in low-volatility equity strategies. He earned his BS and MBA degrees from Oregon State University, and has a broad background in finance, small business, and the sciences. Adam is a CFA charterholder and a member of the CFA Society of Portland, as well as the Portland Alternative Investment Association.

David G. Mertens, Managing Director – Sales and Marketing, joined Jensen in 2002, and is responsible for the sales, client service and marketing efforts of the firm. Dave has over thirty-four years industry experience, having served as Senior Vice President of Institutional Marketing with Berger Financial Group, LLC, and President of Berger Distributors, LLC. He was Regional Vice President of INVESCO Funds Group and was in sales and marketing roles with two major insurers. He earned a BS from Ball State University and an MBA from Marylhurst University. Dave is a member of the Board of Trustees for the Good Samaritan Medical Center Foundation and serves as Chairman of its Investment Committee. He also serves on the Finance

Committee of Christ Episcopal Church in Lake Oswego, Oregon. In addition, Dave serves on the Board of Directors at a local non-profit, Reading Results.

Thomas R. Smith, Managing Director - Operations & Information Systems, joined the firm in 2003. He earned a BA in Philosophy from the University of California, Los Angeles, and his MBA from the Atkinson Graduate School of Management at Willamette University. Tom has over twenty-three years of experience in information systems, business operations and project management. Prior to joining Jensen, he worked with FleetBoston Robertson Stephens, and Credit Suisse First Boston in a myriad of technology, project management, and consulting roles. Outside of Jensen, Tom enjoys spending time with his family, and is an avid cyclist and musician.

Brian Ferrie, CFA, Managing Director – Finance, joined the firm in 2003. He received his BBA from the University of Texas with a major in Accounting. He is a Chartered Financial Analyst (CFA) charterholder. Brian has over thirty years of experience in accounting, compliance and financial services, most recently serving as Chief Financial Officer and Chief Compliance Officer for Berger Financial Group, LLC, investment advisor to the Berger Funds. Prior to that, he served as Director of Internal Audit and Chief Compliance Officer for U.S. Global Investors, investment advisor to the United Services Funds. Brian also serves as Chief Compliance Officer and Treasurer for the Jensen Quality Growth Fund.

Gabriel L. Goddard, Chief Compliance Officer and General Counsel, joined the firm in 2012. Gabe has more than fifteen years of legal and compliance experience. Most recently, Gabe served as Senior Compliance Officer for Fifth Third Asset Management, Inc. Prior to FTAM, Gabe worked as an Associate Compliance Attorney and then CCO of CinFin Capital Management. Contemporaneous with those positions, Gabe acted as Staff Counsel for the Cincinnati Insurance Company. Gabe began his legal career in private practice as a trial attorney. He received his BA from Indiana University and his J.D. from The Ohio State University College of Law.

3. In the last 3 years, how many professional employees have left the firm for any reason?

As of 9/30/2016, Jensen had 7 employees leave, one passed away after a courageous battle with cancer, one retired, and five resigned due to either relocation or to pursue other interests.

4. What qualifications are typical of the PMs, include yrs w/ firm, \$ under mgmt & # of accounts.

When seeking investment professionals, Jensen places a strong emphasis on individuals who have backgrounds in running businesses or business units, and/or have an understanding of the qualities necessary to build a successful, enduring business. We see ourselves as analysts of businesses, rather than stocks. Solid business leadership and management skills are critical to this role.

Jensen's goal is to build a sustainable firm that will endure and stay true to its investment discipline over many generations. In general, professionals are hired with importance placed upon philosophical and cultural fit, professional accomplishments, and personal attributes and experiences that can lend depth to the team. High ethical standards and a focus on the needs of clients are essential.

5. Please describe the method of compensation employed for portfolio managers.

Competitive compensation is paid to the firm's investment professionals and other professionals. As part of Jensen's compensation program, contributions are paid to an employer-sponsored profit sharing plan. We also use bonuses in which all employees, including Managing Directors, participate equally as a percentage of base

salary. Bonuses are determined on an annual basis by the Board of Directors of Jensen Investment Management. Bonuses are based on the financial results of the firm, rather than individual results, to reinforce our belief in working cohesively as a team to meet the needs of our clients. Jensen continues to retain and motivate employees with competitive compensation (including profit-sharing and bonuses), education reimbursement, and a collegial, pleasant work environment.

Periodically, Jensen's Board of Directors selectively offer ownership to key employees across all areas of the firm in an effort to diversify the ownership base and create the next generation of shareholders. Only active employees are eligible to be an owner. All seven members of the Investment Committee are employee owners of Jensen Investment Management.

6. Please describe the method of compensation employed for research analysts.

Currently, Jensen does not have any employees with the title of research analysts. That said four of the Portfolio Managers dedicate a majority of their time to research.

