

Investment Philosophy and Process

Philosophy

Jennison is a fundamental-research-driven, bottom-up portfolio construction investment manager. Our investment philosophy and strategy have been consistent since our founding 50 years ago. Our Large Cap Growth team believes that:

- Growth in earnings and cash flows drives share prices over the long-term
- Excess returns are generated by investing in market leading companies that create economic value through long duration competitive advantages

Process

The Large Cap Growth investment process entails six key elements:

- Idea generation
- Fundamental research
- Buy criteria
- Valuation analysis
- Sell criteria
- Integrated risk management



Idea Generation

Investment ideas are generated through the bottom-up fundamental research of our deep, experienced, and long-tenured research team. Our analysts are well versed in all matters of the sectors they cover, with comprehensively informed perspectives to identify critical structural changes and the most attractive opportunities within their areas of expertise. Strong industry and market sector networks have been built over decades, and our respected growth equity platform allows extensive access to top company management. We routinely and frequently interact with companies, key sector competitors, and suppliers globally.

Fundamental Research

Our core belief is that a deeply researched understanding of company and industry fundamentals can lead to successful stock selection. Careful scrutiny of financial statements provides the foundation for building a fundamental outlook and earnings model. Views of a company and its industry are developed further in meetings with customers, suppliers, and competitors. Meetings with senior company management are used to test assumptions.

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Buy Criteria

We look for companies with:

- Superior characteristics such as:
 - Earnings, unit, revenue, and/or cash flow growth substantially higher than that of the investable universe
 - Strengthening and defensible market positions
 - Healthy balance sheets and financial flexibility, with high or improving return on equity, return on assets, or return on invested capital
- Catalysts that drive growth rates well above that of the investable universe, including:
 - Disruptive technologies or services
 - New product cycles
 - Expanding addressable markets
- Unique business models that build sustainable competitive advantages through factors, including:
 - Proprietary technology/patent protection
 - Economies of scale/network effects
 - Speed to market/supply chain
- Attractive long-term valuations

We seek to capture acceleration or duration of growth that is not fully reflected in a stock's price.

Valuation Analysis

We use a variety of valuation methodologies appropriate for different industries, and we believe that understanding the embedded long-term growth rate of a company is crucial to valuation analysis. We constantly assess and re-evaluate fundamental characteristics to reinforce or revise valuation targets.

Sell Criteria

We may eliminate or reduce a position when:

- The stock's fundamentals are believed to change unfavorably (for example, a competitive position weakens, earnings estimates are revised down, management changes, governance issues surface).
- The stock appreciates to what we believe to be full valuation.
- A more attractive risk/reward stock idea emerges.

We may trim or add to a position as company events or stock valuations change.

Risk Management

The investment team defines and monitors individual security risk/reward potential through:

- Deep knowledge of company and industry dynamics, including competitive positioning, growth drivers, customer and geographic sales exposure, and currency risks
- Explicit rationales and parameters for owning or eliminating positions
- Appropriate position weights within the context of the overall portfolio

Typically, positions are limited to approximately 6% of the total portfolio for individual securities/issuers and approximately, 25% for single industries, and 45% for single sectors. Portfolios are typically fully invested with transactional cash on hand; cash positions are typically 2% or less. We look for companies with sufficient liquidity, adequate capitalization, and fundamental characteristics consistent with our investment objectives.

Positions in the portfolio are added one at a time based on our qualitative judgment of each stock's portfolio-enhancing characteristics, which include diversification value within the overall portfolio, distinct opportunities not offered by other stocks, and attractive risk/reward profiles.

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Investment Professionals

Jennison's Large Cap Growth investment process is designed to ensure the consistency of portfolios across accounts and vehicles. The portfolio managers manage Large Cap Growth portfolios, working together with our analysts. We believe our process elevates the investment debate by engaging all portfolio managers in decision making, with our analyses, deliberations, and decisions reflecting the expertise of each participant. We believe our process ensures that this "best thinking" of all investment professionals is reflected in all client portfolios, thus producing a Jennison product.

Purchase and sell ideas are initiated within the Large Cap Growth team, typically by analysts, who conduct their own fundamental research, build long-term earnings models, and articulate investment rationales. In addition, the Large Cap Growth team draws on the full resources of the firm.

Portfolio Managers

Average Experience: 36 years

Average Tenure with Jennison: 23 years

	Industry	Firm
Large Cap Growth		
Spiros "Sig" Segalas	59	50
Kathleen A. McCarragher	40	21
Michael Del Balso	51	47
Blair A. Boyer	36	26
Rebecca Irwin	21	13
Natasha Kuhlkin, CFA	24	15
Global		
Mark Baribeau, CFA	33	8
Thomas F. Davis	25	8

Portfolio Specialist

	Industry	Firm
Richard K. Mastain	38	18

Research Analysts

Average Experience: 21 years

Average Tenure with Jennison: 14 years

	Industry	Firm
Consumer/Internet		
Rebecca Irwin	21	13
Natasha Kuhlkin, CFA	24	15
Consumer		
David A. Ravera	28	19
Health Care		
David Chan, CFA	30	27
Debra Netschert	19	11
Steven M. Postal, CFA	18	3
Technology		
Nick Rubinstein	25	22
Erika Klauer	27	18
Financials		
Andrew M. Tucker, CFA	27	22
Industrials		
Seth M. Ginns	19	17
Owuraka Koney, CFA	14	11
Health Care Portfolios		
Christina Zhang, RN	9	6
Alison Yang, MD	11	4

Jennison Associates

Founded in 1969, Jennison Associates remains true to its founding principles as an active manager. We believe that sustainable alpha generation is possible through a combination of deep fundamental research, specialized investment teams comprised of highly experienced portfolio manager and research analysts, bottom-up portfolio construction, and high-conviction investing. We place an equal premium on the support of deep, long-standing client relationships. Over our history, we have expanded our array of capabilities across active equity, comprising a range of style, geography and market capitalization, and fixed income. Today, we manage approximately \$176.4 billion* in assets for institutional, subadvisory and private clients through separately managed and commingled vehicles, including mutual funds.

* In addition to the total assets under management noted, as of March 31, 2019, Jennison had \$4.6bn in assets under advisement using our non-discretionary model portfolios.

Notes

As of March 31, 2019.

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Portfolio characteristics apply under normal market conditions and are subject to change. Portfolio characteristics are not client guidelines which will be negotiated with each individual client.

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