Quarterly Factsheet

December 31, 2019

JENNISON ASSOCIATES

Global Natural Resources Equity

Top-Down Commodity Analysis Fused With Bottom-Up Fundamental Research

Strategy Overview

Firm AUM:	$173.2B
Strategy AUM:	$0.7B
Inception Date:	1991
Benchmark:	Natural Resources Custom Index
Available Vehicles:	▪ Institutional Separate Account ▪ US Mutual Fund ▪ Managed Account

Our Approach:

- Combines top-down commodity analysis with bottom-up, fundamental research to uncover growing companies at a reasonable price to future earnings.
- We look at potential supply / demand imbalances over an extended 12-18 month horizon and question exposure to commodities where we believe future earnings strength is under-appreciated by the market.
- We focus on long-term, secular opportunities and tend to have a longer time horizon, often looking out four or more years depending on the environment.

Differentiating Characteristics

Jennison's Integrated Energy Value Chain Research Platform

- Comprised of specialized and dedicated analysts who focus specifically on sectors / industries across the upstream, midstream, and downstream energy value chain to provide comprehensive views and unique perspectives on fundamentals.

Benchmark Agnostic

- Not constrained by market-cap, geography, sub-sector, or benchmark.

Long-term, Flexible-Driven Approach

- Our long-term views rather than short-term tactical considerations drive our approach to pursue the most attractive opportunities across all sub-sectors

Team Members

Portfolio Managers

Average Experience: 18 years

Neil P. Brown, CFA

Jay Saunders

Additional Analyst:

Alina Khaykin

Performance

	4Q19	1 Year	3 Years	5 Years	10 Years	Since Inception
Global Natural Resources Equity Composite (Gross)	9.3%	18.0%	-2.8%	-2.3%	-1.8%	9.3%
Global Natural Resources Equity Composite (Net)*	9.1	17.1	-3.4	-2.8	-2.2	8.6
Global Natural Resources Custom Index**	9.8	12.3	-2.6	-0.9	-0.8	NA

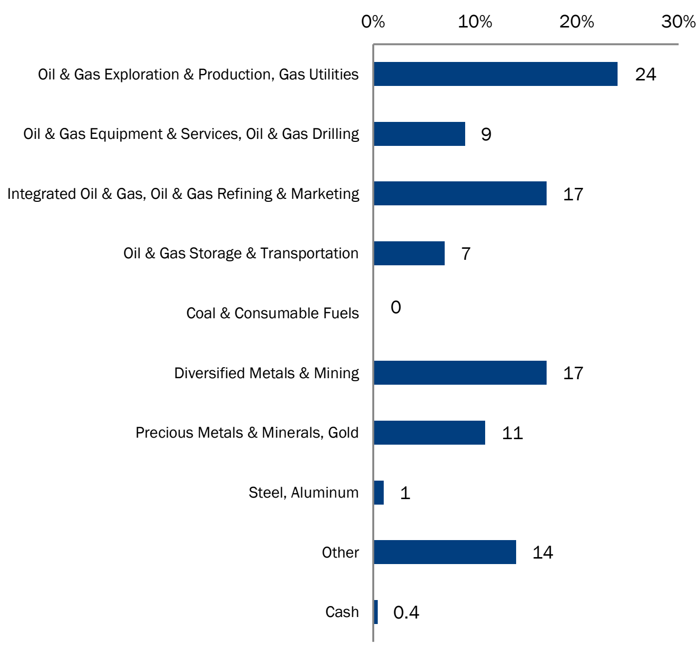
Past performance does not guarantee future results*. Source for Custom Index: Lipper. **Effective October 2010, the custom index is the Lipper Natural Resources Funds Index 1/1/92 through 12/31/08 and Lipper Global Natural Resources Funds Index thereafter. Inception of Global Natural Resources Composite: 8/31/91. *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 (0.75%), which may not reflect the actual historical fees applied to accounts in the Composite. NA. Inception of Global Natural Resources Composite: 8/31/91. Periods greater than one year are annualized. See disclosures for important information.*

Region and Country Allocation

North America	81.8%	Western Europe (continued)		Pacific Rim	3.5%
United States	62.5	Sweden	1.3	Australia	3.5
Canada	19.2	Germany	1.1		
		Denmark	0.5	**South America**	**0.5%**
Western Europe	**14.2%**			Brazil	0.5
United Kingdom	7.2	**Africa**	**0.0%**		
France	2.5	South Africa	0.0		
Norway	1.5				

Source: FactSet. Regional breakdowns are defined by Jennison using FactSet country classifications. Cash excluded. See disclosures for important information.

Sub-Industry



Source: Jennison. See disclosures for important information.

Largest Holdings

Anglo American	3.4%
WPX Energy	3.4
Agnico Eagle Mines	3.2
Suncor Energy	3.1
Lundin Mining	3.1
Barrick Gold	3.1
Parsley Energy	3.0
Diamondback Energy	2.9
EOG Resources	2.8
Noble Energy	2.8
	30.8%

Source: Jennison. See disclosures for important information.