Competitive compensation is paid to the firm's investment professionals and other professionals. As part of Jensen's compensation program, contributions are paid to an employer-sponsored profit sharing plan. We also use bonuses in which all employees, including Managing Directors, participate equally as a percentage of base salary. Bonuses are determined on an annual basis by the Board of Directors of Jensen Investment Management. Bonuses are based on the financial results of the firm, rather than individual results, to reinforce our belief in working cohesively as a team to meet the needs of our clients. Jensen continues to retain and motivate employees with competitive compensation (including profit-sharing and bonuses), education reimbursement, and a collegial, pleasant work environment.

Periodically, Jensen's Board of Directors selectively offer ownership to key employees across all areas of the firm in an effort to diversify the ownership base and create the next generation of shareholders. Only active employees are eligible to be an owner. All seven members of the Investment Committee are employee owners of Jensen Investment Management.

Client Service

1. Who would be the individual providing service for this client? Please provide a brief bio and description of responsibilities for this individual.
Kim Foley would be the primary client service professional assigned to Franklin Regional Retirement Systems. Kim joined Jensen in 2010. Kim is responsible for client service and business development for institutional clients, consultants and advisors. She was previously with Capital Group in their Institutional Consultant Relationships group. Prior to Capital Group, Kim was with Dimensional Fund Advisors as a Senior Associate in Institutional Services and spent time as Client Service Manager of Dimensional Ltd., in London, and began her investment management career in Fund Operations at Dimensional. Kim earned her MBA from the University of Oregon and BA from Portland State University.
2. What information about investments made in the submitted product is available to institutional clients in this strategy? How regular/up-to-date is this information, and how detailed?
For separately managed accounts, Jensen will work the client to customize client reporting and frequency of when reports are generated. In general, Jensen will provide holdings, performance, attribution, and commentary to separately managed account clients.
3. Does your firm offer an online portal for accessing information about this product?
We provide information on the Strategy on our website at www.jenseninvestment.com. However, we do not provide specific client reporting through a web portal.
4. How often does your firm create attribution reports for the portfolio (either on a perfunctory basis, or as solicited by clients).
Generally, attribution reports are created quarterly. Jensen is willing work with the client to establish frequency in which reports are created based on the client's need.
5. Would your firm have a representative accept invitations to present to the board on a regular basis (roughly once per year, though possibly more or less often?) Would your firm be willing to have a portfolio manager present to the board as part of those presentations?
Yes, Jensen is willing to have a Portfolio Manager present to the Board as needed.

Performance

1. Is your firm in compliance with GIPS?
2. If yes to the above, has your GIPS compliance been audited?
3. If yes to the above, who performed the audit?

Yes.

Yes, Jensen has been verified by Ashland Partners.

Ashland Partners has conducted a firm-wide verification and also a performance examination for the Quality Growth Composite for the period January 1, 2006 through December 31, 2015.

Jensen was first verified in 2003 for the period covering January 1, 1994 through December 31, 2003. Jensen was verified firm-wide and the performance results of the Quality Growth Composite were examined by PricewaterhouseCoopers LLP until December 31, 2006.

Performance – as of 3Q16

Investment Style	<u>Large Cap Growth</u>
Product Name Used For Performance	<u>Jensen Quality Equity Composite</u>
Inception Date	<u>1988</u>
Account Type	<u>Separately Managed Account</u>
Benchmark Used	<u>Russell 1000 Growth</u>
Portfolio Manager/Team Leader	<u>Robert Zagunis, Rob McIver, Eric Schoenstein, Allen Bond, Kurt Havnaer, Kevin Walkush, Adam Calamar</u>
Years Managing this Product	<u>Longest is 23, shortest is 6</u>

Only include **RETURNS FOR COMPLETE YEARS'** performance in the table below.

Do NOT place returns for partial years in the table below, even if noted as incomplete.

Partial years and their performance may **only** go in the indicated box above.

Only complete years may be included in the returns below. List incomplete years, if any, this product has had in the box to the right.

Commingled Funds and Separate Accounts must provide Gross of Fees Returns
Mutual Funds should submit Gross of Fees numbers if you have access to those numbers,
and must provide Net of Fees numbers at a minimum.

Never delete any of the below columns for any reason, even if you are leaving it blank.

These returns are **in addition** to the requirement to submit a complete quarterly returns since inception document, as described in the instructions section at the beginning of this RFP.

