Quarterly Factsheet

June 30, 2020

JENNISON ASSOCIATES

Utility Equity

A comprehensive, high-conviction total return approach to utility investing

Strategy Overview

Firm AUM:	$188.0B
Strategy AUM:	$3.1B
Inception Date:	July 31, 1994
Number of Holdings:	Typically 40-60
Benchmark:	S&P Composite 1500® Utilities Index
Available Vehicles:	▪ Institutional Separate Account ▪ US Mutual Fund

Team Members

Portfolio Managers

Average Experience: 24 years

Bobby Edemeka

Teresa Ho Kim, CFA

Shaun Hong, CFA

Dedicated Analysts: 4

Average Experience: 20 years

Highlights

- Diversified and dynamic utility portfolio seeks to provide both capital appreciation and current income
- Utilizes a comprehensive approach, investing globally in traditional utilities (electric, gas, and/or water), renewable electricity generation, midstream energy and telecommunications infrastructure
- Seeks to identify companies that possess: fleet transformation and grid modernization investment opportunities driven by decarbonization trends; improving fundamentals underappreciated by the market; and attractive valuations relative to intrinsic value
- In-depth specialization and extensive experience in analyzing the operational, financial, and regulatory factors within the utility and infrastructure universe
- Jennison is a pioneer in utility investing, with a long-term track record (starting 7/31/94)

Performance	2Q20	1 Year	3 Years	5 Years	10 Years	Since Inception of SP1500U
Utility Equity Composite (Gross)	8.4%	2.1%	8.4%	8.1%	12.6%	11.3%
Utility Equity Composite (Net)*	8.3	1.5	7.9	7.7	12.3	10.7
S&P Composite 1500® Utilities Index	2.3	-3.8	6.0	10.2	11.4	9.0

Past performance does not guarantee future results. **For periods prior to 4/1/18, net of fee performance is presented net of Jennison's actual advisory fees and transaction costs. For periods beginning 4/1/18, net of fee performance reflects the deduction of a model fee. It is net of transaction costs and is calculated based on the highest tier of the fee schedule in effect for the respective period (0.50%), which may not reflect the actual historical fees applied to accounts in the Composite. Inception of Utility Equity Composite: 7/31/94. Inception of S&P Composite 1500® Utilities Index (SP1500U): 12/31/94. S15U: S&P Composite 1500® Utilities Index. 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

50 YEARS OF INVESTMENT EXCELLENCE

Quarterly Factsheet

JENNISON ASSOCIATES

June 30, 2020

Utility Equity

Sector Allocation

Sector Allocation	Representative Portfolio
Utilities	81.9%
Real Estate	6.9
Energy	5.5
Communication Services	4.6
Cash	1.0

Source: Jennison. See disclosures for important information.

Country Allocation

Country Allocation	Representative Portfolio
United States	77.8%
Spain	6.3
Germany	5.5
Denmark	3.6
Italy	3.3
Canada	2.6
Cash	1.0

Source: Jennison. See disclosures for important information.

Largest Holdings

Largest Holdings	Representative Portfolio
NextEra Energy	8.0%
RWE	5.5
Dominion Energy	5.1
FirstEnergy	4.6
Cellnex Telecom	4.6
CMS Energy	4.5
Ameren	4.3
American Electric Power Co	3.8
Entergy	3.8
Orsted	3.6
	47.8%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (2Q20)

Top Five	Average Weight	Total Return	Contribution to Return	Bottom Five	Average Weight	Total Return	Contribution to Return
RWE	4.9%	36%	1.54%	NiSource	1.8%	-8%	-0.18%
Cellnex Telecom	4.1	34	1.23	SSE	0.8	-5	-0.13
Dominion Energy	5.1	14	0.69	Ameren	4.5	-3	-0.06
Enel	2.8	24	0.60	FirstEnergy	5.0	-2	-0.04
Cheniere Energy	1.9	44	0.56	Neoenergia	0.0	-7	-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 portfolio's return is available upon request. See disclosures for important information.*

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.

