Quarterly Factsheet

September 30, 2020

JENNISON ASSOCIATES

Global Equity Income

Focus on Income with Downside Capture, Lower Long-Term Volatility

Strategy Overview

Firm AUM:	$203.7B
Strategy AUM:	$1.0B
Inception Date:	January 31, 2007
Number of Holdings:	Typically 50-70
Benchmark:	MSCI All Country World Index (Net of Taxes)
Available Vehicles:	Institutional Separate Account; US Mutual Fund

Team Members

Portfolio Managers

Average Experience: 29 years

Warren Koontz, Jr., CFA

Shaun Hong, CFA

Bobby Edemeka

Highlights

- Portfolio construction based on conviction level, risk/reward analysis, balance & diversification requirements and ESG considerations, seeking to create an overall strategy with lower beta and higher yield relative to the Index
- Fundamental approach integrated with quantitative risk management helps create a consistent and repeatable process, which, in our view, is critical to generating alpha and enhancing the probability of achieving steady results
- Integrating ESG factors to help understand and identify non-financial risks and relative management quality that could impair franchise durability or dividend sustainability
- Seeks high-quality, durable franchises with sustainable income and cash-flow stream visibility, to help provide excess yield relative to MSCI All Country World Index
- Seeks “time horizon arbitrage” opportunities created by short-term orientation of market participants

Performance

	3Q20	1 Year	3 Years	5 Years	10 Years	Since Inception
Global Equity Income Composite (Gross)	6.7%	0.6%	5.6%	7.9%	9.3%	7.2%
Global Equity Income Composite (Net)*	6.5	-0.1	4.8	7.1	8.6	6.5
MSCI All Country World Index (Net of Taxes)	8.1	10.4	7.1	10.3	8.5	5.3

Past performance does not guarantee future results. *Source for MSCI data: MSCI. 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 (0.70%), which may not reflect the actual historical fees applied to accounts in the Composite. Inception of Global Equity Income Composite: 1/31/07. Periods greater than one year are annualized. See disclosures for important information.*

Global Equity Income

Equity Characteristics

Equity Characteristics	Representative Portfolio	MSCI All Country World Index (Net of Taxes)
3 to 5 Year Earnings Per Share Est. Growth	8%	13%
P/E 2020E	20x	21x
P/E 2021E	18x	18x
Weighted Avg. Market Cap	$229.2 bil.	$277.6 bil.
Median Market Cap	$69.5 bil.	$9.0 bil.

Source: MSCI and FactSet. See disclosures for important information.

Other Characteristics

Other Characteristics	Representative Portfolio	MSCI All Country World Index (Net of Taxes)
Dividend Yield	3.2%	2.2%
Number of Holdings	56	2,992
Active Share	85%	--

Source: MSCI and FactSet. See disclosures for important information.

Country Allocation

Country Allocation	Representative Portfolio	MSCI All Country World Index (Net of Taxes)
United States	59.6%	58.7%
France	7.5	2.8
United Kingdom	6.9	3.7
Switzerland	5.0	2.8
Canada	4.1	2.5
Spain	4.0	0.6
Germany	3.5	2.5
Taiwan	2.6	1.6
Australia	2.6	1.7
Italy	2.3	0.6
Netherlands	2.0	1.2

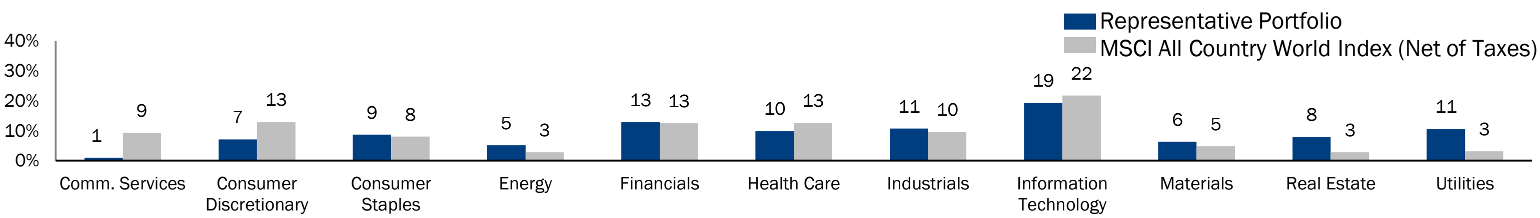
Source: MSCI and FactSet. Cash excluded. See disclosures for important information.

