Small Cap Core Equity

Bottom-up fundamental approach focused on investing across the Growth/Value spectrum

Strategy Overview

Firm AUM:	$188.0B
Strategy AUM:	$2.2B
Inception Date:	April 30, 1998
Number of Holdings:	Typically 110-135
Benchmark:	Russell 2000® Index
Available Vehicles:	▪ Institutional Separate Account ▪ Collective Investment Trust

Team Members

Portfolio Managers

Average Experience: 22 years

Jason M. Swiatek, CFA

Sheetal M. Prasad, CFA

Eric Sartorius, CFA

Dedicated Analysts: 5

Average Experience: 17 years

Highlights

- We have a deep and experienced team dedicated to our small and midcap strategies, focused on understanding business models and investing in companies with long-term appreciation potential. We buy businesses rather than just stocks.
- We spend time evaluating the appropriate values for our investments even before we buy them. Our price targets allow us to maintain a disciplined approach to buying and selling stocks.
- We explore investment opportunities outside conventional boundaries. We are willing and able to investigate controversial or complex stories which may be misunderstood and not followed by Wall Street.
- A research-intensive approach is used to build diversified portfolios with stocks in a variety of industries and sectors that have attractive valuations and should experience solid earnings growth on an intermediate term basis in our view.
- The team focuses on business evaluation to identify companies with the majority of the following criteria. This list is fluid and focuses on what is most relevant to our current thinking.
  - Strong competitive positions
  - Quality management teams
  - Positive industry dynamics
  - Balance sheet flexibility and strength
  - Strong earnings growth prospects

Performance

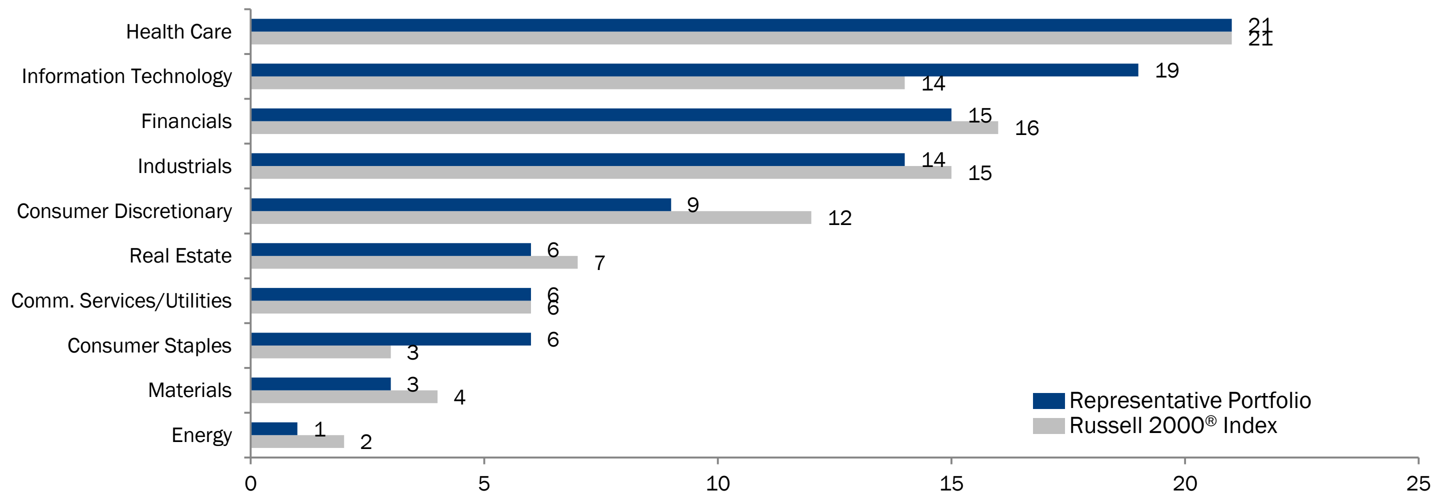
	2Q20	1 Year	3 Years	5 Years	10 Years	Since Inception
Small Cap Core Equity Composite (Gross)	36.9%	-0.4%	5.1%	5.3%	12.2%	9.4%
Small Cap Core Equity Composite (Net)	36.7	-1.0	4.5	4.7	11.6	8.7
Russell 2000® Index	25.4	-6.6	2.0	4.3	10.5	6.5

