

JENNISON P E R S P E C T I V E S

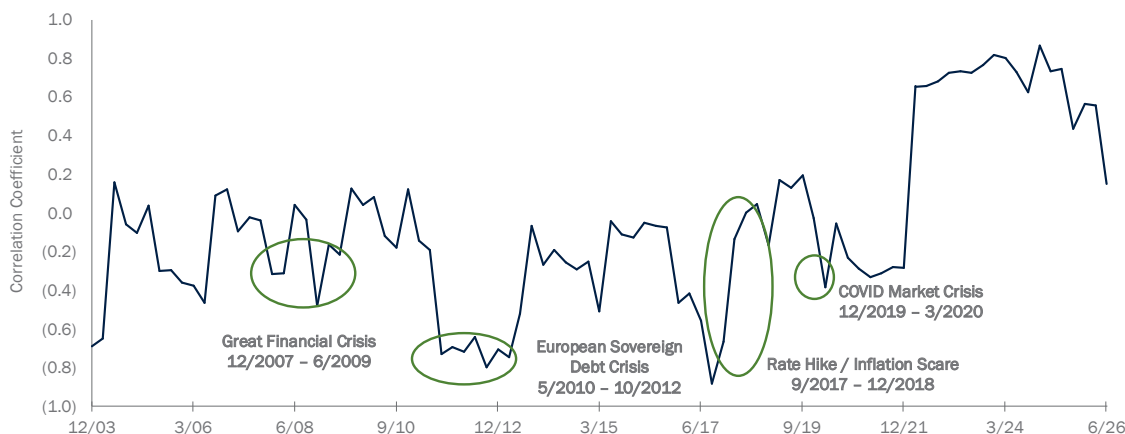
June 2026

The Role of Fixed Income in a Multi-Asset Portfolio

Why have a fixed income allocation?

- **Diversification from equities & return seeking fixed income assets:** Fixed income has earned its place in investor portfolios due to its long track record of providing ballast, due to its negative correlation to equities (Exhibit 1).
- **Capital preservation and income:** In a period when the risk seeking allocation of a plan's portfolio has a drawdown, the plan needs the fixed income portion of their assets to both perform and be able to provide required income and liquidity, and the two do not always go hand in hand.
- **Hedging strategy:** Bonds have proven to be an attractive hedge - whether you are hedging against volatility of risk assets, against deflation or against liabilities (like pension or other spending requirements), and the sector looks compelling right now.
 - Looking back at bond and equity markets on average since 1973, during periods when US Core bonds are yielding around 5% or greater while US equities' earnings ratios are above 30, bonds have offered higher five year subsequent returns with lower volatility*.
 - A combination of yields that are near multi-decade highs and interest rates that are expected to gradually fall is creating an attractive opportunity for bond investors.
 - Additionally, high quality bonds tend to perform well during soft landings and even better in recessions.

Exhibit 1: High quality bonds have shown resilience when stock markets are unsettled
Bloomberg US Aggregate Bond Index vs. S&P 500 Index



December 31, 2003 – June 30, 2026. The green circles represent periods of negative correlation that coincided with major market events. The above time frame represents long term historical market cycles. Past performance is not indicative of future results.

*Bonds are represented by the Bloomberg US Aggregate Bond Index and equities are represented by the S&P 500 Index.

There is no guarantee our objectives will be met. All investments contain risk, including possible loss of principal. The strategy may vary significantly from the benchmark in several ways including, but not limited to, sector and issuer weightings, portfolio characteristics, and security types. Diversification does not protect an investor from market risk and does not ensure a profit or guarantee against a loss.

For professional investors only. All investments involve risk, including the possible loss of capital.

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How should a fixed income manager approach investing to achieve true diversification versus equity?

- Not all bonds are created equal and there are many different approaches to managing bond portfolios.
- Too often fixed income managers chase return with riskier bonds that are highly correlated to equities and return seeking fixed income assets (like private credit) (Exhibit 2) and overlook the liquidity component of risk.
- We believe a fixed income allocation should consist of high quality, liquid bonds and be managed by a team that understands the true objective of the asset class.

Exhibit 2: Net of Fee Excess Return Correlation

	Jennison Core Fixed Income Composite vs. S&P 500 Index	eVestment US Core Fixed Income Median vs. S&P 500 Index	Jennison Core Fixed Income Composite vs. Private Credit [^]	eVestment US Core Fixed Income Median vs. Private Credit [^]	Jennison Core Fixed Income Composite vs. eVestment US Core Fixed Income Median
1 Year	(0.52)	0.82	(0.52)	0.69	(0.83)
5 Years	(0.37)	0.48	(0.14)	0.69	(0.20)
10 Years	(0.50)	0.75	(0.61)	0.83	(0.50)
20 Years	(0.02)	0.72	0.21	0.85	0.31

[^]Private Credit is represented by a custom benchmark which is comprised of 50% Bloomberg US Corporate High Yield Index and 50% S&P UBS Leveraged Loan Index. As of June 30, 2026. Past performance is not indicative of future results. Periods over one year are annualized. Excess return correlations based on net of fee returns and versus the Bloomberg US Aggregate Bond Index. The 20-year period is shown to provide representation of several full market cycles. The above illustration was not sponsored, endorsed or prepared by eVestment. Please visit <https://www.jennison.com/global/en/institutional/gips/gips---core-fixed-income-composite> for the Core Fixed Income Composite presentation, which includes fee information and criteria for composite performance creation. Please see Core Fixed Income Composite Performance on the next page for additional performance information. The eVestment database includes data input directly by each manager. Managers may selectively provide data for all, none or only a portion of data points.