Are you providing Net of Fees instead of Gross of Fees returns below?
 Indicate with an "X" to the right **only** if yes. Otherwise, leave blank.
 (Only Mutual Fund submissions may do this)

Period	Return Gross of Fees	Return Net of Fees	Preferred Benchmark Return	# of Accounts for Product	Assets (\$) in Composite
2006	<u>15.02</u>	<u>14.42</u>	<u>9.07</u>	<u>26</u>	<u>\$2.6B</u>
2007	<u>8.18</u>	<u>7.66</u>	<u>11.81</u>	<u>36</u>	<u>\$2.8B</u>
2008	<u>-28.44</u>	<u>-28.79</u>	<u>-38.44</u>	<u>37</u>	<u>\$2.2B</u>
2009	<u>30.05</u>	<u>29.40</u>	<u>37.21</u>	<u>118</u>	<u>\$3.0B</u>
2010	<u>12.76</u>	<u>12.20</u>	<u>16.71</u>	<u>143</u>	<u>\$4.5B</u>
2011	<u>-0.24</u>	<u>-0.73</u>	<u>2.64</u>	<u>178</u>	<u>\$5.0B</u>
2012	<u>14.50</u>	<u>2.26</u>	<u>15.26</u>	<u>160</u>	<u>\$5.1B</u>
2013	<u>33.34</u>	<u>10.91</u>	<u>33.48</u>	<u>167</u>	<u>\$6.7B</u>
2014	<u>12.67</u>	<u>9.22</u>	<u>13.05</u>	<u>146</u>	<u>\$6.3B</u>
2015	<u>2.47</u>	<u>7.69</u>	<u>5.67</u>	<u>118</u>	<u>\$5.8B</u>
1 st Quarter 2016	<u>6.25</u>	<u>6.12</u>	<u>0.74</u>	<u>117</u>	<u>\$6.2B</u>
2 nd Quarter 2016	<u>1.96</u>	<u>1.84</u>	<u>0.61</u>	<u>118</u>	<u>\$6.2B</u>
3 rd Quarter 2016	<u>2.84</u>	<u>2.72</u>	<u>4.58</u>	<u>118</u>	<u>\$6.6B</u>
Annualized 3-year	<u>12.62</u>	<u>12.06</u>	<u>11.83</u>	<u>118</u>	<u>\$6.6B</u>
Annualized 5-year	<u>16.52</u>	<u>15.95</u>	<u>16.50</u>	<u>118</u>	<u>\$6.6B</u>

Fee Structure

- **Please note that the fee section of this RFP must be separated.**
- Do not state your firm’s fees outside of the gray boxes below, or refer to outside documents.
- Do not copy/paste your fee schedule from older RFPs into this document.
- Follow the convention laid out in the Fee Structure boxes below. You may add additional “__ bps on next \$__ mm” lines as needed.
- **For each product type being proposed for this search, fill out its corresponding table in its entirety.**
- For products that have no minimum size, be sure to state that. If a minimum fee is used instead of a minimum account size, fill out the appropriate row.
- For products where the minimum size is either waived or has been met, still indicate the products’ standard minimums, so that we have it for our records.

Separate Account (if applicable)

Fee structure	<u>70</u> bps on first \$ <u>5</u> mm <u>60</u> bps on next \$ <u>5</u> mm <u>55</u> bps on next \$ <u>15</u> mm <u>50</u> bps on next \$ <u>25</u> mm <u>45</u> bps on next \$ <u>50</u> mm __ bps on balance Include <u>ALL</u> fees for the product in this space.
Minimum account size	<u>\$5mm</u>
Minimum annual fee (if used instead of minimum size).	
Is fee structure negotiable?	<u>Yes, separately managed account fees may be negotiated.</u>
Is minimum size negotiable?	
If minimum account size is more than this mandate, is it waived?	<u>No</u>
Is a most-favored nation clause available and/or is the proposed fee an MFN fee?	
State any legal restrictions for clients (e.g. only open to Qualified Investors, ERISA, Pension plans, etc.)	<u>None.</u>

Commingled Funds (if applicable)

Name of Fund	
Fee Structure	<u>__</u> bps on first \$ <u>__</u> mm

	__ bps on next \$__ mm __ bps on balance
Minimum Size	
Minimum annual fee (if used instead of minimum size).	
Is fee structure negotiable?	
Is minimum size negotiable?	
If minimum account size is more than this mandate, is it waived?	
Describe the liquidity of this vehicle	
Is a most-favored nation clause available and/or is the proposed fee an MFN fee?	
State any legal restrictions for clients (e.g. only open to Qualified Investors, ERISA, Pension plans, etc.)	

Institutional Mutual Fund (if applicable)

Name of Fund	<u>Jensen Quality Growth Fund</u>
Ticker	<u>JENIX</u>
Net Expense Ratio	<u>.64</u> bps
Full Expense Description	<u>Annual Fund Operating Expenses</u>
Minimum Size	<u>\$250,000</u>
Is minimum size negotiable, and is it being waived (if applicable)?	<u>The minimum can be aggregated if the account is traded in an Omnibus manner.</u>
Assets in This Fund	<u>\$6.7B</u>
Inception of Fund	<u>1992</u>