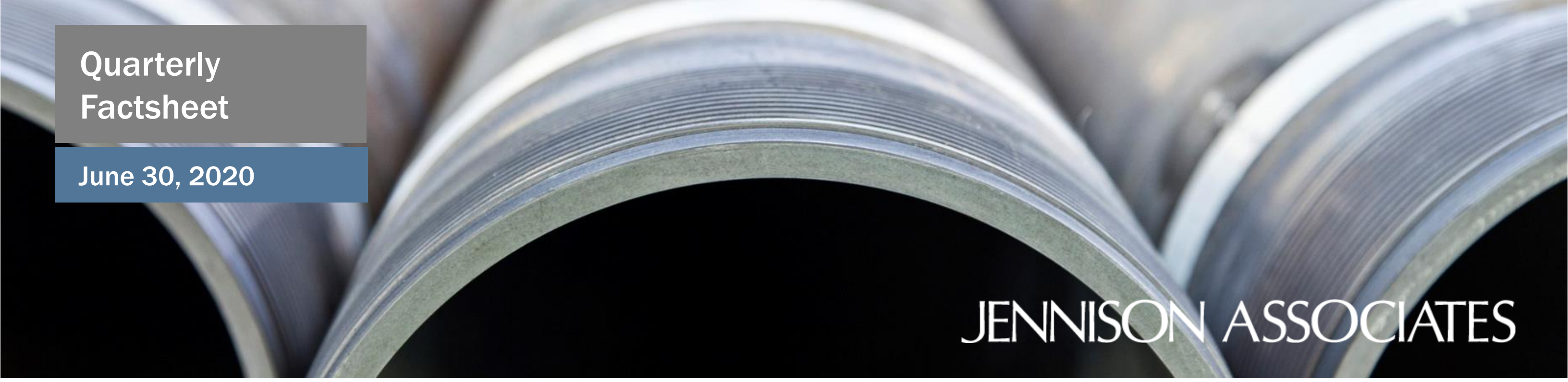

Master Limited Partnership (MLP)

A concentrated portfolio seeking to deliver capital appreciation and current yield

Strategy Overview

Firm AUM:	$188.0B
Strategy AUM:	$0.3B
Inception Date:	December 31, 2013
Number of Holdings:	Typically 25-35
Benchmark:	Alerian MLP Index
Available Vehicles:	▪ Institutional Separate Account ▪ US Mutual Fund

Team Members

Portfolio Managers

Average Experience: 25 years

Bobby Edemeka

Shaun Hong, CFA

Stephen J. Maresca, CFA

Dedicated Analysts: 3

Average Experience: 19 years

Highlights

- Takes a holistic approach, balancing the portfolio across three key tenets: quality; long-term growth: and current yield, to potentially deliver compelling total returns
- Breadth of industry knowledge and tenured history investing in midstream companies since the late 90's and MLPs since 2006
- Utilizes Jennison's Energy Value Chain Research Platform
  - Specialized sector/industry analysts across the upstream, midstream, and downstream energy value chain, provide comprehensive and unique perspectives on fundamentals
  - Upstream and downstream knowledge base reinforces deep midstream expertise, facilitates ideas, and helps formulate global views on infrastructure investments needs across basins/markets
- Process employs a thorough understanding of the underlying asset base, business model, financial strength, and management quality of companies
- Multi-year outlook and opportunistic flexibility enable "time-horizon arbitrage"- taking advantage of dislocations between stock prices and underlying asset values, to potentially generate long-term alpha

Performance

	2Q20	1 Year	3 Years	5 Years	Since Inception
MLP Strategy Composite (Gross)	26.8%	-32.0%	-11.3%	-10.0%	-5.4%
MLP Strategy Composite (Net)	26.6	-32.4	-11.9	-10.5	-5.9
Alerian MLP Index	50.2	-41.4	-16.8	-12.8	-11.0

Past performance does not guarantee future results. *Source: Jennison/Mellon Analytical Solutions. Inception of MLP Strategy Composite: 12/31/13. Periods greater than one year are annualized. See disclosures for important information.*

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50 YEARS OF INVESTMENT EXCELLENCE

Industry Allocation

Diversified Midstream	54.0%
Renewable Energy YieldCo	13.2
Liquid Pipes & Storage	12.2
Gathering & Processing	9.7
Natural Gas Pipes & Storage	7.2
Cash	1.8

Source: Jennison/Mellon Analytical Solutions. Industry classifications were created by Jennison professionals to illustrate allocations across the various categories of MLP investments. See disclosures for important information.

