Mid Cap Growth Equity

Bottom-up, research-intensive approach to build diversified portfolios of companies with projected strong earnings growth on an intermediate-term basis

Strategy Overview

Firm AUM:	$203.7B
Strategy AUM:	$2.5B
Inception Date:	December 31, 1996
Number of Holdings:	Typically 70-80
Benchmark:	Russell Midcap® Growth Index
Available Vehicles:	▪ Institutional Separate Account ▪ US Mutual Fund ▪ Managed Account

Team Members

Portfolio Managers

Average Experience: 23 years

Benjamin F. Bryan, CFA

Sheetal M. Prasad, CFA

Dedicated Analysts: 6

Average Experience: 18 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 believe we can outperform by owning businesses with above average EPS growth that generally have the following characteristics:
  - Sustainable and/or improving earnings growth over the investment horizon
  - Strong business fundamentals
  - Stable and enduring franchise value
- We look for companies transitioning from early-stage growth to a more mature, seasoned level of performance.
- We seek to own these “high quality” businesses at attractive valuations. In our opinion, the market often under-appreciates the performance of steady growth companies.
- A research-intensive approach is used to build diversified portfolios with stocks in a variety of industries and sectors.
- We conduct a hands-on qualitative assessment of the company’s business model that typically includes meetings with company management, suppliers, customers and other industry experts.
- Our underlying philosophy is to buy businesses rather than just stocks.

Performance

	3Q20	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Mid Cap Growth Equity Composite (Gross)	12.7%	17.5%	25.2%	16.7%	15.0%	13.9%	11.8%
Mid Cap Growth Equity Composite (Net)	12.7	17.2	24.9	16.4	14.6	13.6	11.5
Russell Midcap® Growth Index	9.4	13.9	23.2	16.2	15.5	14.5	9.7

Past performance does not guarantee future results. *Source: Jennison/Mellon Analytical Solutions. Inception of Mid Cap Growth Equity Composite: 12/31/96. Periods greater than one year are annualized. See disclosures for important information.*

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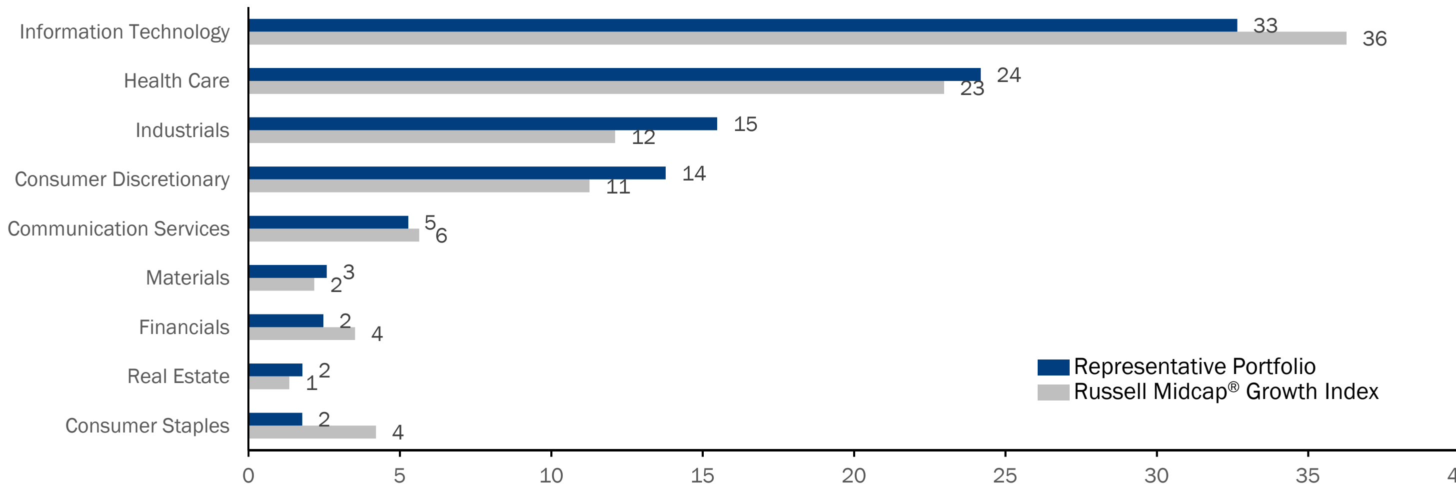
Sector Allocation