Why Jennison Fixed Income?

Clients choose Jennison because of our ability to meet their investment objectives and seek excess return over their chosen benchmark, while providing liquidity and downside risk management.

- **Low correlation to equities & return seeking fixed income assets:** We believe investment grade bond portfolios should provide the ballast necessary to allow the risk seeking asset classes to do their job, and we manage bond portfolios to stay true to that objective.
- **Differentiated investment approach:** We have a proven track record of generating a return stream that has a low to negative correlation with equities and our peer universe (Exhibit 2).
 - **Philosophy:** Our core investment philosophy is rooted in the belief that markets are mean reverting, that inefficiencies can be exploited through fundamental research, and liquidity is paramount to our process as it allows the team to nimbly execute on these core beliefs.
 - **Process:** Our entire investment process is steeped in risk management - utilize a proprietary, scenario based tool that allows the team to focus on alpha generation while seeking to minimize potential underperformance to a maximum of one year's annualized alpha target.
 - **Seek to outperform during volatility:** We believe the best evidence for the consistency of our philosophy can be found by looking at our alpha over time and during periods of volatility - first half of 2020 and 2007 through 2009; we seek to add value through full market cycles and minimize losses during market dislocations.

Please contact us for real world examples depicting how our fixed income solutions have performed during turbulent times.

Core Fixed Income Composite Performance Return (%)

As of June 30, 2026	2nd Quarter	YTD	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception (12/31/85)
Core Fixed Income Composite Gross of Fee	0.42	0.23	3.33	4.37	0.15	1.85	4.00	5.98
Core Fixed Income Composite Net of Fee	0.38	0.16	3.17	4.20	(0.01)	1.70	3.85	5.81
Bloomberg US Aggregate Bond Index	0.67	0.62	3.79	4.15	0.08	1.54	3.32	5.49
Excess Returns (Gross of Fee vs. Benchmark)	(0.24)	(0.39)	(0.46)	0.22	0.07	0.31	0.68	0.50
Excess Returns (Net of Fee vs. Benchmark)	(0.28)	(0.46)	(0.62)	0.05	(0.09)	0.16	0.53	0.32

Periods over one year are annualized. Past performance does not guarantee future results.

Please visit <https://www.jennison.com/global/en/institutional/gips/gips---core-fixed-income-composite> for the Core Fixed Income Composite presentation, which includes fee information and criteria for composite performance creation. Gross of fee performance is presented before custodial and Jennison's actual advisory fees but after transaction costs. Net of fee performance is presented net of Jennison's actual advisory fees and transactions costs. Performance results are calculated in US dollars and reflect the reinvestment of income and other earnings. Excess return is the additional return generated by the composite relative to the benchmark.

eVestment Core Fixed Income Universe # of Net of Fee Constituents as of 06/30/2026		eVestment Core Fixed Income Universe # of Net of Fee Constituents			
1 Year	207	2005	233	2016	259
5 Years	199	2006	239	2017	262
10 Years	180	2007	243	2018	260
20 Years	133	2008	243	2019	256
		2009	254	2020	254
		2010	267	2021	256
		2011	267	2022	248
		2012	273	2023	236
		2013	271	2024	228
		2014	264	2025	217
		2015	264	2026	208

End Notes

Sources:

Jennison Associates LLC

eVestment

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eVestment US Core Fixed Income Universe is US Fixed Income products that invest in a well-diversified investment grade bond portfolio, most commonly allocating to treasury, corporate, securitized, and government-related issuers. Common benchmarks include the Bloomberg US Aggregate and Bloomberg US Govt/Credit.

Market Definitions:

Alpha – a term used in investing to describe an investment strategy’s ability to beat the market. Alpha is often referred to as excess return.

Median – is the middle number in a sorted, ascending or descending list of numbers and can be more descriptive of that data set than the average.

Yield – a general term that relates to the return on the capital you invest in a bond.

Benchmark Definitions:

Bloomberg US Aggregate Bond Index includes securities that are US domestic, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bloomberg US Corporate High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

Standard & Poor’s 500 (S&P 500) Index is a market capitalization-weighted index of 500 companies primarily traded on the New York Stock Exchange.

S&P UBS Leveraged Loan Index measures the market-value-weighted performance of the investable universe of USD-denominated leverages loans.

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