Quarterly Factsheet

September 30, 2020

JENNISON ASSOCIATES

Global Natural Resources Equity

Top-Down Commodity Analysis Fused With Bottom-Up Fundamental Research

Strategy Overview

Firm AUM:	$203.7B
Strategy AUM:	$0.5B
Inception Date:	1991
Number of Holdings:	Typically 60-80
Benchmark:	Natural Resources Custom Index
Available Vehicles:	▪ Institutional Separate Account ▪ US Mutual Fund ▪ Managed Account

Team Members

Portfolio Managers

Average Experience: 19 years

Neil P. Brown, CFA

Jay Saunders

Additional Analyst:

Alina Khaykin

Highlights

- Combines top-down commodity analysis with bottom-up, fundamental research to uncover growing companies at a reasonable price to future earnings
- We look at potential supply / demand imbalances over an extended 12-18 month horizon and question exposure to commodities where we believe future earnings strength is under-appreciated by the market
- Utilizes Jennison's Integrated Energy Value Chain Research Platform
  - Specialized and dedicated analysts who focus specifically on sectors / industries across the upstream, midstream, and downstream energy value chain to provide comprehensive views and unique perspectives on fundamentals
- Benchmark Agnostic - not constrained by market-cap, geography, sub-sector, or benchmark
- Our long-term views rather than short-term tactical considerations drive our approach to pursue the most attractive opportunities across all sub-sectors

Performance

	3Q20	YTD to 9/30/20	1 Year	3 Years	5 Years	10 Years	Since Inception
Global Natural Resources Equity Composite (Gross)	10.3%	-13.0%	-4.9%	-6.4%	0.8%	-3.9%	8.5%
Global Natural Resources Equity Composite (Net)*	10.1	-13.5	-5.6	-7.1	0.2	-4.4	7.9
Global Natural Resources Custom Index**	5.8	-18.5	-10.5	-9.0	0.1	-2.8	NA

***Past performance does not guarantee future results.** Source for Custom Index: Lipper. Source for Composite data: Jennison/Mellon Analytical Solutions. *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 (0.75%), which may not reflect the actual historical fees applied to accounts in the Composite. **Effective October 2010, the custom index is the Lipper Natural Resources Funds Index 1/1/92 through 12/31/08 and Lipper Global Natural Resources Funds Index thereafter. Inception of Global Natural Resources Composite: 8/31/91. NA: Not Applicable. Inception of Global Natural Resources Composite: 8/31/91. Periods greater than one year are annualized. See disclosures for important information.*

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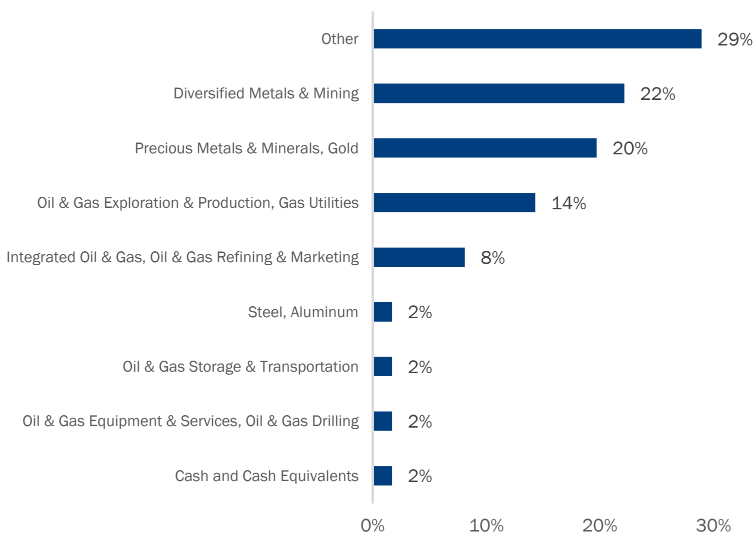
Region and Country Allocation

North America	**84.1%**
United States	57.4
Canada	26.7
Western Europe	**10.3%**
United Kingdom	4.4
France	2.0
Western Europe (con't)	
Germany	1.6
Denmark	1.5
Sweden	0.9
Africa	**0.01%**
South Africa	0.01
Pacific Rim	**4.7%**
Australia	4.7
South America	**0.9%**
Brazil	0.9

Source: FactSet. Regional breakdowns are defined by Jennison using FactSet country classifications. Cash excluded. See disclosures for important information.

Sub-Industry



Source: Jennison. See disclosures for important information.

