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**March 28, 2024**

This brochure provides information about the qualifications and business practices of Jennison Associates LLC (Jennison). If you have any questions about the contents of this brochure, please contact us at 212.421.1000 and/or [adv@jennison.com](mailto:adv@jennison.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Currently, our brochure may be requested free of charge by contacting Stephanie Willis, Chief Compliance Officer, at 212.421.1000 or [adv@jennison.com](mailto:adv@jennison.com). Jennison is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Jennison also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

## Item 2 - Material Changes

This section of our brochure highlights and discusses material and non-material changes that have been made to our brochure since its last annual update made on March 30, 2023.

On March 28, 2024, we amended the following:

### Item 8

- ☐ We enhanced the Environmental, Social and Governance (ESG) Issues disclosure to clarify our approach to ESG. We also added ESG-Focused strategies to our list of available strategies.
- ☐ We added an Artificial intelligence (AI) Risk disclosure. AI is becoming more common in the financial services industry and it could be used in a way that is harmful to us or our clients, as further explained in this section.
- ☐ We added a Global Conflict Risk disclosure. War, conflict and civil disturbances around the world can have significant and negative economic effects, given the increasing interconnectedness of financial markets across the world, as further explained in this section.
- ☐ We added a Committee on Foreign Investment in the United States Risk disclosure to address the possibility of The Committee on Foreign Investment in the United States taking action against a company in which we invest.
- ☐ We updated the Public Health Risk disclosure to remove specific references to the COVID-19 pandemic
- ☐ We updated the Financial Institution Risk disclosure to expand its applicability to all financial institutions instead of just banks.
- ☐ We removed disclosures related to Brexit Risk and LIBOR Discontinuation Risk as we no longer deem as significant to our business.

### Item 10

- ☐ We updated the Private Funds and Hedge Funds disclosure to reflect the current status of the SEC rulemaking relevant to Private Funds.

### Item 12

- ☐ We enhanced our disclosure on conflicts that exist when reviewing client trade errors

## Item 17

- ☐ We enhanced our disclosure to clarify that we generally do not handle non-U.S. class actions for our clients or act on behalf of our unaffiliated clients as a lead plaintiff in a class action lawsuit or as a plaintiff in any potential direct action.

For clients subject to ERISA: This brochure is being provided for informational purposes. In providing this brochure, Jennison (i) is not acting as your fiduciary as defined by the US Department of Labor (DOL) and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as Jennison will receive compensation for its investment management services.

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## Item 4 - Advisory Business

### Our Firm

Jennison Associates LLC (Jennison) is an SEC-registered investment adviser organized as a Delaware limited liability company. When we use the terms “we,” “us” and “our” in this brochure, we are referring to Jennison.

In 1969, we (through a predecessor company) registered with the SEC and began managing tax-exempt U.S. large cap growth equity accounts, primarily for large institutions. We were acquired by The Prudential Insurance Company of America (PICA) in 1985, and we started to subadvise mutual funds in 1990. Through the years, we have expanded the types of investment strategies that we offer. Today, we manage equity, fixed income, and custom solutions portfolios in a range of styles, geographies and market capitalizations.

Our expertise is managing portfolios based on internal fundamental research, bottom-up security selection and a highly interactive investment process. We conduct the majority of our equity portfolio management activities from our New York headquarters, our global/international/emerging markets equities portfolio management and investment research from both our Boston office and New York headquarters, and our fixed income portfolio management activities from our Boston office.

We are an indirect wholly owned subsidiary of Prudential Financial, Inc. (Prudential Financial), a publicly held company (NYSE: PRU) which is incorporated in the United States. None of Prudential Financial or any of its affiliates referenced herein is affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

### Our Advisory Business in General

Our firm offers select capabilities in the following investment disciplines: Growth Equity, Small, SMid and Mid Cap Equity, Global Equity (which includes International, Emerging Markets Equity, International and Global SMid), Value Equity (which includes Income Equity), and Fixed Income. Additionally, we offer Custom Solutions, Combination Strategies (i.e., blended capabilities) and Sector Strategies.

For additional information about our strategies, please see Item 8.

### Separate Account Advisory Services and Advisory Services to Collectively Managed Vehicles

We provide our services to our separate account clients on a discretionary basis.

In addition to the services to separate account clients, we provide subadvisory services to U.S. and non-U.S. collectively managed funds sponsored by our affiliates and third parties. These funds are registered in the U.S. or in non-U.S. jurisdictions or are offered privately. These funds include, but are not limited to, U.S. mutual funds, exchange traded funds (ETFs), UCITS, SIFs, bank collective investment trusts, Cayman Islands unit trusts, commingled insurance separate accounts, and private

investment funds. Additionally, we provide discretionary investment management services to private investment funds that we sponsor. Information about these funds, including a description of the services provided and advisory fees and other expenses, is generally contained in each fund's prospectus, offering memorandum, declaration of trust, subscription agreement and other offering materials as applicable ("Offering Documents"). Investors in these vehicles should refer to each fund's Offering Documents for additional information.

We refer to the services provided to separate accounts and collectively managed vehicles in this brochure as non-wrap account services.

### **Advisory Services in Wrap and UMA Programs**

We offer a variety of equity strategies to clients of wrap fee programs and non-discretionary models to Unified Managed Account (UMA) programs sponsored by non-affiliates. We provide individualized portfolio management services to clients of wrap fee programs. Our non-discretionary services consist of furnishing model portfolios in various equity strategies, which the UMA program sponsor may choose to employ in its management of accounts under one or more managed account programs. For more information about the strategies that we offer to wrap and UMA programs, please see Item 8. We do not effect or arrange for the purchase or sale of any securities in connection with non-discretionary model portfolios. We refer to our wrap fee and UMA business as Jennison Managed Accounts (JMA).

Typically, the sponsor of the wrap fee or UMA program charges a single asset based fee to its clients for all services provided under the program (brokerage, custody, advisory, performance modeling and reporting) and pays its advisers, including us, a portion of the fee for the services that we provide. In some cases, wrap program clients enter into unbundled arrangements with the sponsor where they enter into investment management agreements directly with us. These are known as "dual contract" arrangements. In these cases, we receive our fees from either the client or the sponsor.

Sponsors of wrap fee and UMA programs typically require that their fees be paid in advance. In such cases, the sponsor will be responsible for refunds if participation in the program is terminated before the end of the billing period. Wrap fee and UMA program clients should review the terms and conditions of the wrap program or contact the sponsor regarding arrangements for refunds of pre-paid fees.

