Q3 2016

I am pleased to announce the outperformance of the *The Jensen Opportunity Fund, LLC* for the third quarter, 2016, over our benchmark, the S&P 500 index fund.

The start of the quarter found the equity markets taking a quick and sharp reversal from the fears initiated by 'Brexit', posting strong gains. As the case for a September Federal Open Markets Committee rate tightening dissipated, or, rather, how the market's perception of a tightening from the Fed lessened, those gains held steady for the remainder of the quarter, finishing up 3.3% from the previous quarter. Meanwhile, *The Jensen Opportunity Fund, LLC* posted gains of 5.05%, net of fees.

We enter the year-end quarter with continued strong conviction in our holdings and our investing strategy at large – buy to hold for the long run, in this technological space whereby our personal lives and enterprises' going concern are continually and increasingly dependent on the product and services provided by said companies. Companies that not just dominate their own space (or collectively dominate), but also have the ability and wherewithal, both in terms of financial and human capital, to disrupt the very businesses they serve, or disrupt the day-to-day happenings of the lives they already currently make more enjoyable today. Companies that have impenetrable moats. Companies that, quite frankly, operate in an oligarchy. You think the restaurant business is difficult in NYC; try being a budding entrepreneur, wishing to knock down $AMZN, $GOOGL, or $MSFT in the storage and cloud processing space.

With that being said, we are heading into a period of increased risk to the downside. Whether it is the election in early November; the anticipation of a Federal Reserve rate hike in December; or more general geopolitical risk, the balance of risk for the equity market, is at best, weighted equally.

At the end of the quarter our fund was levered 12%. A fancy way of saying the amount of investments that have been made, along with the associated net investment gain, exceeds the amount of equity we have in the fund by 12%. Leverage can have the effect of increasing the rate of return on the way up, and increase the rate of loss on the way down. Therefore, given the outlook on the assessment of risk and our leverage ratio, we may elect to trim some of the inherent risk currently built into the fund.

The easiest, but least desirable approach to such risk reduction would be to sell some of the investments in order to reduce the leverage ratio down from the 12% level. Because all of our holdings have unrealized net gains, any selling would trigger a taxable event, to the extent that it exceeded other realized losses, and would pass through to our year-end K-1s. The fund has been tax efficient thus far and we should strive to keep it that way.

And, the most desirable way to reduce the leverage ratio is to take in more capital contributions. The additional capital reduces the amount of the "negative" cash balance. We are actively pursuing just such. If you are interested in adding onto your investment, please let me know. ☺

Here's to another good quarter ahead, so we can round out the year with another annual beat of the benchmark!!! Thanks for your continued support.

Until next time,

Todd Shorb