Quarterly Factsheet

September 30, 2020

JENNISON ASSOCIATES

Small Cap Core Equity

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

Strategy Overview

Firm AUM:	$203.7
Strategy AUM:	$1.7B
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

	3Q20	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Small Cap Core Equity Composite (Gross)	12.4%	5.5%	15.4%	7.7%	10.2%	12.3%	9.8%
Small Cap Core Equity Composite (Net)	12.2	5.1	14.7	7.0	9.6	11.6%	9.1
Russell 2000® Index	4.9	-8.7	0.4	1.8	8.0	9.8	6.6

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.*

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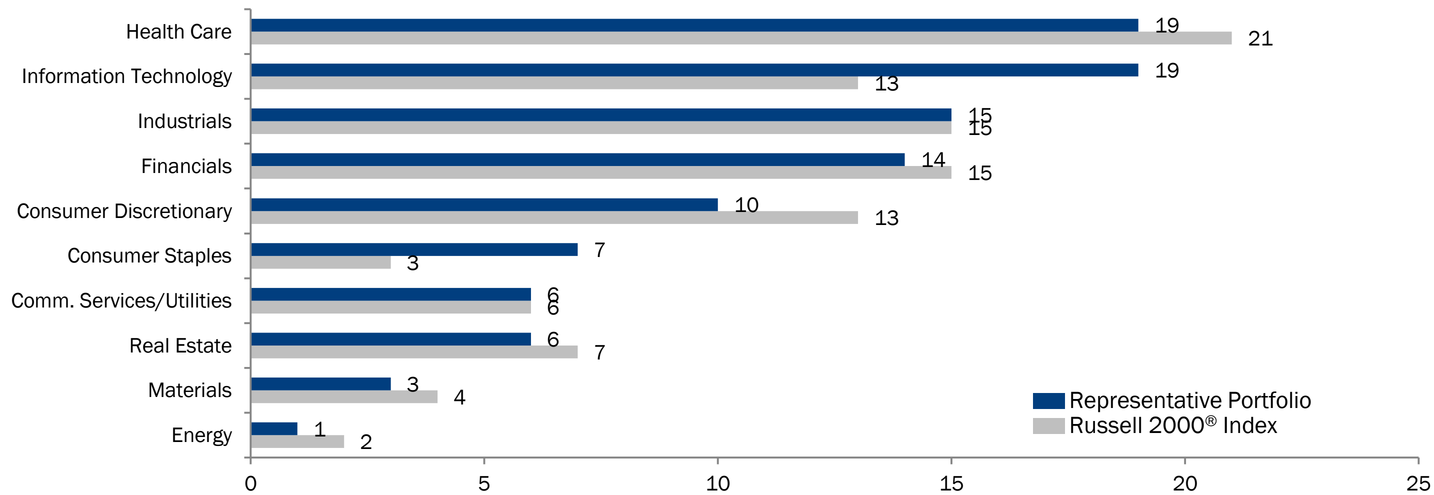
Sector Allocation



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
Earnings Per Share Growth 2020E	1%	-8%
Earnings Per Share Growth 2021E	40%	25%
P/E 2020E	34x	144x
P/E 2021E	24x	28x
Weighted Avg. Market Cap	$3.5 bil.	$2.5 bil.
Median Market Cap	$2.5 bil.	$0.6 bil.
Dividend Yield	1.0%	1.5%
Number of Holdings	127	2,019

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

Largest Holdings

Bandwidth	2.7
Saia	2.0
Natera	1.7
Performance Food	1.7
NextEra Energy Partners	1.6
Wingstop	1.6
QTS Realty Trust	1.6
Inphi	1.5
WillScot Mobile Mini	1.5
Varonis Systems	1.5
	17.3%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (3Q)

Top Five	Average Weight	Total Return	Contribution to Return
Livongo Health	1.1%	80%	1.66%
Penn National Gaming	1.4	138	1.27
Bandwidth	2.6	37	0.90
Immunomedics	0.9	140	0.90
Darling Ingredients	1.6	46	0.61

Bottom Five	Average Weight	Total Return	Contribution to Return
WPX Energy	0.7%	-23%	-0.23%
Pinnacle Financial Partners	1.0	-15	-0.17
Agios Pharmaceuticals	0.3	-35	-0.15
GW Pharmaceuticals	0.4	-30	-0.13
First Bancorp	0.6	-16	-0.13