As a provider of investment advice under a wrap fee or UMA program, Jennison is not responsible for determining whether a particular wrap fee or UMA program or Jennison strategy is suitable or advisable for any particular wrap fee or UMA program client. Rather, such determinations are generally the responsibility of the sponsor and the client (or the client's financial advisor and the client).

Wrap fee and UMA program clients should be aware that comparable services may be available at lower aggregate costs on an "unbundled" basis, negotiated separately by the client, through the sponsor or through other firms. Payment of a bundled asset-based wrap fee may or may not produce accounting, bookkeeping, or income tax results better than those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees. All wrap fee and UMA program clients and prospective clients should carefully review the terms of the agreement with the sponsor and program brochure to understand the terms, services, minimum

account size and any additional fees or expenses that may be associated with a wrap fee or UMA program account.

Wrap fee or UMA program accounts are not managed identically to our non-wrap accounts. Our portfolios in wrap programs and non-discretionary models for UMA programs may hold fewer securities or ADRs instead of foreign local shares than portfolios managed in the comparable strategy outside of managed account programs. Additionally, wrap fee and UMA program accounts do not purchase in securities offerings (e.g., initial public offerings (IPOs) and follow-on offerings). We also manage our wrap account portfolios with parameters on changes to weightings to existing positions or position thresholds or number of securities that are not applicable to our non-wrap portfolios. We cannot guarantee that the performance and composition of our non-wrap portfolios will be similar to the performance results and composition of accounts in wrap fee programs due to a variety of reasons, including the difference in the types, availability and diversity of securities that can be purchased, timing of purchases and sales, economies of scale, regulations and other factors applicable to the management of our non-wrap accounts that may not be experienced by accounts in wrap fee programs. Additionally, UMA program sponsors retain discretion to implement, reject or adjust the recommendations in the model portfolios we provide. We do not effect or arrange transactions for UMA program accounts.

### **Non-discretionary Advisory Service**

We also provide non-discretionary advice in the form of model portfolios to some financial institutions, including affiliates that do not sponsor wrap fee account, dual contracts or UMA platforms. These financial institutions use our model portfolios to manage accounts for their clients and retain discretion to implement, reject or adjust the recommendations in our model portfolios. We do not effect or arrange transactions for non-discretionary model portfolios.

### **Customization of our Advisory Services**

We enter into investment management or subadvisory agreements with our separate account clients which typically incorporate investment guidelines. We work with our separate account clients to devise mutually acceptable investment guidelines to accommodate the individual needs of our clients and to confirm that we can manage the account consistently with our investment philosophy. Examples of client-imposed restrictions include the prohibition of certain issuers or certain types of instruments (such as derivatives), the imposition of limits on the portfolio's exposure to a single issuer or type of issuer, sector, industry or type of instrument, percent limitations on foreign securities, or customized exclusions based upon a client's own values and objectives (including ESG objectives), each to the extent such restrictions are consistent with our investment philosophy and strategy. (Please see Item 16 for more information regarding limitations on our investment discretion imposed by our clients and Item 8 for more information regarding our approach to ESG investing.) In our investment advisory agreements for non-wrap non-discretionary accounts, we provide limited customization for non-wrap non-discretionary model portfolios. The typical restrictions that we accept for a non-discretionary model portfolio for non-wrap clients are to prohibit a specific issuer or a specific type of investment (for example, non-U.S. securities). We enter into investment management agreements and subadvisory agreements for our services to collectively managed vehicles that govern the terms and conditions of

our services to such vehicles. Investment advice for our clients in such vehicles are subject to applicable regulatory limitations and investment guidelines or limitations that are contained in the relevant Offering Documents or other guidelines or limitations agreed with the fund's advisor or shareholder (in the case of funds of one). We enter into investment management agreements with sponsors of wrap fee and UMA programs to provide our services to their clients and in the case of dual contract arrangements, directly with the dual contract client. We customize the advice provided to wrap account clients, including dual contract clients, by accepting reasonable client-imposed restrictions. The most common restrictions that we accept from wrap or dual contract account clients are those prohibiting the purchase of securities of particular issuers or companies that receive revenue from certain types of products or activities specified by the client. (Please see Item 16 for additional information.) In the case of non-discretionary model portfolios used in UMA programs, we do not apply individualized restrictions to non-discretionary model portfolios that we deliver to the sponsor or overlay manager for the UMA program. The sponsors or the overlay managers for UMA programs apply any UMA client-directed restrictions.

### Significant Shareholder Reporting

From time to time, we are required by applicable laws, rules and regulations to file reports with regulators that contain information about our clients' holdings of an issuer when the holdings are large enough to require reporting. Those reports are often publicly available and in certain circumstances require disclosure of the client's identity and holdings. In addition, our clients can hold a position in the securities of a portfolio company that is large enough to require reporting by the client to the regulators under applicable laws, rules and regulations. We do not monitor or advise on reporting requirements for clients because, among other reasons, Jennison does not have an ability to monitor the aggregate holdings of an individual client and such monitoring is generally handled by such client's other service providers that have the ability to monitor a client's aggregate holdings.

### Assets Under Management

As of December 31, 2023, our:

- Discretionary assets under management (rounded to the nearest million) were: \$194,155,000,000<sup>^</sup>
- Non-discretionary assets under advisement (rounded to the nearest million) were: \$9,014,000,000<sup>\*</sup>

<sup>^</sup>This number does not include outstanding indebtedness or other accrued but unpaid liabilities that are required to be included in *regulatory assets under management* in Part 1A, Item 5.F of the Form ADV.

<sup>\*</sup>This number includes the assets that are managed by others using our non-discretionary model portfolios. We do not include assets managed by other persons based on non-discretionary model portfolios provided by us in the calculation of our *regulatory assets under management* in Part 1A, Item 5.F of the Form ADV.



## Item 5 - Fees and Compensation

### Advisory Fees

#### Fees for Separate Account Advisory Services

We negotiate fees with some of our clients, which could result in unique arrangements with some clients. Fees paid by clients vary based on the investment strategy, asset class, type of service provided (discretionary vs. nondiscretionary) and other factors such as the size of the client account, the assets under management aggregated across the client's relationship with us, whether the client is an affiliate or has a relationship with one of our affiliates, whether an investment consultant or OCIO (defined below in Item 7) is utilized by the client, the nature of the overall fee structure (i.e., asset-based fee or performance-based fee), the required level of client service and potential growth of the relationship. Fees can also differ based on account type. For example, fees for commingled vehicles, including those that we subadvise, differ from fees for single client accounts. Since we negotiate fees with some clients, clients with similar investment objectives or strategies pay different fees.