Largest Holdings

Enterprise Products Partners	7.3%
Kinder Morgan	7.1
Williams Cos	7.0
MPLX	6.6
Enbridge	6.4
NextEra Energy Partners	6.0
Targa Resources	5.5
Phillips 66 Partners	4.7
Magellan Midstream Partners	4.2
TC Energy	3.9
	58.7%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (2Q)

	Average Weight	Total Return	Contribution to Return		Average Weight	Total Return	Contribution to Return
Top Five				**Bottom Five**			
Williams Companies	7.9%	37%	3.24%	Plains GP Holdings	0.7%	62%	-0.21%
Targa Resources	3.5	193	2.92	Equitrans Midstream	0.8	68	-0.13
MPLX	6.0	55	2.52	Sempra Energy	0.8	-9	-0.09
Enterprise Products Partners	7.7	30	2.33	TC PipeLines	0.7	-7	-0.08
Energy Transfer	3.9	61	2.01	NuStar Energy	0.0	-2	0.00

Past performance does not guarantee future results*. Source: FactSet. The holdings identified do not represent all of the securities purchased, sold or recommended by Jennison during the time period shown. A complete list of holdings and how each contributed to the portfolio's return is available upon request. See disclosures for important information.*

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Overview

US and Global equities staged a remarkable recovery over the second quarter from the market low's reached on March 23rd. Aiding the rebound was fiscal and monetary stimulus from governments around the world, along with the relaxation of COVID-19-related restrictions.

Within the commodities corner, WTI oil continued its recovery, gaining more than 90% over the second quarter. The sharp quarterly rebound followed its meteoric 80% rise in May, with a more modest 9% advance over the month of June. On May 5th, natural gas futures rose above $2 for the first time since January. NGLs (natural gas liquids) slightly declined in June.

The Jennison MLP Composite (hereinafter, the "Composite") advanced, posting double-digit returns but trailed the Alerian MLP Index over the second quarter. The Alerian's swift rebound was largely driven by the smaller, less liquid stocks that were the hardest hit during the first quarter's sell-off.

In absolute terms, the representative portfolio's (hereinafter, the "Portfolio") diversified midstream positions were the dominant driver of returns, while gathering & processing and liquid pipes & storage names also contributed, but to a lesser extent. No segments detracted on an absolute basis over the period.

Relative to Alerian MLP Index, stock selection within diversified midstream and overweight allocations to renewable energy stocks were among the main drivers of relative underperformance.

Underweight exposure to gathering & processing names also hampered the Portfolio's relative results. On the contrary, the Portfolio's underweight allocations to liquid pipes & storage stocks were the dominant driver of relative gains, while stock selection within gathering & processing also positively added to relative returns over the second quarter.

Key Contributors

- **Williams Companies** continues to benefit from strong natural gas demand, both in the US and from exports to Mexico. We see its demand-focused strategy, along with its long-term contracts and largely fee-based revenues well positioned for growth, as LNG export and power generation, along with chemical and industrial use grows over the next decade. Despite any potential volume impact or exposure risk, the Company's stable and integrated gas pipeline network that stretches from the Northeast to Gulf Coast is difficult to replicate, lowering its business risk relative to other midstream peers, in our view. Williams continues demonstrate its ability to execute operationally, focusing on its remaining projects and debt reduction.
- **Targa Resources** owns a portfolio of integrated midstream energy assets across the natural gas and natural gas liquids (NGLs) value chain. Its diverse platform connects low-cost natural gas and NGL supply to demand markets in the US and internationally, with its facilities in the Gulf Coast. Targa has benefitted from its integrated, Permian/Gulf Coast-centric asset footprint, while it continues to illustrate capital discipline in an effort to reduce leverage that should ultimately drive improved shareholder value.
- Diversified midstream company **MPLX** continues to benefit after its first-quarter results and the appointment of new CEO, Michael Hennigan in March. Despite the uncertain business environment, the Company offered a clear and appropriate business strategy, massively cutting its capex and focusing its efforts on free cash-flow generation. Parent-company, Marathon Petroleum (MPC) – one of the nation's largest refiners – announced last year that it had formed a special board committee to evaluate "value-creating" options for its midstream businesses after pressure from one of its activist investor shareholders. A corporate restructuring plan would pave the way for improving MPLX's cost of capital, along with driving above-average cash-flow over the coming years, in our view.

Key Detractors

- **Plains All American Pipeline** updated its FY20 guidance over the quarter, given current market conditions – reducing its adjusted EBITDA by 6% from prior expectations. The Company appears to be positioning itself to weather any impact from volume declines in the Permian. Plains also kept its Facilities guidance unchanged, given most of the capacity is contracted out. Jennison continues to favor this diversified midstream stock given it has one of the largest, most integrated networks of pipeline transportation, storage, and gathering assets in the US.