Past performance does not guarantee future results. *Source: Jennison/Mellon Analytical Solutions. Inception of Small Cap Core Equity Composite: 4/30/98. Periods greater than one year are annualized. See disclosures for important information.*

Jennison Associates LLC
www.jennison.com
support@jennison.com

466 Lexington Avenue, New York, New York 10017 tel: 212-421-1000
One International Place, Suite 4300, Boston, MA 02110 tel: 617-345-6850

Sector Allocation



For ease of reference, certain similar GICS sectors have been grouped together. Source: Jennison/Melon Analytical Solutions. Cash excluded. See disclosures for important information.

Equity Characteristics

	Representative Portfolio	Russell 2000® Index
Weighted Avg. Market Cap	$3.4 bil.	$2.1 bil.
Median Market Cap	$2.5 bil.	$0.6 bil.
Dividend Yield	1.0%	1.7%
Number of Holdings	127	2,005

Source: Jennison/Melon Analytical Solutions. See disclosures for important information.

Largest Holdings

Livongo Health	2.6
Bandwidth	2.6
Inphi	2.2
Saia	2.0
QTS Realty Trust	1.7
Wingstop	1.6
Q2 Holdings	1.6
NextEra Energy Partners	1.5
Darling Ingredients	1.5
Varonis Systems	1.5
	18.7%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (2Q)

Top Five	Average Weight	Total Return	Contribution to Return
Livongo Health	2.0%	164%	2.15
Bandwidth	2.4%	89%	1.86
Horizon Therapeutics	1.7%	88%	1.22
HubSpot	1.8%	68%	1.10
Wingstop	1.5%	75%	1.01

Bottom Five	Average Weight	Total Return	Contribution to Return
Brookline	0.4%	-9%	-0.06%
Kontoor	0.2	-7	-0.04
National Storage	1.0	-2	-0.04
Ameris Bancorp	1.0	0	-0.04
Thermon Group	0.3	-3	-0.04

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 representatives portfolio's return is available upon request. See disclosures for important information.*

Jennison Associates LLC
www.jennison.com
support@jennison.com

466 Lexington Avenue, New York, New York 10017 tel: 212-421-1000
One International Place, Suite 4300, Boston, MA 02110 tel: 617-345-6850

Overview

Equities markets rebounded strongly from a precipitous decline in the first quarter triggered by the initial spread of COVID-19, but the pandemic's economic damage continued to accumulate. US first-quarter GDP provided a preliminary gauge of the toll, contracting 5.0%, down sharply from growth of 2.1% in the previous quarter.

The Russell 2000® Index recorded its third best quarter in history, with a return of 25.4%. This was its best quarter since Q1 1991. Among Russell's US equity indices, growth continued to outperform value across capitalizations and small caps outperformed mid and large caps. We believe this could continue as smaller caps should benefit more from an improving economy and credit markets. High yield spreads peaked on March 18, 2020, which has historically been a bullish sign for small caps.

The Jennison Small Cap Core Equity Composite enjoyed its single best absolute and relative quarter since its inception. In the representative portfolio, stock selection added value in almost every sector relative to the index. Holdings in health care contributed the most to performance led by names in health care technology and pharmaceuticals. Holdings in software and semiconductors drove outperformance in information technology, while financials and communication services contributed meaningfully to absolute and relative performance.

An underweight in consumer discretionary detracted from relative performance. Reflective of the strong market backdrop, no holding detracted more than a few basis points.

Key Contributors

- Specifically, **Livongo Health** is a healthcare services company that develops applied health signals for the treatment of chronic health conditions, such as diabetes, hypertension, weight management, and behavioral health. First quarter earnings exceeded their pre-announced estimates. In our view, we are at an inflection point in the delivery of healthcare, where virtual or remote care is no longer the last option, but is instead becoming the first line or the standard of care. We believe Livongo Health's first in market advantage, brand name recognition in the marketplace, and strong return on investment (ROI) bode well for future growth.
- **Horizon Therapeutics** has transitioned from a specialized pharmaceutical firm to a successful rare disease company. The primary growth drivers for the next two to three years are Krystexxa (for uncontrollable gout) and Tepezza (for thyroid eye disease). The company's first quarter sales of $356 million were well above consensus. In our view, Horizon Therapeutics has further upside potential from M&A (both as a buyer and a seller), as it has a very attractive balance sheet and two products that we believe could drive substantial revenue growth in the coming years.
- **Bandwidth, Inc.** is a diversified telecommunications company that sells software application programming interfaces for voice and messaging. The company's shares rallied as it reported robust first quarter revenue growth and year-over-year customer growth, both of which easily exceeded expectations. We believe the pandemic's push to remote work is advantageous for Bandwidth as it is an option to use when you cannot utilize internet audio for a video call.