We offer both asset-based and performance-based fee arrangements for our discretionary investment management services. For non-discretionary advisory services, we typically offer asset-based fee arrangements. Our asset-based fees are customarily offered in tiered schedules with breakpoints linked to the amount of assets in the account, so that the fee rate decreases as the assets increase. In circumstances where a single client has multiple accounts managed by us under the same fee schedule, we have, in certain circumstances and at our discretion, agreed with the client to aggregate the client's assets across accounts to enable the client to benefit from a lower fee tier. We charge a performance-based fee, i.e., a fee based on the investment performance of an account, for certain product offerings and where such fee arrangements are acceptable to the client, provided that such arrangements are permitted under applicable law and regulations. Our performance-based fees are typically individually negotiated and generally based on the capital appreciation in an account relative to an index or absolute performance over a period of time. Our performance-based fees typically include an asset based management fee component, which is either flat or includes breakpoints linked to the amount of assets in the account and which we collect regardless of the performance of an account. (Please see our discussion in Item 6 for more information about our performance-based fees.)

#### Institutional Asset-Based Fee Schedules

Fee schedules for our institutional clients are available upon request.

#### Fees for Fund Vehicles

We subadvise collectively managed vehicles sponsored by our affiliates and third parties such as U.S. and non-U.S. mutual funds, collective investment trusts, and U.S. and non-U.S. privately offered vehicles. We also sponsor a privately offered hedge fund. Our fees for our services to these vehicles consider the factors that we consider for separate account advisory services described above as well as the vehicle's structure and other relevant factors. We offer both asset based fees and performance based fees to our fund vehicle clients. Information about fees charged to investors in these vehicles

is described in each fund's Offering Documents. Investors in fund vehicles are encouraged to review their fund's Offering Documents for additional information.

### **Wrap Fee and UMA Program Fees**

Typically, a managed account sponsor client pays the sponsor a single asset based fee for brokerage, custody, advisory services, performance modeling and reporting, and we are paid by the sponsor for our services. For additional information about the fees that a wrap account client may incur, please review the sponsor's brochure for the wrap program. We negotiate the fee for our services to wrap and UMA programs with the sponsor of the programs (this includes dual contract relationships). The fees negotiated with the sponsor for our advisory service to such programs vary and depend on such factors as the asset class, market capitalization of the strategy, assets under management and discretionary versus non-discretionary services.

Dual contract clients typically pay flat asset based fees that have been negotiated with the sponsors of the dual contract programs based on the fee schedules below.

#### **Large Cap Growth Equity**

- 0.75% on the first \$10 million of assets managed;
- 0.50% on the next \$30 million;
- 0.35% on the next \$25 million;
- 0.25% on the next \$335 million;
- 0.22% on the balance.

#### **Large Cap Value Equity**

- 0.60% on the first \$25 million of assets managed;
- 0.50% on the next \$25 million;
- 0.40% on the next \$50 million;
- 0.30% on the balance.

#### **Large Cap Blend Equity**

- 0.60% on the first \$50 million of assets managed;
- 0.50% on the next \$200 million;
- 0.45% on the balance.

#### **Global Equity Opportunities**

- 0.75% on the first \$25 million of assets managed;
- 0.60% on the next \$75 million;
- 0.50% on the balance.

### **Compensation for Services to Affiliates**

We provide services to our affiliates for a variety of financial products such as single client and commingled insurance separate accounts, portfolios for synthetic and separate account guaranteed investment contracts, collective investment trust funds, non-US (e.g., UCITS) and US mutual funds that are available to both retail and institutional clients and mutual funds that are available through

variable life and variable annuity products. Typically, the insurance separate accounts are investment options of various insurance products offered by PICA, such as guaranteed investment contracts, corporate or trust owned life insurance, or group annuity contracts. Our compensation for the services that we provide to our affiliates is sometimes less than the amount that we would receive from unaffiliated clients.

### **Calculation and Payment of Fees**

Fees for single client non-wrap accounts are typically based on the valuation of assets provided by their custodian. For such clients, Jennison, on a monthly basis, performs a reconciliation between the prior month end market values on the records maintained by Jennison and the custodian. Differences (up or down) in excess of a materiality threshold determined by us are researched and escalated to the custodian. If the custodian acknowledges the error in the market value, Jennison requests the custodian to correct its records. In many cases, the custodian may not correct the prior month end's market value in its books and records and instead corrects it in the current period. If the custodian follows this approach, Jennison will manually correct the prior month end market value and will use the Jennison corrected market value for billing purposes.

For our clients that are not in wrap fee programs, we typically bill the client for our fees. For our wrap fee and UMA program clients, the sponsor usually pays us based on the assets invested in our strategies. For dual contract clients, we typically bill the wrap fee program sponsor.

We either bill a client for our fees or deduct fees from the client's account held at its custodian in accordance with the client's contractual arrangements. Asset-based fees are typically payable either monthly or quarterly in arrears. Clients may also elect to have their fees calculated based upon the market values calculated by their custodian or by us. Performance-based fees, if earned, are payable after the calculation period for such fees.

Unless otherwise agreed with the client, we prorate contributions and withdrawals, including income withdrawals, in calculating the fee for the period; however, we do not prorate for de minimis contributions and withdrawals such as advisory fees, custodial fees and dividends or other interest activity. We also prorate fees for accounts initiated or terminated during a billing period.

Some dual contract clients are required to pay our fees in advance in accordance with their investment advisory agreement. For all other clients, we do not require clients to pay our fees in advance. If a client were to pay advisory fees in advance and the client's advisory contract were to terminate before the end of a billing period, any prepaid fees would be refunded on a pro rata basis, covering the remainder of that billing period.

### **Conflicts Related to Valuation and Fees**

When client accounts hold illiquid or difficult-to-value investments, we face a conflict of interest when making recommendations regarding the value of such investments since our management fees are generally based on the value of assets under management. We believe that our valuation policies and

procedures mitigate this conflict effectively and enable us to value client assets fairly and in a manner that is consistent with the client's best interests.