***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. 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 Russell 2000® Index (index) had another solid quarter, gaining 4.9% but lagged its large and midcap counterparts. We believe the backdrop is set up for small cap relative performance to improve as earnings and sales revisions continuing to tick up, relative valuations continue to get less expensive, and now M&A activity has started to return. A headwind to this thesis is that small caps historically do best when the 10-year rates are rising. Today they are falling and making a series of lower highs and lower lows. This uncertain backdrop historically bodes well for the Jennison Small Cap Core representative portfolio's (portfolio) strict valuation discipline and emphasis on sound business model's, with recurring revenues that benefit from compounding earnings growth over time.

The Small Cap Core Equity Composite had another strong absolute and relative quarter, significantly outperforming the index.

Once again, in the portfolio, holdings in health care contributed significantly to performance, led by Livongo Health and Immunomedics.

Key Contributors

- **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. 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 eliminated the position after very strong share price performance this year, as the company's market cap grew outside of our investable range. Shares were up on strong earnings as well as an announcement that Livongo was merging with Teladoc Health under the Tealdoc name.
- **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.
- Communication services, consumer staples, and information technology were also strong contributors to relative gain.
- **Bandwidth** is a diversified telecommunications company with a nationwide network that provides the backbone for digital voice and messaging services for their Enterprise customers. It reported a strong Q2 with a revenue beat, increase in fiscal year 2020 guidance, and most importantly, strong new customer growth. We believe the pandemic's push to remote work and digital transformation are advantageous for Bandwidth as it provides a cost efficient end to end network to carry voice, video and messaging traffic.
- **Penn National Gaming** is an American operator of casinos and racetracks. It operates 43 facilities in the United States and Canada, many of them under the Hollywood Casino brand. The company also controls a 36% stake in Barstool Sports. Its shares gained significantly during the month, as it reported better-than-expected second quarter results, especially considering its properties were closed for most of the period. Visitations were down given capacity restrictions, but spending per visit was up. While management acknowledged some pent up demand and the fact that many other leisure options remain closed, they are seeing a significant increase in new customers, particularly among a younger demographic.

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Key Contributors (continued)

- **Darling Ingredients** serves the agri-food industry and reduces food waste by collecting and repurposing animal-based co-products and other natural materials that would otherwise be discarded. The company reported strong second quarter results, which included a 24% increase in year-over-year earnings driven by higher protein prices. We continue to like the company's self-funded growth trajectory.

Key Detractors

- The industrials and materials sectors detracted in aggregate; however, the largest detractors were in other sectors.
- **WPX Energy** is engaged in hydrocarbon exploration. Its shares declined along with the overall energy sector, as the pandemic was a severe headwind for global demand. However, the company's second quarter results exceeded expectations, with free cash flow of $166 million, earnings of $400 million and capital expenditures that were lower than expected. In our view, there is more upside in production and downside in capital expenditures for the company. In late September, WPX and Devon Energy announced an all-stock merger of equals, to create one of the nation's largest shale producers.
- **Pinnacle Financial Partners** is a bank holding company. Pinnacle is a commercially-focused, well run bank located in attractive markets – Tennessee and the Carolinas – that are growing significantly faster than is the overall U.S. Pinnacle's growth and strong market position has led to extremely strong returns, with a return on assets that are among the best in the group. Its shares declined during the third quarter, as management expressed a defensive stance in order to build capital during turbulent times and come out with more ammunition to take market share. With the Federal Reserve on hold, we believe the company should have less pressure on deposit pricing to fund growth going forward.
- **Agios Pharmaceuticals** is biotech company focused on developing transformative therapies across three major focus areas: hematologic malignancies, solid tumors and rare genetic diseases. Tibsovo demand remained strong; however, mitapivat a key catalyst with pivotal studies underway in sickle cell and thalassemia.
- **GW Pharmaceuticals** posted in-line results, but shares were down perhaps because investors expected more. We continue to like the growth potential of its key drug, Epidolex.
- **First Bancorp**'s second quarter results were down quarter over quarter and year over year. This North Carolina based bank is now the largest community bank headquartered in the state, and we believe it is well positioned to take advantage of recent and pending consolidation.

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.

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Outlook (continued)

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.

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Disclosures

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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