Largest Holdings

Largest Holdings	
Apple	4.1%
QUALCOMM	3.3
Linde	3.3
Texas Instruments	3.3
Prologis	3.2
Zurich Insurance	3.2
Iberdrola	3.1
AstraZeneca - ADR	2.9
Union Pacific	2.7
GlaxoSmithKline	2.7
	31.8%

Source: Jennison. See disclosures for important information.

Sector Allocation



Source: Jennison. Cash allocation of 0.6% in the representative portfolio is not shown in the above charts. See disclosures for important information.

Largest Absolute Impact (3Q)

Top Five	Average Weight	Total Return	Contribution to Return
Apple	3.8%	27%	0.89%
Taiwan Semiconductor Manufacturing - ADR	2.4	43	0.81
QUALCOMM	2.9	30	0.75
Deere	1.2	42	0.41
Linde	3.4	13	0.39

Bottom Five	Average Weight	Total Return	Contribution to Return
Telefonica Deutschland	1.8%	-13%	-0.25%
AXA	2.6	-8	-0.20
ConocoPhillips	0.8	-21	-0.19
GlaxoSmithKline	2.8	-6	-0.17
Total - ADR	1.4	-9	-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 portfolio's return is available upon request. See disclosures for important information.*

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Overview

Despite the turbulence experienced in September as the third quarter ended, major global equity markets managed to post performance gains, sustaining their vigorous post-March rally. 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 gradual reopening's. Global infection rates reflected differences among policy and social behaviors across geographies.

The Global Equity Income Composite (hereinafter, the "Composite") advanced, but trailed the MSCI ACWI Index (Net of Taxes) (the Index) over the third quarter, equity market performance over the period was style-driven with yield-oriented and lower volatility stocks underperforming, while growth, momentum, and volatility factors all advanced.

Relative to the Index, the representative portfolio's (hereinafter the "Portfolio") overweight semiconductor positions was among the largest contributors. Both successful stock selection and underweight exposures among diversified banks also meaningfully drove results. Allocation decisions within integrated oil & gas and homebuilders positively contributed, along with stock selection among technology hardware storage & peripherals and health care equipment names. Conversely, the Portfolio's lack of exposure to both internet & direct marketing retail and automobile manufacturing stocks negatively impacted relative returns over the period. Overweight exposure to multi-line insurance and midstream infrastructure stocks also hampered gains over the third quarter.

Key Contributors

- With its huge installed base, **Apple** has been benefiting from rapid growth in service business subscriptions (apps, music) – a key source of recurring revenue. The upcoming product cycle, which includes the launch of 5G handsets, should provide robust revenue and profit growth when it ultimately commences. During the period, the Company announced its June-quarter revenue and earnings that surpassed forecasts, with all divisions meeting or exceeding expectations. The work-from-home environment has continued to drive strong demand for its MacBooks, iPads, and iPhones.
- **Taiwan Semiconductor Manufacturing** (TSM) engages in the manufacture and sale of integrated circuits and wafer semiconductor devices. Its chips are used in personal computers, consumer electronics, information applications, wired and wireless communication systems products, and automotive and industrial equipment. The Company continues to benefit from its manufacturing prowess, best-in-class management, high-quality customer base, and increasing margins due to minimal pricing pressure.
- While semiconductor chipmaker **QUALCOMM** reported better than anticipated 2Q20 results and calendar-year 3Q20 guidance, shares moved higher after a surprise announcement of a royalty settlement with Huawei. While the Company makes chips, most of its operating income comes from licensing its technology and charging fees and royalties based on end-units sold. Its core patents cover technologies that are among those necessary for cellular network connections. Huawei will now pay the remaining back-payment royalties of $1.8B it owes QUALCOMM (since 2017), in addition to the $1.2B one-time partial settlement already paid. We believe the Huawei deal will be solidly accretive to earnings, and although no chipset deal was reached, one could potentially be on the horizon given Huawei's current sourcing difficulties from Taiwan Semiconductor.