### Other Amounts Payable by Clients

Clients are responsible for other fees and expenses related to their accounts. These expenses can include charges imposed by custodians, brokers, third party investment managers and other third parties, such as fees charged by such managers related to portfolio investments (e.g., ETFs or BDCs), custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, commissions, commission equivalents, spreads on investment transactions and other fees and taxes on brokerage accounts and securities transactions. For example, we may invest client accounts into exchange traded funds (ETFs) and business development companies (BDCs) which charge internal management fees and which are disclosed in the investment's prospectus. Cash sweep vehicles may also charge internal management fees or other fees.

Investors in managed fund vehicles subadvised or sponsored by us, our affiliates or third parties generally pay all fees and expenses applicable to investors in the managed fund vehicle, which typically include management fees (which may include a performance based fee), custodial, accounting, transfer agency, portfolio investment transaction, administration, legal and audit fees. Investors should consult their fund's Offering Documents for additional information.

Certain U.S. and non-U.S. trading and currency markets impose additional charges and penalties for trade and currency settlement failures that will result in additional transaction costs to Jennison clients. We seek to address these in accordance with market practice and other considerations that we deem reasonable and appropriate. For example, in an effort to reduce the overall incidence of fails in the U.S. government securities marketplace, any market participant that fails to deliver U.S. Treasury, agency debt or agency mortgage backed securities on settlement date is assessed a "fails charge" to compensate the "non-failing" counterparty. This "fails charge" will be assessed against a client's account even if the failure to deliver such a government security that was sold from the client's account was caused by a different counterparty that failed to deliver or failed to timely deliver it in connection with a preceding purchase for the client's account. Likewise, pursuant to the EU's Central Securities Depository Regulation effective February 2022, EU/EEA central securities depositories impose charges for late or failed settlements of any instrument that is cleared through an EU central clearing house or is settled by an EU trading venue or an EU/EEA central securities depository.

Some clients, for any number of reasons, are unable to or will not allow their accounts to pay the charges assessed against their accounts. Jennison evaluates each client's circumstances and will make a determination on a case-by-case basis to pay such charges on behalf of a client account.

Such penalties, charges, fees and commissions are exclusive of and in addition to our investment management fee, and we do not receive any portion of these penalties, charges, commissions, fees, and costs.

### Other Compensation

We do not receive other compensation related to the sale of securities or other investment products that we manage, such as mutual funds, UCITS, collective bank trusts, private funds or other investment vehicles. Our supervised persons do not receive compensation directly related to the sale of securities or other investment products, but the sale of our advisory services or interests in funds we manage is considered in the determination of the compensation of our sales personnel. Any such compensation would be payable by us and not our clients or investors.

## Item 6 - Performance-Based Fees and Side-By-Side Management

### Performance-Based Fees

As described in Item 5, we offer performance-based fee arrangements for select strategies to some clients. While the majority of our fee arrangements are asset-based, we have entered into individually negotiated performance-based fee arrangements with some clients.

As described in Item 5, we charge performance-based fees for certain product offerings and also for select strategies where such fee arrangements are acceptable to the client. The majority of our fee arrangements, however, are asset-based fees that are calculated based on the value of a client's portfolio at periodic measurement dates or over specified periods of time. Our performance-based fees are typically individually negotiated and are generally based on the capital appreciation of the account relative to an index or absolute performance over a period of time. Our performance-based fees typically include an asset-based management fee component which is either flat or includes breakpoints linked to the amount of assets in the account and which we collect regardless of the performance for the account. Some of our performance-based fees are derived from the percentage by which we outperform the benchmark against which the client's portfolio is measured. We will generally be entitled to be paid a portion of that percentage, although the formulas and specifics of these fees vary. In measuring clients' assets for the calculation of performance-based fees, net profits typically include both realized and unrealized capital gains and losses. Clients should refer to their fee schedule or offering document for more specific information on how any performance-based fees are calculated. Performance-based fees offer greater upside potential to us than asset-based fees, depending on how the fees are structured.

### Side-By-Side Management Conflicts of Interest

We manage accounts with asset-based fees alongside accounts with performance-based fees. This side-by-side management creates an incentive for us and our investment professionals to favor one account over another. Specifically, we have an incentive to favor accounts for which we receive performance fees, and possibly take greater investment risks in those accounts in order to bolster performance and increase our fees.

Other types of side-by-side management of multiple accounts create incentives for us to favor one account over another. Examples are detailed below, followed by a discussion of how we address these conflicts.

- **Long only accounts/long-short accounts.** We manage accounts in strategies that hold only long securities positions as well as accounts in strategies that are permitted to sell securities short. As a result, we may hold a long position in a security in some client accounts while selling the same security short in other client accounts. For example, we permit quantitatively hedged strategies to short securities that are held long in other strategies. We also permit securities that are held long by one fundamental portfolio manager to be held short by another fundamental portfolio manager. Additionally, we permit securities that are held long in quantitatively derived strategies to be shorted by other strategies. The strategies that sell a

security short held long by another strategy could lower the price for the security held long. Similarly, if a strategy is purchasing a security that is held short in other strategies, the strategies purchasing the security could increase the price of the security held short. By the same token, sales in a long only account can increase the value of a short position while shorting could create an opportunity to purchase a long position at a lower price. As a result, we have conflicts of interest in determining the timing and direction of investments.