The views expressed herein are those of Jennison investment professionals at the time the comments were made. They may not be reflective of their current opinions, are subject to change without prior notice, and should not be considered investment advice. Forecasts may not be achieved and are not a guarantee or reliable indicator of future results. See disclosures for important information.

Jennison Associates LLC
www.jennison.com
support@jennison.com

466 Lexington Avenue, New York, New York 10017 tel: 212-421-1000
One International Place, Suite 4300, Boston, MA 02110 tel: 617-345-6850

Key Detractors

- **National Storage Affiliates Trust** is a real estate investment trust (REIT) that owns, operates and acquires self-storage facilities. Self-storage REITs as a whole experienced a difficult second quarter given the headwinds associated with COVID-19. While valuations in many cases are inexpensive, this is being overshadowed by the uncertain environment. While dividends are being sought out in a zero-rate environment, a number of REITs have already suspended or cut their payouts, a trend that could continue. While shares modestly declined during the second quarter, the company has outperformed many of its peers and recently started rolling out more sophisticated information technology and other tools to its Participating Regional Operators. We like the company's focus on markets outside the top 10, as its markets tend to be less impacted by new supply.
- **Kontoor Brands** is an American clothing company that markets denim clothing under the Lee, Wrangler and Rock & Republic brand names. Shares were hurt by a weak retail. Management believes it has better retail exposure than its peers given significantly less exposure to department stores. In our view, the retail channel inventory position will improve in the second half of the year and consumers will seek value brands. Wrangler/Lee significantly outperformed its competitors from 2008-2009 and, if consumer seek value, Kontoor's brands have the potential to outperform.
- **Brookline Bancorp** is a multi-bank holding company with branches throughout Massachusetts and Rhode Island. Its shares declined as core earnings and net interest margins fell short of expectations. Reserves also increased given COVID-related provisions and other commitments. In our view, management has focused on slowly improving the business mix from thrift-like to more of a commercial focus. We participated in a capital raise two years ago that was intended to provide for an acceleration in growth, both organic and inorganic. Going forward, our investment thesis revolves around stable growth and maintaining a modest premium valuation as a potential takeout target.

Outlook

A troubling new surge in viral infection rates in several states has led to second thoughts about moving forward with scheduled, phased-in reopenings in the US. Europe and most of Asia have been more successful in containing the spread, while conditions in much of Africa and South America are acute at best. Encouraging progress in developing a vaccine has been made, but it will likely be some time before one is approved and widely available for treatment. Ramped-up testing and compliance with social-distancing guidelines seem to be prerequisites for broad economic reopening.

Given the high degree of uncertainty, companies are taking a cautious approach to near-term business planning. Many companies are likewise suspending financial guidance for now with the hope of greater clarity later this year.

We have spent the past several months attempting to assess the impact of COVID-19 on holdings by speaking with the management teams of each of the companies held in the portfolio. Our conversations have been helpful in understanding the immediate effects, but precise estimations of the virus's impact over the balance of 2020 and longer-term are not yet possible given the substantially greater than normal uncertainty.

As economic and market uncertainty rise, we continue to identify those companies that have strong fundamentals and might outgrow market averages. We believe this favors our disciplined and bottom-up investment approach that focuses on identifying these above average growers with reasonable valuations. While we've taken some profits in companies which have rebounded significantly, overall our exposure has increased in communication services, consumer discretionary, health care and information technology to reflect where we see the best opportunities in the new environment due to COVID.

The views expressed herein are those of Jennison investment professionals at the time the comments were made. They may not be reflective of their current opinions, are subject to change without prior notice, and should not be considered investment advice. Forecasts may not be achieved and are not a guarantee or reliable indicator of future results. See disclosures for important information.