Largest Absolute Impact (4Q)

Top Five	Average Weight	Total Return	Contribution to Return	Bottom Five	Average Weight	Total Return	Contribution to Return
WPX Energy	2.7%	30%	81 bps	TechnipFMC	2.4%	-11%	-42 bps
Anglo American	3.3	25	80	Sunrun	1.3	-17	-26
Lundin Mining	2.9	28	76	Devon Energy	0.1	-13	-17
Southern Copper	2.1	26	52	Kosmos Energy	1.4	-8	-15
Agnico Eagle Mines	3.3	15	50	Solaris Oilfield Infrastructure	0.1	-16	-12

***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 crude oil prices jumped over 12% in 4Q19, contributing to the more than 30% rise in 2019, while natural gas prices mimicked oil but in the opposite direction as prices fell 13.61% in 4Q19 and sank over 31% in 2019. Similarly, prices for natural gas liquids (NGLs) like ethane and propane fell 16.59% and 9.03%, respectively. Industrial metals prices were mixed, and while nickel prices fell 20.32%, copper and steel rose 7.47% and 12.43%, after improved sentiment from the “phase one” trade deal, along with China’s infrastructure spending figures that came in better than expected. Within precious metals, gold ticked up 2.88%, while palladium jumped nearly 16% over the quarter.

The Global Natural Resources Composite (the “Composite) posted gains, outperforming the broader market’s (S&P 500 Index) 9.07% return over the period.

On an absolute performance basis, the Jennison Global Natural Resources Representative Portfolio’s (hereinafter, the “Portfolio”) oil & gas exploration & production (hereinafter, “E&Ps”) and copper names were the dominant drivers of returns in 4Q, as the price for WTI crude and copper both gained 12.69% and 7.47%, respectively. Gold producers also positively contributed, while electrical components & equipment holdings were among the primary detractor of absolute performance. Semiconductors and multi-utilities also hurt, but to a much lesser extent.

Top contributors included oil & gas producer WPX Energy, diversified materials & mining company Anglo American plc, and copper producer Lundin Mining. Oil & gas equipment & services stock TechnipFMC, electrical components & equipment maker Sunrun, and E&P Kosmos Energy were among the notable detractors over the quarter.

Key Contributors

- Oil & gas producer **WPX Energy** rose over the quarter as WTI crude oil prices rallied over 10% in both December and the fourth quarter of 2019. Jennison believes the Company’s management team should continue to differentiate itself and could be a relative outperformer versus its energy peers, as it continues to operationally execute on its goal of generating mid-single digit free cash-flows.
- Shares of diversified metals & mining firm **Anglo American** performed well over the period, likely on improved US and China trade talk sentiment that could lead to potential tariff reductions in 2020. The Company released its investor update in mid-December, outlining its revised production plans for the next two years, which confirmed its previous operating figures, while also providing direction on the business from the second half of 2019.
- Base metals mining firm **Lundin Mining Corporation** provided its annual three-year guidance update which included production, along with both operating and capital expenditures. The firm also announced an increase to its dividend policy, along with a 7.47% rise in copper prices, all of which helped to lift shares over the period. Canada-based Lundin is a base metals mining company with operations in Chile, Portugal, Sweden and the US.

Key Detractors

- Shares of oil & gas exploration & production firm **Concho Resources** underperformed over the period as it Shares of global energy equipment & services firm **TechnipFMC** struggled after the Company reported 3Q19 earnings over the period that came in slightly below estimates. The miss was due to weakness in its subsea segment that was more a reflection of project timing, rather than market fears that its margin outlook was deteriorating. Despite management’s outlook remaining unchanged, the miss in earnings scared investors, which sent the stock down nearly 12% after the earnings call. Jennison continues to hold the stock and believes the market reaction was overdone and feels the subsea backlog continues to grow with more than enough new projects replacing those that are rolling off.
- Shares of **Sunrun** were hampered over the period as the Company experienced labor shortages in sales & installer teams, causing weaker near-term solar deployments. The weaker than expected Q3 deployments came on the back of disappointing 2019 outlook versus its peer group that posted double-digit gains sent shares down 5% afterwards. Despite the pullback, the Company’s new order book continues to rapidly grow along with its cash generation. As a result, Jennison continues to favor the stock and believes Sunrun will continue to ramp up its installer capacity and be able to generate free cash-flow. It also announced share repurchase plan – the first among its peers – which Jennison believes is also encouraging.
- **Kosmos Energy** is a small-cap oil & gas exploration & production company, operating assets in offshore Ghana, Equatorial New Guinea and the US Gulf of Mexico. Kosmos plugged and abandoned its keenly-followed Resolution-1 Gulf of Mexico well as a dry hole, along with concerns on medium-term LNG prices negatively weighed on shares over the period. Jennison continues to favor the Company given its attractive valuation and high cash margins, management’s operational execution and continue efforts to reduce leverage, along with its on-going plans to monetize its offshore gas discoveries with its partnership with BP in the world-class LNG “Tortue” gas development project in offshore Mauritania/Senegal, which they believe could serve as a catalyst for the stock going forward.