- **Multiple strategies:** We may buy or sell, or may direct or recommend that one client buy or sell, securities of the same kind or class that are purchased or sold for another client, at prices that may be different. We may also, at any time, execute trades of securities of the same kind or class in one direction for an account and in the opposite direction for another account, due to differences in investment strategy or client direction. Different strategies effecting trading in the same securities or types of securities may appear as inconsistencies in our management of multiple accounts side-by-side.
- **Investments at different levels of an issuer's capital structure:** To the extent different clients invest across multiple strategies or asset classes, we may invest client assets in the same issuer, but at different levels in the capital structure. Interests in these positions could be inconsistent or in potential or actual conflict with each other.
- **Affiliated accounts/unaffiliated accounts and seeded/nonseeded accounts and accounts receiving asset allocation assets from affiliated investment advisers:** We manage accounts for our affiliates and accounts in which we have an interest alongside unaffiliated accounts. This creates an incentive to favor our affiliated accounts over unaffiliated accounts. Additionally, at times our affiliates provide initial funding or otherwise invest in vehicles managed by us. When an affiliate provides "seed capital" or other capital for a fund or account, it may do so with the intention of redeeming all or part of its interest at a particular future point in time or when it deems that sufficient additional capital has been invested in that fund or account. We typically request seed capital to start a track record for a new strategy or product. Managing "seeded" accounts alongside "non-seeded" accounts creates an incentive to favor the "seeded" accounts to establish a track record for a new strategy or product. Additionally, our affiliated investment advisers could allocate their asset allocation clients' assets to us, which creates an incentive for us to favor accounts used by our affiliate for their asset allocation clients to receive more assets from our affiliate.
- **Non-discretionary accounts or models:** We provide non-discretionary model portfolios to some clients and manage other portfolios on a discretionary basis. Recommendations for some non-discretionary models that are derived from discretionary portfolios are communicated after the discretionary portfolio has traded. The non-discretionary clients could be disadvantaged if we deliver the model investment portfolio to them after we initiate trading for the discretionary clients. Discretionary clients could be disadvantaged if the non-discretionary clients receive their model investment portfolio and start trading before we have started trading for the discretionary clients.



- **Higher fee paying accounts or products or strategies:** In general, we receive more revenues from (1) larger accounts or client relationships than smaller accounts or client relationships and from (2) managing discretionary accounts than advising non-discretionary models and from (3) non-wrap fee accounts than from wrap fee accounts and from (4) charging higher fees for some strategies than others. The differences in revenue that we receive could create an incentive for us to favor the higher fee paying or higher revenue generating account or product or strategy over another.
- **Personal interests:** The performance of one or more accounts managed by our investment professionals is taken into consideration in determining their compensation. We also manage accounts that are investment options in our employee benefit plans such as our defined contribution plans or deferred compensation arrangements and where our employees may have personally invested alongside other accounts where there is no personal interest. These factors create an incentive for us to favor the accounts where we have a personal interest over accounts where we do not have a personal interest. (Please see Item 11 for additional information).
- **Side Letters:** We have entered into side letters with respect to certain of the funds that we manage, and will likely do so with respect to funds that we manage in the future. Such side letters are agreements with investors in the funds (including affiliated investors) that grant such investors terms and conditions more advantageous than those granted to other investors. For example, some investors have side letters granting reduced fees or expenses, or access to more frequent or detailed information regarding the fund's investments. In some instances, we could have multiple side letters with respect to a single fund, each with a different investor.

### How We Address These Conflicts of Interest

The conflicts of interest described above create incentives for us to favor one or more accounts or types of accounts over others in the allocation of investment opportunities, aggregation and timing of investments. Portfolios in a particular strategy with similar objectives are managed similarly to the extent possible. Accordingly, portfolio holdings and industry and sector exposure tend to be similar across a group of accounts in a strategy that have similar objectives, which tends to minimize the potential for conflicts of interest among accounts within a product strategy. While these accounts have many similarities, the investment performance of each account will be different primarily due to differences in guidelines, individual portfolio manager's decisions, timing of investments, fees, expenses and cash flows.

Additionally, we have developed policies and procedures that seek to address, mitigate and assess these conflicts of interest.

- We have adopted trade aggregation and allocation procedures that seek to treat all clients (including affiliated accounts) fairly. These policies and procedures address the allocation of limited investment opportunities, such as IPOs and new issues, and the allocation of



transactions across multiple accounts. (Please see Item 12 for additional information about our brokerage practices.)

- We have policies that limit the ability to short securities in portfolios that primarily rely on our fundamental research and investment processes (fundamental portfolios) if the security is held long by the same portfolio manager.
- We have adopted procedures to review allocations or performance dispersion between accounts with performance fees and non-performance fee based accounts and to review overlapping long and short positions among long accounts and long-short accounts.
- We have adopted a code of ethics and policies relating to personal trading. (Please see Item 11 for additional information about our code of ethics and personal trading policies.)
- We have adopted a conflicts of interest policy and procedures.
- We provide disclosure of these conflicts as described in this brochure.

## Item 7 - Types of Clients

We provide portfolio management services to the following client types:

- Corporate defined benefit and defined contribution plans
- Taft-Hartley plans
- Charitable institutions, foundations, and endowments
- Municipalities and other governmental entities
- Trusts
- Consultants that are investment advisers and provide discretionary manager selection and oversight through outsourced chief investment officer services (“OCIOs”)
- Registered mutual funds and exchange traded funds and their investment managers and other financial institutions
- Individuals, primarily through wrap fee programs, collective and common trusts, and private funds
- Insurance companies with respect to their separate accounts
- Sovereign funds and foreign funds such as UCITS or Cayman Islands unit trusts, German Spezialfond or other pooled vehicles
- Other U.S. and international institutions

We also provide impersonal non-discretionary advice to sponsors of UMA programs and other financial institutions. We provide our services to both affiliated and non-affiliated clients. Our minimum account size varies by product, investment vehicle and the characteristics of the mandate. Non-wrap single client accounts have higher minimums than investments in commingled vehicles and accounts through wrap programs have lower minimums than other types of accounts. We waive these minimums at our discretion.

## Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

### Our Methods of Analysis

Each of the strategies that we offer is primarily based on our fundamental research and investment processes. Some of our strategies use quantitative methods and investment processes in addition to our fundamental research to manage portfolios.

*Our Fundamental Equity Research and Investment Processes.* We believe that internal fundamental research, bottom-up stock selection, and a highly interactive investment process are integral to seeking superior investment performance.

Investment ideas are generated through the bottom-up fundamental research of our experienced research teams. Our analysts are expected to be well versed in the sectors they cover, have comprehensively informed perspectives and seek to identify the most attractive opportunities within their areas of expertise. Our investment professionals have built strong industry and market sector networks which provide access to top company management. We routinely and frequently interact with companies, key sector competitors, and suppliers globally.

Our core belief is that a deeply researched understanding of company and industry fundamentals can lead to successful stock selection. We believe that careful scrutiny of financial statements provides the foundation for building a fundamental outlook and earnings model. We further develop our views of a company and its industry in meetings with customers, suppliers, and competitors. We meet with senior company management to test assumptions.

We believe our process elevates the investment debate by engaging all portfolio managers within a strategy 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.