Jennison Associates LLC
www.jennison.com
support@jennison.com

466 Lexington Avenue, New York, New York 10017
One International Place, Suite 4300, Boston, MA 02110

tel: 212-421-1000
tel: 617-345-6850

Disclosures

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

All non-performance portfolio data provided is based on a representative Jennison Small Cap Core Equity portfolio. Unless otherwise indicated, the Jennison strategy characteristics relate to that of an investment composite or a representative account managed within a composite. It is intended to provide a general illustration of the investment strategy and considerations used by Jennison in managing that strategy during normal market conditions. Individual accounts may differ from the reference data shown due to varying account restrictions, fees and expenses, and since-inception periods, among others.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The financial indices referenced herein are provided for informational purposes only; are unmanaged; include net reinvestment dividends; do not reflect fees or expenses; and are not available for direct investment.

Certain third party information in this document has been obtained from sources that Jennison believes to be reliable as of the date presented; however, Jennison cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. Jennison has no obligation to update any or all such third party information. Any references to third party trademarks and data are proprietary and confidential and cannot be redistributed without Jennison's prior consent.

Jennison uses the Global Industry Classification Standard (GICS®) for categorizing companies into sectors and industries. GICS® is used for all portfolio characteristics involving sector and industry data such as benchmark, active and relative weights and attribution. The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

There is no assurance that any securities discussed herein will remain in an account's portfolio or that securities sold have not been repurchased. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable. The securities discussed may represent only a small percentage of an account's portfolio holdings. Please note that certain securities of foreign issuers may be held as ADRs. Additionally, different classes of securities from the same issuer may be combined for illustrative purposes.

Performance results fluctuate, and there can be no assurances that objectives will be achieved. Performance results are calculated in US dollars and reflect reinvestment of dividends and other earnings. Gross of fee performance is presented before custodial and Jennison's actual advisory fees but after transaction costs. Net of fee performance is presented net of Jennison's actual advisory fees and transaction costs. Returns are gross of reclaimable withholding taxes, if any, and net of non-reclaimable withholding taxes. Actual advisory fees charged and actual account minimum size may vary by account due to various conditions described in Jennison Associates LLC's Form ADV.

***Average Weight** is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values. **Total Return** is the price change of a security or group including dividends accrued over the report period or the "in-portfolio return" which includes only the time period that each security was in the portfolio. **Contribution to Return** is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.*

Important Information

This material is only intended for investors which meet qualifications as institutional investors as defined in the applicable jurisdiction where this material is received. This material is not for use by retail investors and may not be reproduced or distributed without Jennison Associates LLC's permission.

These materials are for informational or educational purposes only. The information is not intended as investment advice and is not a recommendation about managing or investing assets. Jennison makes no representations regarding the suitability of any securities, financial instruments or strategies described in these materials. In providing these materials, Jennison is not acting as your fiduciary. These materials do not purport to provide any legal, tax or accounting advice.

Jennison Associates LLC ('Jennison') has not been licensed or registered to provide investment services in any jurisdiction outside the United States. The information contained in this document should not be construed as a solicitation or offering of investment services by Jennison or a solicitation to sell or a solicitation of an offer to buy any shares of any securities (nor shall any such securities be offered or sold to any person) in any jurisdiction where such solicitation or offering would be unlawful under the applicable laws of such jurisdiction.

In the United Kingdom, and various European Economic Area jurisdictions, information is issued by PGIM Limited. PGIM Limited registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR is authorised and regulated by the Financial Conduct Authority of the United Kingdom (registration number 193418) and duly passported in various jurisdictions in the EEA. Jennison Associates LLC & PGIM Limited are wholly owned subsidiaries of PGIM, Inc. the principal investment management business of Prudential Financial, Inc. ('PFI'). PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. This information is intended only for persons who are professional clients or eligible counterparties as defined in Directive 2014/65/EU (MiFID II), investing for their own account, for fund of funds, or discretionary clients.

Jennison Associates LLC
www.jennison.com
support@jennison.com

466 Lexington Avenue, New York, New York 10017
One International Place, Suite 4300, Boston, MA 02110

tel: 212-421-1000
tel: 617-345-6850