Outlook

Energy equities reflect skepticism of oil-price sustainability above $55/bbl and, as a consequence, investors' failure to appreciate what is a constructive cash-flow and even free cash-flow profile of the producers with realized oil prices approaching $55-$60/bbl. Fundamentally, what was a balanced oil market was loosened with trade wars lowering demand. Exacerbated by US shale supply growth, OPEC had to maintain and deepen production cuts at a time when they thought they'd be able to roll them back. However, last year's headwinds may be fading over and above a brighter demand picture by virtue of an easing of US/China trade disagreement. Encouragingly, oil prices are holding in, and in fact rising, during a time that rising non-OPEC production (Norway and Guyana) fed fears for 1H20 oversupply. While that will likely happen, the excess should be much less than anticipated as US production growth looks to moderate. Further fueling the recent crude rise, a rolling-off of Iranian sanctions now looks like an impossibility after the US drone attack, and Saudi Arabia seems more focused on restraining output, from itself and others, to support prices and advance a more fundamentally stronger '21 market. Upside stems from a lack of surplus capacity from Saudi Arabia and Russia in the event of the recurrence of outages in Saudi Arabia and places like Libya, Nigeria and Venezuela.

While the equities have performed well of late, US exploration & production firms' (hereinafter, "E&Ps) have still substantially underperformed the commodity. We suspect the E&P weakness reflects skepticism around crude-price sustainability and the extent of producers' capex resolve. Should E&Ps stick to budgets planned around $50 (and lower) oil prices investor confidence should be restored and catalyzed by attractive valuations as well as – depending on timing – what looks to be a much more constructive supply outlook in '21. On the other hand, prospects for North American oilfield service providers look dim, as added capacity and weakened utilization due to the aforementioned producer austerity. Spending internationally however, seems to be resurfacing after a 4-5 year hiatus. So, having started later in '18 and accelerating since, we've accordingly oriented the oil services piece of the portfolio to offshore versus North America. Among oil and natural gas E&Ps, a handful of E&P "haves" in our view, have the ability to grow at double-digit rates while sustaining respectable dividends and buyback programs down to low $50 oil prices. The rash of "have nots" producers will continue to de-rate and eventually consolidate to take out costs in search of sustainability. We continue to emphasize fiscally-conservative E&P companies that are growing production and reserves by successfully exploiting unconventional sources of oil or gas with healthy balance sheets and, in our view, offer more leverage to any oil-price recovery as these will be the first to return capital to shareholders in any meaningful way.

In industrial metals, emerging economies, especially China, continue to determine demand, and thus are a dominant force in price formation. Consistent with concerns about China's slowing economic growth and trade negotiations, manufacturing data both from the US and globally have been generally poor but have recently shown some signs of life in China. We continue to expect Chinese government policy ultimately will conform to the country's wider economic goals via various forms of stimulus. If so, we believe most commodities – but especially copper – should find support closer to $3/lb, and even more so if electric vehicles (EVs) maintain traction. EVs, and the natural resources like lithium, cobalt, copper and zinc, should be demand-supportive for some of these metals. A loosening US Federal Reserve and macro uncertainty, particularly around trade, has shifted market sentiment toward precious metals to favorable. As a result, gold performed well in 2019, rising over 15%. More encouragingly, as it reflects operating leverage to gold prices, gold equities have tracked and often outperformed the commodity. Consolidation has also added a supportive supply element. More recently, Mideast flare-ups and central bank buying from Russia, China, and others, helped to fuel a rise in the price of the metal to over $1,500/oz. We have focused on large-to-mid-sized gold producers that can either meaningfully grow or widen margins with cost constraint. In turn, we have eliminated companies that to us, seemed most susceptible to development risk and margin compression as input costs rise and bullion prices fall. We have modestly lowered positions in the chemicals sector for valuation and company-specific reasons as well as due to the slowing global economy. Warranting some participation, chemicals adds important diversification as a hedge to the risk that the oil-price stability may be eroded should various OPEC/non-OPEC countries, namely Saudi Arabia and Russia, add volumes over and above those coming from US shale as a result of hard-to-predict geopolitical dynamics. Many of our chemicals holdings also have individual restructuring drivers or favorable exposure to a particular commodity, such as weak natural gas.

Source for commentary data: FactSet and Bloomberg. 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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Disclosure

All data is as of December 31, 2019 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 Global Natural Resources 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.

*The **Lipper Global Natural Resources Funds Index** consists of approximately the 30 largest global natural resources funds. Lipper Indexes are comprised solely of mutual funds which are subject to higher fees and expenses than Jennison's Composites The **MSCI Emerging Markets Index** captures large and mid cap representation across 21 Emerging Markets countries. With 822 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **S&P 500® Index** provides a broad indicator of stock price movements.*

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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.*

[1]Source for data: Bloomberg. Source for Lipper Index returns: Lipper, Inc. Source for S&P data: Standard & Poors or FactSet. Source for MSCI data: MSCI or FactSet. Source for commodities prices: FactSet.

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