*Our Custom Solutions Research and Investment Processes.* We use quantitative insights and solutions to create and manage our customized equity portfolios and quantitatively hedged portfolios. In general, our fundamental research process serves as the foundation for our customized portfolios. We typically base our customized portfolios on existing strategies that rely on our fundamental research and apply quantitative methods to manage sector and other portfolio characteristics to client-specified risk/return objectives and investment guidelines or restrictions. Our quantitative approach are designed to provide additional insights and complement our fundamental research process in order to optimize portfolio construction. For our quantitatively hedged portfolios, we use quantitative tools to manage the short holdings of the portfolio. Generally our customized portfolios do not purchase in securities offerings (e.g., IPOs and follow-on offerings).

*Our Fixed Income Research and Investment Processes.* The objective of our fixed income strategies is to provide the desired alpha without taking excessive fundamental risk. We are focused on investment grade fixed income securities. We believe that investment values, yield spreads and yield curve shapes will revert to the mean (average) over time. We build our investment portfolios from the bottom up and

make decisions based on our views of the attractiveness of individual securities. The foundation of our investment process is our fundamental credit analysis and the quantitative analysis of individual securities. We look for sources of alpha from a combination of security selection, yield curve management, sector rotation and active trading. We primarily purchase investment grade securities, particularly the investment grade market sectors such as Treasuries, agencies, agency mortgage-backed pools (including CMOs), investment grade corporates, asset-backed securities, CMBS, and exchange-traded futures. We typically try to keep portfolio duration in close alignment to that of the portfolio's benchmark.

While our investment process is primarily driven by bottom up analysis, we assess the overall risk position of our clients' portfolios using our in-house portfolio management system. Our proprietary system is a deep source of information regarding the risk of each security and each portfolio versus its benchmark and versus other similar portfolios. Our system provides our portfolio managers with a detailed matrix analysis of the portfolio versus the benchmark by ratings quality, partial durations, sector and subsector weightings and industry exposure. Additionally, our system provides index comparisons down to the level of individual issuer concentration. The information from our system allows us to adjust our bottom up process to optimize the overall portfolio characteristics.

We perform rigorous stress testing on individual securities and on the entire portfolio. We review option-adjusted duration and convexity on all securities, particularly mortgage-backed securities. We also run partial (key rate) durations daily on each bond and on the portfolio. We review closely the dispersion versus the portfolio benchmark both on a single portfolio basis and within groups of portfolios that are managed against the same benchmark. For corporate bonds, we establish internal credit opinions and review the issuers' credit quality.

We also review the portfolio concentration by industry and focus the portfolio in areas that have positive credit trends. We measure credit exposure by rating and duration daily. For example, our daily portfolio reports include the contribution to duration for each of the AAA, AA, A and BBB categories. Finally credit quality diversification by applying market value based thresholds based on credit quality is a key part of our risk management process.

Our fixed income portfolio managers manage our portfolios on a team basis. Portfolio managers generate ideas within their areas of expertise and then compare these to relative value in other fixed income market segments. We leverage the knowledge and experience of our investment team through a consensus-oriented interactive process whereby the team scrutinizes and challenges investment ideas across the sectors. This close and constant interaction among our portfolio managers enables us to leverage the knowledge and skills of the investment team and to efficiently make cross sector decisions.

*Environmental, Social and Governance Issues.* We recognize that Environmental, Social and Governance (ESG) issues potentially affect the long-term financial condition of a company, as well as the valuation and performance of a security. We define ESG as the risk or the opportunity to a company's market valuation or solvency resulting from financially material ESG factors. Although we view financially material ESG factors as important inputs to fundamental analysis which can help our investment professionals make better long-term decisions, a portfolio manager is not required to

consider financially material ESG factors for every investment decision. Accordingly, each investment strategy varies in the degree of consideration of material ESG factors from some more ESG focused strategies and funds placing more emphasis on financially material ESG factors to those strategies and funds that integrate financially material ESG factors by considering such factors as one of many inputs into determining whether to include or exclude an investment or those strategies that may place little to no consideration of ESG factors. In forming our opinion on the importance or impact of ESG factors on a company, we assess information from multiple sources, such as issuer disclosures, meetings with management, data and research from third party vendors and brokers, as well as research from our sustainability team.

Jennison is a signatory to the Principles for Responsible Investment (PRI), a United Nations-backed initiative focused on ESG issues.

## Our Investment Strategies for Separate Account and Managed Fund Vehicle Clients

We provide investment management services to separate account and managed fund vehicles in the following investment disciplines: Growth Equity, Small/SMid and Mid Cap Equity, Global Equity, Value, Custom Solutions and Fixed Income. We also manage equity portfolios in certain sectors and provide customized portfolio management services. Below is a description of select strategies in each of the disciplines and of sector and customized portfolio management services. Most portfolios are managed actively and invest free of tight benchmark sector constraints. Each fundamental equity strategy seeks to invest in specific companies regardless of benchmark sector classifications. We make no guarantee that the objectives of the strategy will be achieved.

### ■ *Growth Equity*

- *Large Cap Growth Equity*: We manage large-cap growth portfolios that vary by number of holdings and other characteristics and invest primarily in large capitalization growth stocks in the U.S. Portfolios seek capital appreciation and are built from the bottom up, based on our proprietary fundamental research. Our growth equity team believes that growth in earnings and cash-flows drive share prices over the long-term, and the team seeks to invest in exceptional companies with sustainable competitive advantages that can create long-term growth in economic value and generate superior returns for shareholders.
- *Global Healthcare/Health Sciences*: We manage both long-only and long/short portfolios that invest in global healthcare equities. The highly experienced healthcare team seeks capital appreciation with a growth investment style that uses bottom-up, analyst-driven fundamental research. Our goal is to find companies that are bringing the most innovative products and services to the market and maintain exposure to them throughout the development cycle. This includes looking for business models that increase the efficiency of the health care system by enhancing access to care, increasing or accelerating the diagnosis of disease, improving outcomes or lowering costs. The team looks for companies with seasoned management, attractive and growing end-markets, defensible competitive positions, prospects for durable earnings growth, high returns on capital, and solid balance sheets.