Within the S&P Composite 1500 Utilities Index, all segments advanced. In a reversal from the prior quarter, independent power producers & energy traders gaining the most ground, followed by water utilities, and multi-utilities. Electric utilities and gas utilities gained the least over the quarter. Notable Index contributors included Dominion Energy, DTE Energy, and Public Service Enterprise Group. Consolidated Edison, Southern Company, and NiSource were among the most notable Index detractors over the period.

The Jennison Utility Equity Composite (hereinafter, the "Composite") advanced, outperforming the S&P Composite 1500 Utilities Index (the Index) over the second quarter.

Relative to the S&P Composite 1500 Utilities Index, both positive stock picking and underweight exposure to electric utilities drove the representative account's (hereinafter, the "Portfolio) performance, while stock selection within multi-utilities and out-of-benchmark allocations to midstream infrastructure also meaningfully contributed. The Portfolio's exposure to integrated telecommunication services companies also benefitted relative returns over the period. Both underweight exposure to multi-utilities and security selection within gas utilities marginally detracted from the Portfolio's relative performance over the second quarter.

Key Contributors

- Germany-based integrated utility **RWE AG** has benefitted from the energy transition theme of growing renewable electricity generation. The Company is in the process of being overhauled into the third-largest renewables developer in Europe, which Jennison believes this could provide the firm with the potential ability to grow its EBITDA by 5% on a compounded annual growth rate.
- **Cellnex Telecom SA**, is a Spain-based wireless telecom firm. We favor the Company for its organic growth momentum and exposure to positive themes such as data growth, the roll-out of LTE, and the macro-recovery in Southern Europe. Additionally, we expect its recent acquisition of approximately 10,700 towers across France, Italy and Switzerland, to potentially add to Cellnex's ability to generate accretive, long-term free cash-flow.
- Liquefied natural gas (LNG) player **Cheniere Energy**, with its integrated, full-service LNG platform continues to benefit from its first-mover advantage and attractive fixed fee "take-or-pay" contract revenues – with roughly 80% of its capacity under long-term contracts – that are able to produce both stable and substantial cash-flows, and largely insulate it against a weaker LNG backdrop, in our view. The Company's resilient business model is evident, with Cheniere beating 1Q20 earnings estimates by 15% and reaffirming 2020 EBITDA guidance when most midstream infrastructure companies have taken down and/or lowered growth capital expectations. After suffering last quarter from a cocktail of depressed global LNG prices, weak pandemic-driven demand, and misplaced China trade concerns, the stock rebounded nicely over the second quarter.

Key Detractors

- **NiSource** (NI) is a multi-utility, which through its subsidiaries, provides, and distributes natural gas, electricity and other products and services. The stock has been under pressure recently as the utility group has lagged the broader market, along with a lack of clarity on the Company's 2021 earnings guidance that has caused negative sentiment among investors. However, at the end of May, NiSource released updated slides detailing and quantifying the impact from COVID, along with the Company's offsetting mitigation measures, providing the clarity investors had sought earlier in the year. In our view, NiSource's large capex backlog should drive mid-single digit annual EPS growth over the coming years, along with incremental opportunities from the potential building of renewables in Indiana, which could step-up EPS growth over the next two years. Its shift towards green energy has also been progressing and we expect the Company to be coal-free by 2028. Additionally, it is in the process of selling one of their utility units, which we believe will enable management to easier execute its plan post-sale.

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

Key Detractors (continued)

- **SSE plc** is a diversified UK utility operating electricity transmission and distribution networks, along with gas distribution networks. The Company also operates a large wholesale business with over 11GW of generation capacity across thermal and renewable sources. The government regulator for gas and electricity markets in the UK released a draft on the price control allowances, incorporating inflation, for the UK's transmission and gas distribution assets, covering April 2021 through March 2026. Given the regulator proposed a lower allowed return on capital, which could lower the overall returns realized for those assets affected. As a result, we opted to liquidate our position over the period, in favor of more attractive investment opportunities.
- **Neonergia SA** has benefited from strong rate-base growth among its distribution operations, as well as its new renewable generation and transmission projects. The Company is one of the fastest-growing utilities in Brazil, with distribution, generation, and transmission operations in Northeast Brazil and Sao Paulo State. The Company's generation assets also include 3.8GW of installed wind capacity with approximately 1.2GW under construction. Given COVID's negative impact on the Brazilian economy, along with oil market weakness (the country relies on oil sales), we had been trimming the position size over the first quarter, in order to manage the overall country risks within the Fund. With continued uncertainty as to the full impact from COVID on the Brazilian economy, we sold our remaining position over the second quarter, in favor of higher conviction opportunities.