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Key Detractors (continued)

- **Equitrans Midstream (ETRN)** is one of the largest natural gas gatherers in the US, with a premier asset footprint in the Northeast's Appalachian Basin focusing on gas gathering systems, transmission & storage, and water services assets that support natural gas producers. After the first quarter's negative surprise from the decision of the Ninth Circuit Court of Appeals, the Supreme Court reversed a 4th Circuit decision that prevented the Atlantic Coast Pipeline (ACP), and Equitrans' Mountain Valley Pipeline (MVP) project from crossing the Appalachian Trail. While some hurdles remain, the reversal removes a major stock overhang and is a positive step for ETRN. Its MVP project is approximately 92% complete, versus ~40% for ACP. Additionally, unit holders of EQT Midstream (ticker EQM) approved the merger with ETRN in June, with each EQM unitholder receiving 2.44 shares of ETRN. The transaction completes the simplification process, leaving only ETRN, which we see as a favorable move, in our view.
- **Sempra Energy** is a diversified, California-based multi-utility, providing gas and electric power through its regulated, Southern California Gas and San Diego Gas & Electric utilities. Sempra's non-regulated infrastructure and midstream subsidiaries – Sempra Pipelines & Storage, Sempra Generation, and Sempra LNG – are involved in renewable energy, natural gas infrastructure and distribution projects primarily in the US and in Mexico. We initiated a position in Sempra over the period, given an attractive long-term growth story that's driven by its regulated utilities and non-regulated gas infrastructure businesses. With its diversified business mix and attractive LNG business, we feel the Company should be able to weather the COVID-19 pandemic. In May, the Company reported quarterly earnings that beat expectations, but more importantly, pushed out the FID (financial investment decision) on its greenfield LNG project, Port Arthur, by one year to 2021, which has relieved credit rating agency pressure. Shares of the multi-utility outperformed their utility peers but trailed the midstream group's sharp rise over the quarter.

Outlook

The COVID-19 pandemic is having a severe negative impact on the global economy, and while temporary in nature, we believe it could linger for longer than previously hoped. Unprecedented government actions have been taken in order to contain the virus, effectively halting the US economy and causing a massive reduction in valuations across the broader equity market and the energy sector. Drastic changes are being made by North American E&P companies (e.g., capex reductions, and lower drilling forecasts to preserve capital), that will impact the bottom-line of some midstream companies in the near-term. However, as Jennison has stated in the past, the diverse customer mix and visible long-term demand for cleaner fuels such as natural gas, will showcase the sustainability of integrated midstream assets through this crisis, as these infrastructure systems will be needed to power the US economy in the decades to come. The severe stock moves we have seen in March and April ignored long-term asset values, and we think speaks to the shorter-term technical market forces (i.e., indiscriminate selling from weaker investors with leverage into an illiquid trading market), rather than the sustainable value of some of these unique networks (e.g., long-haul gas pipes serving utilities and partnering to reduce carbon footprint).

We believe some of the winners during this crisis and beyond will be those stocks tied to natural gas plays with more visible long-term demand, are more North American focused, and lack some of the geopolitical oil risks. Companies with strong balance sheets, integrated asset systems with multiple touch-points across the entire energy value chain, as well as those stocks that have transparency and strong ESG metrics with a focus on reducing carbon footprint, will continue to fare better going forward, in our view.

Prior to the COVID-19 pandemic, midstream fundamentals were greatly improving as many companies materially reduced balance sheet leverage over the past two years, while management teams have been exhibiting more capital discipline that has resulted in better free cash-flow for shareholders. Commentary from midstream management teams has highlighted a greater focus on returns on capital (e.g., placing higher 'hurdle' rates on new capex spending), and employing financial metrics more familiar to the generalist investor with greater focus on lower leverage and per share returns. In our view, these improving traits will ultimately benefit midstream shareholders over the long-term.

The midstream sector has been evolving into a stronger, more sustainable sector for the past few years, and we believe the sector will continue on this path as we return to more normalcy in the economy. The intrinsic asset value of these companies is being substantially underappreciated in this volatile market, which we think will come to the fore as new investors ultimately fill the void. We feel 2019 was a good illustration of these gradually improving metrics and stock performance as broad midstream stocks saw a 24% total return[1] for that calendar year. The fact remains that certain midstream assets possess high barriers-to-entry, are non-discretionary (i.e., must be used to transport energy), and in our view, are truly essential to a functioning US and global economy, and may help reduce GHG (greenhouse-gas) emissions, while partnering with renewables for a cleaner future. Assuming we return to a 'normal' functioning US and global economy, we believe there is residual value in these sustainable energy infrastructure assets with potentially attractive upside from these levels.

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Disclosure

All data is as of June 30, 2020 unless otherwise noted. Due to rounding, individual values may not sum to total shown.

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