- *Small/SMID and Mid Cap Equity*

- *Small Cap Core Equity and Small/Mid (SMID) Cap Core Equity:* We manage small cap core equity and SMID cap core equity portfolios. We define our small cap universe as primarily U.S.-based companies with market capitalizations typically between \$150 million and \$5 billion and our SMID cap universe as primarily U.S.-based companies with market capitalizations typically between \$500 million and \$12 billion. Our small cap and SMID cap portfolios represent a blend of both growth and value styles; however, our small and SMID cap portfolio managers do not distinguish stocks in those styles when considering them for the portfolio. We seek to uncover companies that have attractive valuations, and that we believe should experience superior earnings growth in the intermediate term.
- *Mid Cap Growth Equity:* We manage mid cap growth equity portfolios. We define the mid cap universe as primarily U.S.-based companies with market capitalization typically between \$2 billion and \$30 billion. We seek to uncover companies that we believe have attractive valuations and that should experience superior earnings growth on an intermediate term basis.

- *Global Equity*

- *Global Equity Opportunities:* We manage global equity portfolios that vary by number of holdings and other characteristics. Our global equity opportunities strategy seeks capital appreciation by investing in companies around the world believed to be new market leaders with sustainable competitive advantages. It seeks to capture market upside and temper market downside and dampen portfolio volatility by assessing the correlations of individual holdings and the overall portfolio. Portfolios are built from the bottom up based on our fundamental research. The strategy has an integrated global perspective and has broad limits on country and sector weights.
- *International Equity Opportunities:* Our international equity opportunities strategy seeks capital appreciation by investing in companies outside of the U.S. that our investment team believes to be new market leaders with sustainable competitive advantages. It seeks to capture market upside and temper market downside and dampen portfolio volatility by assessing the correlations of individual holdings and the overall portfolio. Portfolios are built from the bottom up based on our fundamental research. The strategy has broad limits on country and sector weights.
- *Emerging Markets:* Our emerging markets strategy seeks capital appreciation by investing in companies around the developing world that the investment team believes to be market leaders with sustainable competitive advantages. It seeks to capture market upside temper market downside and dampen portfolio volatility by assessing the correlations of individual holdings and the overall portfolio. Portfolios are built from the bottom up based on our fundamental research. The strategy has broad limits on country and sector weights.

- *Global Next Generation (SMID) Equity Opportunities:* Our global next generation (SMID) equity opportunities strategy seeks capital appreciation by investing in companies around the world that are early in their life cycle. It seeks companies with positively inflecting revenue and earnings growth rates and long duration growth profiles. Portfolios are built from the bottom up based on our fundamental research. The strategy has an integrated global perspective and has broad limits on country and sector weights.
  - *International SMID Equity Opportunities:* Our international SMID equity opportunities strategy seeks capital appreciation by investing in companies outside of the U.S. that are early in their life cycle. It seeks companies with positively inflecting revenue and earnings growth rates and long duration growth profiles. Portfolios are built from the bottom up based on our fundamental research and have broad limits on country and sector weights.
- *Value Equity*
  - *Large Cap Value Equity:* We manage large cap value portfolios that vary by number of holdings and primarily focus on large cap value stocks. Our value investment team seeks investments in companies it believes are being valued at a discount to their true worth, as defined by the value of their earnings, free cash flow, the value of their assets, their private market value or some combination of these factors, and that possess a favorable return/risk profile.
  - *Global Infrastructure:* Our global infrastructure strategy seeks total return by investing in companies that own, operate, build, or service infrastructure assets. Through our global, diversified, and flexible portfolio construction approach, we seek to identify infrastructure and infrastructure-related service companies with above average cash-flow growth potential to create a high conviction portfolio which exhibits attractive risk-adjusted returns.
  - *Global Equity Income:* Our global equity income strategy seeks current income through investments primarily in income-producing global equity and equity-related securities of companies located around the world; capital appreciation is a secondary consideration. Our global equity income investment team seeks to temper market downside and dampen portfolio volatility by constructing a portfolio with high-quality companies that exhibit either above-average or sustainable dividends, along with favorable risk and volatility characteristics. Portfolios are built from the bottom up based on risk/reward analysis, along with balance and diversification requirements.
  - *Rising Dividend:* Our rising dividend strategy seeks total return by primarily investing in equity and equity related securities of high quality, large-cap companies that we believe have the ability to consistently grow their dividends. These include companies that may exhibit any or all of the following characteristics: strong and/or rising free



cash-flows; rising and/or above average ROIC or ROE relative to peers; low-to-average cash-flow payout ratio relative to industry peers; and/or management that demonstrates willingness to return cash to shareholders.

- *Sector Strategies:* We have specialized and experienced research analysts who have deep knowledge of their areas of focus and support the equity investment disciplines described above. We manage portfolios concentrated in the following sectors: health sciences and global infrastructure (both described above), global natural resources, utilities, master limited partnerships, financial services and technology.
- *Combination Strategies:* We also have strategies that combine two or more of the strategies listed above, such as blend equity or balanced. The blend equity strategy combines insights from multiple equity strategies into one portfolio. Balanced strategies combine equity and fixed income strategies.
- *Custom Solutions:* We offer customized portfolios that combine insights from our fundamental equity analysis with quantitative tools to meet client-specific objectives. Our disciplined and volatility management strategies are examples of those that blend fundamental analysis with quantitative tools. Because some of our customized strategies rely on insights from our fundamental equity strategies, these insights will be incorporated into the customized strategy after they have been implemented in the fundamental strategies.
- *ESG-Focused:* We manage ESG strategies that seek to invest in certain sustainability themes or assets.
- *Fixed Income*
  - *Active Long Duration Fixed Income:* Our long duration fixed income portfolios provide exposure to investment grade fixed income. We seek extra return from active trading of individual securities and yield curve management.
  - *Active Core/Intermediate Fixed Income:* Our core and intermediate fixed income portfolios invest in investment-grade fixed income securities and generally have higher average credit quality over time versus the benchmark. Individual security selection drives our corporate, ABS, agency, CMBS and CMO sector allocation.
  - *Asset/Liability:* We actively manage customized fixed income portfolios designed to match liability payments or non-standard indices.
  - *Passive Fixed Income:* We manage passive fixed income accounts on a “buy and hold” basis, against any benchmark index that reflects the client’s objectives. Although portfolio credit quality, and particularly, sector allocations may vary from the index, we seek to manage the duration and convexity features of the portfolio similar to those of the benchmark index. We also manage portfolios that are strictly indexed to a particular benchmark.



## Strategies offered to Wrap Fee and UMA Programs

Not all of our strategies are offered through Wrap Fee and UMA Programs and not all program sponsors offer all of our strategies. We offer the following capabilities through Wrap Fee and UMA Programs: Large Cap Growth, Focused Large Cap Growth, Large Cap Value, SMID, MidCap Growth, Global Equity Opportunities, International Equity Opportunities, and Global Natural Resources. We make no guarantee that the objectives of each strategy will be achieved.

