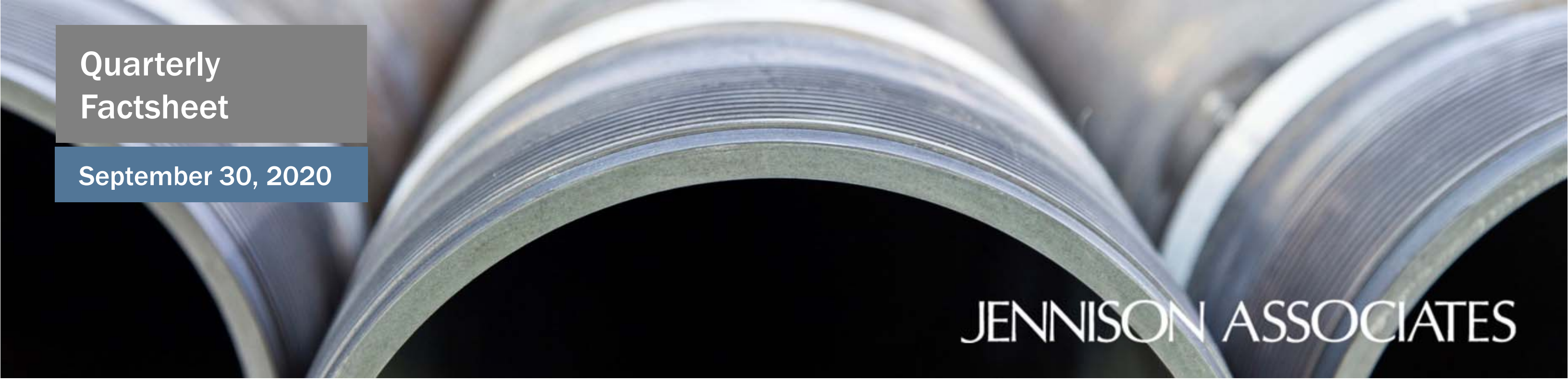

Master Limited Partnership (MLP)

A concentrated portfolio seeking to deliver capital appreciation and current yield

Strategy Overview

Firm AUM:	$203.7B
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: 20 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

	3Q20	1 Year	3 Years	5 Years	Since Inception
MLP Strategy Composite (Gross)	-6.7%	-34.4%	-13.0%	-5.2%	-6.2%
MLP Strategy Composite (Net)	-6.8	-34.8	-13.5	-5.7	-6.7
Alerian MLP Index	-16.3	-48.4	-20.7	-11.6	-12.9

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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Industry Allocation

Diversified Midstream	49.5%
Renewable Energy YieldCo	18.6
Liquid Pipes & Storage	10.4
Gathering & Processing	10.3
Natural Gas Pipes & Storage	7.2
Utilities with Midstream Infrastructure	2.1
Cash	2.0

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

Williams Companies	7.7%
NextEra Energy Partners LP	7.6
Enterprise Products Partners LP	6.8
Enbridge	6.6
MPLX LP	6.4
Kinder Morgan	5.7
Equitrans Midstream	4.8
TC Energy	4.2
Targa Resources	4.1
Pembina Pipeline	4.1
	58.0%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (3Q20)

Top Five	Average Weight	Total Return	Contribution to Return
NextEra Energy Partners LP	7.0%	18%	1.13%
Brookfield Renewable Partners LP	2.7	41	0.90
Clearway Energy	3.0	18	0.51
Williams Companies	7.5	5	0.29
Brookfield Renewable	0.5	45	0.25

Bottom Five	Average Weight	Total Return	Contribution to Return
Targa Resources	4.8%	-30%	-1.52%
Phillips 66 Partners LP	2.7	-34	-1.30
Kinder Morgan	6.2	-17	-1.10
Enterprise Products Partners LP	7.1	-11	-0.78
Magellan Midstream Partners LP	3.9	-19	-0.76

***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

Within 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. While WTI prices have recovered approximately 70% from their April lows, they remain ~40% below their January 2020 levels. Natural gas jumped over 40% over the quarter, with half of the gains stemming from the last week in September. 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.