Largest Holdings

Sunrun	4.5%
Newmont	3.9
Barrick Gold	3.9
Agnico Eagle Mines	3.6
Sunnova Energy International	3.6
Kinross Gold	3.3
Lundin Mining	3.1
Linde	3.0
BHP - ADR	3.0
Southern Copper	2.8
	34.8%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (3Q20)

Top Five	Average Weight	Total Return	Contribution to Return
Sunrun	3.4%	291%	4.51%
Sunnova Energy International	2.6	78	1.61
New Fortress Energy	0.7	151	0.79
Agnico Eagle Mines	3.3	25	0.72
Kinross Gold	3.1	22	0.63

Bottom Five	Average Weight	Total Return	Contribution to Return
Diamondback Energy	1.7%	-27%	-0.58%
Suncor Energy	1.8	-27	-0.50
ConocoPhillips	2.1	-21	-0.49
WPX Energy	1.3	-23	-0.42
Hess	1.6	-21	-0.38

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

In the commodities corner, WTI oil posted meager gains over the quarter. An increase in OPEC supply since August and negative demand sentiment from rising coronavirus infection rates, hit oil and most other energy hydrocarbon prices in September. Natural gas jumped over 40% over the quarter, with half of the gains stemming from the last week of the quarter. Propane rose 11.5% from increased demand from outdoor propane heaters as restaurant owners seek to keep their outdoor dining patrons warm in the upcoming fall season. Industrial metals all gained across the board over the quarter. Steel climbed 26.0%, while copper rose 9.5% amid increased Chinese demand. Within precious metals, silver sank 17.8% in September, yet still managed to post gains of 26% for the quarter. Gold, silver, and platinum prices all experienced their biggest weekly drops since March in the month of September. Gold prices hit fresh all-time highs in late July & early August. While a weak USD and higher inflation expectations has contributed to its rally this year, a September reversal in the greenback along with decreasing inflation expectations has recently taken the luster out of prices.

The Global Natural Resources Equity Composite (hereinafter, the "Composite") posted double-digit gains, outperforming the broader market (S&P 500 Index) over the third quarter. Energy was the worst performing sector within the S&P 500 Index, falling nearly 20%.

Within the Jennison Global Natural Resources representative portfolio (hereinafter the "Portfolio"), allocations to electrical components & equipment, along with overweight positions to renewable electricity were among the dominant performance drivers. Underweight positions and stock selection among integrated oil & gas names also generated positive gains. Successful stock selection within the oil & gas refining & marketing segment, as well as the Portfolio's copper positions also contributed. Conversely, unsuccessful security selection within oil & gas exploration & production (hereinafter "E&Ps") names was a dominant detractor to overall returns. Slight underweight allocations, along with poor stock selection among fertilizers & agricultural chemicals also hurt. Both underweight positions and poor stock selection within diversified metals & mining also dampened performance over the period. While positions within agricultural products hurt, losses were more than offset by positive stock selection within the segment.

Key Contributors

- We continue to favor residential solar company **Sunrun**, and believe it will continue to ramp up its installer capacity and be able to generate free cash-flow. Over the period, the Company announced it has agreed to acquire peer rooftop solar installer Vivint Solar in an all-stock transaction, sending shares up significantly over the period. The transaction is anticipated to close in 4Q2020. The acquisition is expected to meaningfully increase Sunrun's owned solar assets and customer base, with the combined entity having nearly 500,000 customers and more than 3GW of cumulative solar installations.
- **Sunnova Energy International** (NOVA) is one of the leading residential solar and energy storage providers in the US. We favor the Company given it's one of the fastest growing publicly traded residential solar providers with access to cheap capital. We see it benefitting as solar and battery storage catches on in the residential marketplace.
- A weak US dollar and investor expectations that the Federal Reserve's stimulus measures would drive up inflation. The combination has been a tailwind for gold mining stocks such as **Agnico Eagle Mines** and **Kinross Gold Corp**, as gold prices hit fresh, all-time highs in late July and early August. Agnico has benefitted from being one of the lowest cost producers and we continue to favor the stock given its ability to generate above average cash-flow among peers, along with its consistent operational execution. Kinross benefitted from both its gold and silver mining operations over the period. While gold prices gained more than 5%, silver prices jumped 26% in the third quarter. Additionally, Kinross announced an updated fiscal agreement for its Tasiast mine with the government of Mauritania. The announcement lifted a longstanding overhang on its stock price while providing increased operating visibility, all of which we viewed as positive developments.