Key Detractors

- **Telefónica Deutschland** posted 2Q20 results that missed expectations, due to a stronger-than-expected virus-related service revenue headwind. The disappointing miss and associated fiscal year guidance concerns, sent shares lower over the period. The Munich, Germany-based Company provides wireless and wire line telephony, internet services, and access to its infrastructure and service capabilities for its partners and customers.
- The subsequent decline in oil & gas exploration & production (E&P) stocks - such as **ConocoPhillips** - came despite the drastic measures taken by the group early this year. The majority of E&Ps have drastically cut their capex spending and reduced rig counts to maintain free cash-flow and defend their dividends to shareholders.

MSCI ACWI Index: MSCI All Country World Index (Net). 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.

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Key Detractors (continued)

- Overall energy sector stocks struggled during the period amid an uncertain demand outlook caused by the pandemic. This, along with investor fears of an oversupplied market has caused extreme negative sentiment that continues to remain an overhang and has pressured stocks like integrated oil & gas firm **Total**. We continue to feel Total should benefit as it seeks to diversify its business through its M&A-driven energy transition strategy by acquiring stakes in renewable energy projects. Additionally, Total should continue to profit from demand growth in LNG (liquefied natural gas), in our view.

Outlook

Investors received a small helping of drama at the end of the third quarter as fears of a resurgence in coronavirus infections, an uneven global economic recovery, and upcoming US elections in November all contributed to September's market turbulence. Despite the volatility, global equity markets managed to advance during the third quarter, a continuation from the second quarter's historic rebound.

Given the extent of the economic shutdown, second quarter corporate earnings (which were reported in the third quarter), came in better than investors had feared. While some did experience declines, generally companies moved quickly to cut costs in order to preserve capital. The further "belt tightening" allowed for margin expansion, which in some cases was substantial. With the gradual re-opening of the economy, corporate earnings should continue to expand, providing further comfort to management teams in making cost-cutting efforts permanent. With earnings expanding, we feel dividends should follow suit that could potentially lead to additional capital being returned to shareholders. Putting the US elections behind us will also help to reduce some of the market uncertainty, regardless of which candidate wins.

Although the COVID-19 pandemic does not fundamentally change the structural, longer-term ability of these companies to pay dividends, we have already seen temporary disruptions, even among high-quality, prudent companies. Nevertheless, dividends overall have held up quite well during this time. One of our observations has been investors' hyper-focus on earnings growth during the COVID-era. Growth is important, but prudent investors should also be mindful of earnings stability in the current environment. With the decline in share prices, dividend yields have naturally risen, leading us to believe that earnings stability and durability is paramount.

Given the level of market declines and dislocations, we completed several purchases over the past two quarters, and are now comfortable with our current positioning. The Portfolio has begun to benefit from our rotation out of some "defensive" names and into the more cyclical, economically sensitive ones. As the economy gradually re-opens and an economic recovery takes shape, we believe those names should continue to benefit. Now, more than ever, we remain focused on cash-flow strength and dependability – which we believe leads to higher levels of franchise durability.

With investors continuing to view equities as "the only game in town," we continue to maintain our conviction that income-oriented stocks with durable dividends should be an attractive place to be for investors. The historically low interest rate environment – both in the US and globally – renders bonds unattractive, leaving few alternatives for those seeking income. Declining corporate and US Treasury bond yields have substantially widened the differential between bond and equity yields, creating a yield "premium". From an income perspective, a premium yield plus the potential to grow that yield over time, is an attractive value proposition, in our view. We feel that as long as dividends are safe (e.g., are not in jeopardy of being cut), the recent decline in share prices make dividend equities that much more attractive. As such, the Global Equity Income Portfolio continues to be positioned in companies that we believe have a greater fundamental ability to sustain their dividends.

We hope that you and your families have remained safe and healthy. We appreciate your continued support in our efforts, and look forward to your questions.

MSCI ACWI Index = MSCI All Country World Index (Net of Taxes). 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.

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