Various factors have been plaguing the midstream infrastructure sector so far this year namely, continued outflows, indiscriminate selling by leveraged investors into an illiquid market, as well as tax-loss harvesting. The on-going uncertainty surrounding commodity prices and a US volume/demand recovery has also contributed to the sector's weakeness.

The MLP Strategy Composite (hereinafter, the "Composite") slipped over the third quarter, but easily outperformed both the Alerian MLP Index (the Index) and the broader Alerian Midstream Energy Index over the period.

In absolute terms, the representative portfolio's (hereinafter, the "Portfolio") renewable energy positions were the dominant driver of absolute gains. Holdings within the utilities with midstream infrastructure segment modestly added to returns, while diversified midstream and gathering & processing names weighed on performance. Liquid pipes & storage stocks also hampered results.

Relative to Alerian MLP Index, successful stock selection within renewable energy stocks – an area not represented by the Index – was among the largest contributors to relative gains. Stock selection in both diversified midstream and liquid pipes & storage also meaningfully added to gains. Conversely, poor stock selection and underweight allocations within gathering & processing names hampered the Portfolio's relative results. Having avoided exposure to general partners was also dilutive to relative returns over the period.

Key Contributors

- Jennison continues to favor renewable energy yieldco **NextEra Energy Partners**, for its quality and unmatched expected distribution growth of 12%-15% through 2024 that's supported by the contracted generation assets of its parent-firm, NextEra Energy (NEE). The Company was formed to acquire, own, and operate contracted renewable generation assets consisting of clean wind and solar projects, which total over 1,000 MW in North America.
- **Brookfield Renewable Partners** (BEP) engages in the development of long-dated renewable power assets and is one of the largest publicly traded, pure-play renewable power companies in the world. It owns a growing portfolio of renewable power assets including wind and solar generation facilities primarily in North America, Colombia, Brazil, Europe, India, and China. We believe BEP is competitively positioned to take advantage of the shift toward a greener economy on the path towards decarbonization. On July 31st, the Company completed the acquisition of the remaining of 38% stake in Terraform Power – a renewable power company with 4,200 MW installed capacity in solar and wind. The Company also executed a transaction to acquire a 1,200 megawatt solar development project in Brazil which is expected to close by the end of 2020.
- **Williams Companies** continues to benefit from strong natural gas demand, both in the US and from exports to Mexico. With increases in LNG export, power generation, as well as chemical and industrial use over the next decade, Williams's demand-focused strategy is well positioned for growth, in our view. Additionally, the Company's long-term contracts and largely fee-based revenues, along with its 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. More recently, management commentary noted $200-$400 million of capex could be allocated towards renewable solar projects over the next few years.

Key Detractors

- **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 through 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. Over the period, Targa reported 2Q20 earnings that were in-line with expectations, while raising the low-end of their guidance range by $100 million. The stock has been hampered recently, as investors have likely repositioned themselves after the stock sharp run-up from its catastrophic lows in March.

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Key Detractors (continued)

- **Kinder Morgan** (KMI) reported light 2Q20 earnings due to lower gathering volumes in the Bakken, the Haynesville and Eagle Ford, along with softer market fundamentals affecting their Texas intrastate business. We continue to hold KMI as we see this stable and mature company benefitting from increased volumes as natural gas demand and LNG exports both grow over the next decade.
- **Enterprise Product Partners** (EPD) reported strong 2Q20 earnings results, mainly from their crude oil storage/marketing unit. While some would consider the earnings a "low-quality" beat, we believe it highlights the huge value in an integrate network from this bellwether name. EPD is one of the largest publicly traded partnerships and a leading North American provider of midstream infrastructure services to producers & consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. EPD continues to benefit from its strong, integrated Gulf Coast and Texas NGL and natural gas footprint, along with its lower cost of capital and sufficient liquidity to help weather the current environment in our view.

Outlook

The Covid-19 pandemic's impact on the global economy, specifically to demand continues to linger. With the decline in demand, uncertainty around volumes remain an overhang for the midstream infrastructure sector. We have continued to focus on higher-quality, less cyclically exposed names, along with our increased allocation to companies with utilities and renewables businesses. As a result, our strategy has been able to post strong relative performance, both on a year-to-date basis, as well as over the third quarter, despite the current challenging environment.

