



Buy: Abbott (ABT)

MARCH 2025

HOLDINGS UPDATE

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The Jensen Investment Team has added a position in **Abbott (ABT)** to the **Quality Growth Strategy**. Abbott is a global healthcare company with a medical devices division, complemented by diagnostics, established pharmaceuticals and nutrition businesses. Sales are geographically diversified, with 39% originating from the U.S. and 61% from international markets.¹

Abbott benefits from a wide range of competitive strengths at both the company and segment levels. The company's diversified business makeup helps mitigate risk associated with any single segment. Moreover, Abbott is a leading competitor in each of the industries it operates in, capitalizing on economies of scale, switching costs and brand equity.

The Medical Devices segment represents Abbott's largest, fastest growing and most profitable division, featuring a broad product portfolio across the cardiovascular market. The company also has a diabetes care business, focused on continuous glucose monitors (CGMs) for monitoring blood sugar levels in diabetic patients. We believe the CGM market has substantial room for future growth, driven by increasing adoption and expanding reimbursement coverage. Beyond diabetes, Abbott is well positioned in other high-growth areas, including structural heart solutions and electrophysiology.

Abbott's diagnostics business is characterized by a well-rounded product portfolio that includes diagnostic systems, rapid diagnostics, molecular diagnostics and point-of-care diagnostics. The segment benefits from high switching costs, recurring revenues and favorable secular tailwinds that enhance its long-term growth potential. While Abbott's nutrition and established pharmaceuticals segments are the smallest, they play a critical role as portfolio diversifiers. Both segments are poised to benefit from growing demand in emerging markets, where Abbott has a dominant share in their primary operating regions.

Abbott recently qualified for our investable universe, and we believe that the company will be a strong addition to the Quality Growth Strategy given its high quality attributes, favorable growth outlook and attractive valuation.

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¹ Abbott 10-K as of 12/31/24