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

Equity Characteristics

Equity Characteristics	Representative Portfolio	Russell Midcap® Growth Index
EPS Growth 2020E	10%	6%
EPS Growth 2021E	37%	18%
P/E 2020E	29x	46x
P/E 2021E	30x	36x
Weighted Avg. Market Cap	$24.4 bil.	$19.8 bil.
Median Market Cap	$19.4 bil.	$10.5 bil.
Dividend Yield	0.4%	0.5%
Number of Holdings	72	341

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

Largest Holdings

Marvell Technology	2.4%
Splunk	2.3%
CoStar	2.2%
Dollar General	2.1%
RingCentral	2.1%
Advanced Micro Devices	2.1%
O'Reilly Automotive	2.0%
PPD	2.0%
Pinterest	1.9%
Take-Two Interactive Software	1.8%
	20.8%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (3Q)

Top Five	Average Weight	Total Return	Contribution to Return
Advanced Micro Devices	2.3%	56%	1.12%
Pinterest	1.6	87	1.01
Immunomedics	0.7	141	0.89
PPD	1.7	38	0.56
CoStar	2.4	19	0.48

Bottom Five	Average Weight	Total Return	Contribution to Return
BioMarin Pharmaceutical	1.0%	-38%	-0.70%
Hill-Rom Holdings	0.4	-13	-0.14
Splunk	2.4	-5	-0.12
Sarepta Therapeutics	0.5	-17	-0.12
Teleflex Incorporated	1.6	-6	-0.10

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.*

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Overview

Equities markets continued their vigorous post-March rally in the third quarter as the realities of Covid-19 continued to dictate daily conduct for individuals, businesses, and governments around the world. Behaviors that seemed disorienting and disruptive in the spring became routine throughout the summer and early fall. Work-from-home remained the standard while countries and enterprises experimented tentatively with reopenings. Global infection rates reflected varying policy and social behaviors. Developing a vaccine remained an overwhelming focus, with both human and capital resources deployed to a number of promising approaches.

Equities advanced solidly in July and August, bringing major indices back to levels achieved earlier in the year. New highs were recorded in the sectors and companies that appear best positioned to benefit from the realities created by the pandemic. Many of these companies were already advantaged by secular trends in place that have now been accelerated by work-from-home for the consumer and digital transformation for the enterprise. The speedy adoption of communication mediums such as videoconferencing proved effective at replacing formerly in-person interactions, driving faster revenue recovery for many companies.

Growth companies, which led equities markets through the end of August, surrendered a portion of their advances during September, reflecting concerns about the valuation of future growth potential in the short term. At the same time, businesses most negatively affected by the pandemic, including leisure and travel, stabilized as the worst of the activity declines moderated, although overall depressed levels persisted.

The Mid Cap Growth Equity Composite outperformed the strong 9.4% return of the Russell Midcap® Growth Index (index). In the representative portfolio, holdings in information technology contributed meaningfully to performance, led by names in semiconductors & semiconductor equipment. Stock selection in communication services was also beneficial, with internet media & services adding the most value. Stock selection in health care was also rewarded, driven by the portfolio's biotechnology exposure.

On the downside, security choices in financials was a modest headwind for performance.