While investor sentiment on the midstream sector (and the broader energy sector) as a whole is understandably negative, we believe it is somewhat misguided. The swinging pendulum from hydrocarbon intense energy sources over to renewable sources is not new a new risk. While we acknowledge the long duration need for renewable sources of energy to help combat climate change, we remain realistic in our belief that there is still a place and a need for midstream infrastructure – specifically natural gas - as we move towards a lower carbon-intensive future. Global economies cannot simply flip a switch and go from over 70%[1] fossil-fuel end use to 0% overnight. The path to de-carbonization will be a very long-tailed transition in our view and will involve multiple avenues and solutions, including cleaner burning natural gas. Last year, more electricity in the US was generated from renewables versus coal for the first time[2], a significant milestone. However, surprisingly, investors have been significantly doubting the need for natural gas, despite it accounting for approximately 38%[3] of net electricity generation in the US and growing use around the world in displacing coal and oil. The realization that these non-discretionary, "steel-in-the-ground" assets that are critical to a functioning economy (and are not physically disappearing overnight), could serve as a potential catalyst for the group, in our view. Further, as the global energy economy continues to transition to cleaner sources there is a growing opportunity for North American energy infrastructure companies to participate as asset use can adapt (e.g., natural gas pipelines used for hydrogen transport) while companies are adopting more ESG-friendly metrics and searching for de-carbonization and renewable investments.

Unfortunately, perception is overwhelming reality right now. The challenges created by the pandemic are temporary in nature and are not insurmountable, in our view. The pandemic has actually accelerated the industry transformation that was already underway. The greater focus on returns on capital and employing financial metrics more familiar to the generalist investor with greater emphasis on per share returns has continued. Drastically improved corporate governance and the reigning-in of indiscriminate project spending have also been positive outcomes. Today, the "grow the dividend at any cost" mentality among management teams has significantly diminished. In fact, due to the changing landscape, the risks of too much capex spending, chasing lower project returns, unhealthy balance sheets, and inadequate dividend coverage, have all abated. In our view, these improving traits will ultimately benefit midstream shareholders.

After having gone through a robust growth stage over the past 10 years and now evolving into a stronger, more sustainable sector over the last few years, the midstream industry appears to now be entering a "survivor" phase. The survivability of each company depends on their ability to navigate and transition their business model to adapt to the future ahead. Those who resist will surely lose out, but those companies who embrace the transition will not only survive, but will also become stronger as time goes on. By and large, the sector will continue down its path of sustainability and progress as we return to more normalcy in the economy. More true today than ever before is the saying that "not all energy infrastructure companies are created equal." In fact, the dispersion of returns between winners and losers has never been greater. 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 that acknowledge the need for more ESG-related transparency with a focus on reducing carbon footprint are also likely to emerge as winners. Those with integrated asset systems with multiple touch-points across the entire

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Outlook (continued)

energy value chain, as well as those stocks with strong and/or improving ESG metrics have recently fared better – a trend we feel should continue going forward. Management teams who are focused on reducing capex and G&A expense, or selling underutilized assets should also be rewarded.

As Jennison has stated in the past, the 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. Furthermore, the rise of electric vehicles and the need to power them will undoubtedly increase electricity demand. At the same time, the further decommissioning of coal and nuclear plants will lower overall installed capacity (supply). While renewables will certainly take up a portion of the shortfall, natural gas will continue to be utilized to fill that supply gap, in our view. We think the severe stock moves we have seen in 2020 speaks more to the shorter-term technical market forces (i.e., indiscriminate selling from weaker investors with leverage into an illiquid trading market). In our view, the intrinsic asset value of these companies is being substantially underappreciated. The market has largely ignored the long-term, sustainable value of some of these unique networks (e.g., long-haul gas pipes serving utilities and partnering to reduce carbon footprint and help lower GHG (greenhouse-gas) emissions. 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.

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Disclosure

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