Outlook

While Utilities (S&P 500 Utility Index) posted small, absolute gains, the sector struggled relative to the broader market (S&P 500 Index) over the second quarter of 2020. Year-to-date through June 30, 2020, Utilities are down 11.14%, lagging the S&P 500 Index by 806 bps. We believe the sector has failed to garner investor interest in a very narrow market that has been focused on growth and momentum. At these levels, they trade at a discount not seen since 2018 and, as a whole, look increasingly attractive, in our view. The value proposition is reinforced with 1Q2020 earnings results. The group showed resilience as most utilities affirmed their FY2020 earnings guidance, as companies are able to mitigate early readings of COVID-19 negative impact with cost efficiencies, operational responses, and collaborative efforts with regulators. Moreover, the runway of capital projects particularly in renewables deployment and grid modernization continues to be long and visible, in our view. At this time, we continue to favor those companies that possess: balance sheet strength (as credit concerns have come to the forefront again); flexible capital spending plans; companies that do not plan to issue block equity in the near-term; and those with some measures to handle the volumetric risk coming from power demand weakness in the industrial and commercial classes.

We believe the sector's fundamental growth will not be structurally impacted by COVID-19 and its related economic knock-on effects. Broadly speaking, Jennison's internal research indicates that utility fundamentals are healthy, and we project the sector to generate mid-high single digit earnings growth with commensurate dividend growth, owing to highly visible capital expenditure trajectories plus improving regulatory compacts. In particular, utilities are well positioned in the secular trend of the 'energy transition' to cleaner sources benefitting from rising demand for renewable energy supply and the subsequent grid infrastructure investment needed to modernize aging networks and absorb the intermittent nature of renewable generation.

From an overall positioning standpoint, we favor utilities with solid and sustainable dividend yields and above-average projected earnings and/or dividend growth operating in constructive regulatory environments that support timely and attractive returns on capital deployed. We continue to seek out companies that can mitigate customer bill impacts by focusing on operating efficiencies, versus the common strategy of serial rate increase requests. Regarding renewable energy, we feel any project setback due to supply chain disruptions is not a major driver of long-term shareholder return. In our view, 'energy transition' investment is supported by two broad and enduring themes: (1) pronounced reductions in the cost of renewable energy, driven by continued technological advancement, and (2) increasing public policy support driven by concerns over greenhouse gas emissions, energy security, and most recently, job creation.

Moving to our midstream infrastructure exposure, we have consolidated our holdings into midstream energy companies that we believe should be well-positioned to thrive over the next several years due to their exposure to prolific natural gas basins with more visible long-term demand, are more North American focused, and lower sensitivity to geopolitical oil risks. In our view, midstream 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, will continue to fare better going forward. Lastly, regarding communications infrastructure, we continue to favor wireless towers and datacenter operators. We do not expect any material impact from COVID-19 on the tower companies as they have long-term contracts with wireless operators, which we view to be low counterparty risk. In the datacenter space, the demand for data has increased during this time as "shelter in place" policies have been imposed. Fundamentally, both industries capitalize on exponential data demand growth around the world.

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 Utility 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 Standard & Poor's (S&P) Composite 1500® Utilities Index consists of companies included in the S&P Composite 1500 that are classified as members of the GICS® utilities sector. 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. Prior to April 1, 2018 Net of fee performance is presented net of Jennison's actual advisory fees and transaction costs. For periods beginning April 1, 2018, net of fees performance reflects the deduction of a model fee, is net of transaction costs and is calculated based on the highest tier of the fee schedule in effect for the respective period, which may not reflect the actual historical fees applied to the accounts in the Composite. 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