Key Contributors

- **Advanced Micro Devices** is a multinational semiconductor company that develops computer processors and related technologies for business and consumer markets. Second quarter results exceeded expectations, as revenues rose sharply, driven by strength in data centers, notebooks and initial shipments of game consoles. Also supporting investor sentiment was impressive guidance by management, as they expect third quarter revenues to increase 30% quarter-over-quarter. We believe that the company can continue to gain market share in the high-profit data center and notebook businesses based on what we consider its superior and lower-priced product offering. AMD is launching solutions that have distinct and significant advantages from a performance/power and total cost of ownership perspective.
- **Pinterest** is an image sharing and social media service designed to enable saving and discovery of information on the web using images and, on a smaller scale, animated GIFs and videos. The company reported materially better second quarter results, with 39% year-over-year monthly active user growth and 4% year-over-year revenue growth. Pinterest is bringing critical components of its platform to market, helping to diversify and grow its base of advertisers. The company is now offering an advertising strategy that is particularly attractive to performance-based marketers. In our view, this helps to open up the mid-market that could continue to shift more budget dollars to Pinterest.
- **Immunomedics** is a pharmaceutical company focusing on the development of antibody-drug conjugates for the treatment of cancer. Its key product is U.S. Food and Drug Administration (FDA)-approved metastatic triple-negative breast cancer drug Trodelvy. In September, Gilead Sciences announced it would acquire Immunomedics in a $21 billion dollar deal, which represents more than a 100% premium to Immunomedics' previous day closing price. The deal is expected to close in the fourth quarter of 2020.

Key Detractors

- **BioMarin Pharmaceutical** develops pharmaceuticals for rare, often genetic, diseases that affect small percentages of the population. In June, the company announced additional data from a previously reported four-year update of its open-label Phase 1/2 study of Roctavian. The data showed continued positive efficacy, durability, and patient quality of life improvements; however, in August, the FDA issued a determination that Roctavian is not ready for approval in its present form. The FDA's action delays the therapy's approval timeline by two years to late 2022 and removes a key near-term growth driver for the company. We eliminated our position.

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Key Detractors (continued)

- **Hill-Rom Holdings** is a global medical device provider. The company reported better than expected fiscal third quarter results, with 8% organic revenue growth and results beating consensus estimates. However, its shares declined as management's commentary implied that fourth quarter revenues and earnings per share (EPS) would fall short of analysts' estimates. In addition, the company's COVID-19-related tailwinds are reverting back more quickly than anticipated. Our investment thesis on the company is predicated upon new management driving more sustainable, accelerating growth.
- **Sarepta Therapeutics** is a medical research and drug development company. Its RNA-targeted drugs regulate the production of proteins associated with rare neuromuscular diseases. The company's Exondys 51 was approved in the U.S. in 2016 as the first treatment for Duchenne muscular dystrophy (DMD). Sarepta Therapeutics is in the late stage of developing another first-generation exon-skipping agent, casimersen, and a gene therapy platform for the treatment of rare neuromuscular diseases. In September, the company announced positive incremental updates on two of its gene therapy programs, DMD (SRP-9001) and a second muscle disease LGMD (SRP-9003). The focus is on the lead DMD program, but our takeaway from both of these updates was that the clinical benefit seen from gene therapy appears durable. We believe the weakness in the company's shares during the third quarter may have reflected fears that the FDA's action on BioMarin's Roctavian may signal a more difficult regulatory stance on gene therapies; the FDA also requested a different assay to measure clinical endpoints in SRPT's own trial.

Outlook

The US economy continues to recover from the worst effects of the pandemic, but the pace of the rebound appears to be moderating. Congress has so far failed to agree on additional stimulus to take up the slack from the massive, but now-largely-exhausted, programs approved in March. Further job reductions at large companies, particularly where the effects of Covid-19 have created the most disruption, are an additional headwind. Corporate-profit recovery is set to continue, aided by reduced labor and travel costs that further expand profit-margin opportunities. However, the outlook overall remains uncertain, not least because of next month's US presidential election and the pandemic's ongoing impact.

Covid-19 continues to disrupt activity around the globe. We are optimistic that promising results from a number of clinical trials will result in an effective vaccine in the coming months. But it may be another 12-18 months before a finished product-- the likely prerequisite for a broad-based recovery in confidence and activity -- is globally available.

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. Overall, this year 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.

Disclosures

All data is as of September 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 Mid Cap Growth 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.

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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.*

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