Key Detractors

- Shares of oil & gas exploration & production (hereinafter "E&P") stocks such as **Hess Corporation** and **ConocoPhillips** have struggled amid an uncertain demand outlook caused by the pandemic along with oversupplied market fears. The extreme negative sentiment on energy continues to remain an overhang on the sector. The subsequent decline in E&P stock prices comes despite the drastic measures taken by companies early this year, drastically cutting capex spending and reducing rig counts, in order to maintain free cash-flow and defend their dividends to shareholders. Despite the negative backdrop, **Diamondback Energy** reported 2Q20 results, beating cash-flow per share estimates on lower than expected operating expenditures. We continue to favor the stock, as it's been an early-adopter of a returns-focused mindset among its E&P peers - introducing a dividend last year that management has stated it intends to protect.

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Key Detractors (continued)

- Integrated oil & gas firm **Suncor Energy** reported strong 2Q20 earnings that beat expectations. Despite the beat, the stock declined as investors negatively reacted to the Company's swift reversal over the course of six months. Having gone from a healthy balance sheet and in a position of strength to engage in potential acquisitions at the bottom of the cycle, to having added a surprising amount of debt in 2Q20. We continue to maintain our position as the Company appeared to make significant headway on cost reductions and increased cash-flow targets.

Outlook

Starting in early March the oil and gas sector suffered two huge shocks: the first being COVID-19's impact to demand, which in February kicked off the crude price decline, and the second being the March dismantling of OPEC+ (namely Russia) and Saudi Arabia's partnership to stabilize oil prices. Simultaneous demand and price shocks haven't hit oil markets since 1998, when the Saudi's increased production going into the Ruble/Asian economic crisis. Any cooperation between OPEC and Russia that had been in place since 2016 appeared to have been set back, but likely not lost forever. The Russians at the time claimed open-ness to discussions, but with the Saudi's far from constructive, it took subsequent oil-price pain and some US persuasion to bring them back to the table, in our view.

At the same time, massive global stimulus and a rapid non-OPEC producer supply response accelerated the market healing process. Furthermore, demand only fell around 20% in April/May, a massive decline but less than the 30% or more the markets were expecting. As a result, global inventories avoided filling, contrary to perception at the time. While the increased oil from the early-March fallout was already on the water only a month later – reflecting the pain inflicted by the dual supply/demand surprises – Saudi and Russia ironed-out their differences and agreed to a massive supply cut. That, and subsequent extensions, has given line of sight to multi-month inventory declines depending on the pace of economic recovery. Therefore, while inventories are currently high, if the virus does not recur there could be substantial inventory declines in later this year and '21. Oil stocks quickly followed the commodity price and discounted this probability.

A key enabler to the oil recovery has been the rapid adjustment of US producers to much lower oil prices, pursuant to announced drastic capex cuts, with the dropping of rigs and fracking crews in time with the oil price. We believe the quick response reflects their newfound focus on investor returns, at the expense of growth, with in some cases newly-announced/increased dividends needing protection along with investor intolerance for deficit spending and a lack of capital market funding. With all indications so far erring on the cautious side of a spending/production rebound, current $40 WTI prices could be sustained through the next couple of quarters in advance of a stronger demand recovery taking '21 prices closer to levels seen in '19. After reassurance from producers that sub-$30 and even sub-$40 pricing does not work for anyone, stocks doubled from the March/April lows but to a level that's still only discounting current $40 oil prices. All of which may lend the potential for substantial upside should the pandemic avoid a global resurgence, in our view.

We continue to emphasize fiscally-conservative E&P and international oil companies that are holding or in some cases modestly growing production and reserves by successfully exploiting unconventional sources of oil or gas with healthy balance sheets. As such, we believe they offer leverage to any oil-price recovery or stability at close to current levels as these will be the first to return capital to shareholders in any meaningful way. In industrial metals, emerging economies, especially China, continue to determine demand, and thus are a dominant force in price formation. Additionally, COVID-19 shut downs, particularly around copper, have tightened already-tenuous supply. With many of the easily-exploited sources of industrial metals having long been tapped, our investments focus on the producers with the largest and most productive reserves and, in many cases, strong free-cash-flow profiles. EVs, powered by batteries made of lithium, cobalt and zinc, should be demand-supportive for some of these metals. We believe copper should find support closer to $3/lb, and even more so if electric vehicles maintain traction.

We are frequently reassessing the situation and the potential impact to our portfolios and will position ourselves as new information becomes known. In the meantime, we continue to remain true to our investment strategies and put our clients first.

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

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***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.*

[1]Source for data: Bloomberg. Source for Lipper Index returns: Lipper, Inc. Source for S&P data: Standard & Poors or FactSet. Source for MSCI data: MSCI or FactSet. Source for commodities prices: FactSet.

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