## Primary Risks Associated with our Investment Process and Strategies

Investing in securities involves risk of loss that clients should be prepared to bear. Summarized below are certain important risks for clients and prospective clients to consider.

### Risks Applicable to Our Equity Strategies

- Equity Market Risk: Our equity strategies involve investing in U.S. or foreign securities. Equity markets increase or decrease in value depending on fundamental, economic, political and other factors. Equity markets can be volatile and may sometimes move up or down rapidly and unpredictably. Regardless of how an individual company performs, the value of its securities can decrease.
- Style Risk: We offer equity strategies that pursue different investment styles. At any point in time, an investment style may be out of favor for a period of time and may underperform the market in general, its benchmark or other investment styles. Some of our strategies pursue a growth style of investing. This style of investing can be subject to above-average fluctuations as a result of seeking higher than average growth in earnings and cash flows. Some of our strategies pursue a value investment style. The value style of investing is subject to the risk that the market may not recognize a security's intrinsic value for a long time or that a security judged to be undervalued may actually be appropriately priced. Historically, growth stocks have performed best during later stages of economic expansion and value stocks have performed best during periods of economic recovery. Some of our strategies pursue a blend of growth and value styles. These strategies will be subject to the risks of both value and growth investing. Growth and value stocks have historically produced similar long-term results, though each category has periods when one outperforms the other.
- Market Capitalization Risk: We offer equity strategies that focus on different areas of the capitalization spectrum as well as strategies that do not focus on any particular market capitalization segment. Generally, the stock prices of small- and medium-sized companies are less stable than the prices of large company stocks and can present greater risks. Smaller companies usually offer a narrower range of products and services than larger companies. They may also have limited financial resources and may lack management depth. As a result, securities issued by smaller companies tend to be less liquid and fluctuate in value more than securities of larger, more established companies. Meanwhile, large capitalization companies as a group could fall out of favor with the market, causing a strategy that focuses on or is more concentrated in large capitalization companies to underperform strategies that focus on

smaller capitalization companies. The same can happen to strategies that focus on small capitalization companies if they fall out of favor with the market relative to large capitalization companies.

- Initial Public Offerings Risk: Our non-wrap equity strategies may participate in the IPO market. The volume of IPOs and the levels at which the newly issued stocks trade in the secondary market are affected by the performance of the stock market overall. If IPOs are brought to the market, availability may be limited and if we seek to acquire IPO shares, we may not be able to buy any shares at the offering price for our clients, or if we are able to buy IPO shares for our clients, we may not be able to buy as many shares at the offering price as we would like. The securities involved in IPOs are often subject to greater and more unpredictable price changes than more established stocks. Such unpredictability can have an impact on our clients' account performance (higher or lower) and any assumptions by investors based on the impacted performance may be unwarranted. In addition, as our assets under management grow, the impact of IPO investments on performance will decline, which could reduce total returns for a client account. (Please see Item 12 for a description of our policies on the allocation of IPO securities.)
- Real Estate Investment Trusts (REITs): Some of our strategies invest in REITs. In addition to the risks generally associated with equities, the performance of a REIT depends on the strength of real estate markets, REIT management and property management, all of which can be affected by many factors, including national and regional economic conditions.
- Sector Risk: Some of our strategies focus on a single sector or grouping of industries and are exposed to sector risk. Sector risk is the risk that the strategy's concentration in the securities of companies in a specific sector or industry will cause the strategy to be more exposed to the price movements of companies in and developments affecting that sector than a more broadly diversified strategy. Because these strategies invest primarily in one sector, there is the risk that an account invested in the strategy will perform poorly during a downturn in that sector. Additionally, the strategy's holdings may vary significantly from broad market indexes and the performance of an account invested in a sector strategy may deviate from the performance of such indexes.
- Securities of ETFs and other Investment Companies: Some strategies from time to time invest in exchange-traded funds (ETFs) or securities of other investment companies, such as shares of closed-end investment companies, unit investment trusts, business development companies, and open-end investment companies. These types of investments represent interests in professionally managed portfolios that can invest in any type of instruments. Investing in ETFs and other investment companies involves substantially the same risks as investing directly in the underlying securities, but it involves additional expenses at the investment company-level, such as a proportionate share of portfolio management fees and operating expenses. Certain types of investment companies, such as closed-end investment companies and ETFs, are exposed to other risks: (i) an ETF's or closed-end fund's shares may trade above or below their net asset value; (ii) an active trading market for an ETF's or closed-end fund's shares may not develop or be maintained; or (iii) trading of an ETF's or closed-end

fund's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

- *Structured Securities*: Some of our equity strategies purchase structured securities, including participation notes, structured notes, low exercise price warrants and other related instruments. Such instruments are generally privately negotiated financial instruments where the interest or value of the structured security is linked to equity securities or equity indices or other instruments or indices (reference instruments). These instruments may be used to access certain non-U.S. markets, particularly emerging markets. They provide investors with economic exposure that is closely correlated with a direct holding in an individual stock, basket of stocks or equity indices via a single security. Issuers of structured securities include corporations and banks. Structured securities differ from debt securities in several aspects. The interest rate or the principal amount payable upon maturity or redemption may increase or decrease, depending upon changes in the value of the reference instrument. The terms of a structured security may provide that, in certain circumstances, no principal is due at maturity and, therefore, may result in a loss of invested capital. Receipt of the reference instrument is also, in certain circumstances exchanged upon maturity of the security.
- *Market Access Product Risk*: Investments in market access products such as P-Notes and low exercise price warrants which are linked to equity securities issued by an underlying company may entail significant risks not associated with investments in conventional equity securities. Market access products may lack a liquid secondary market, are subject to counterparty risk and, depending on the terms of the securities, may be redeemed at the option of the issuer at an inopportune time. Additionally interpretations by applicable tax authorities may change, causing an assessment of tax charges with respect to prior year transactions.
- *Frequent Trading Risks*: Some of our equity strategies are traded frequently where portfolio turnover can exceed 100%. These strategies are exposed to the risk that frequent buying and selling of investments will involve higher trading costs and other expenses that can affect the performance of the strategy over time. High rates of portfolio turnover can result in the realization of short-term capital gains, which could adversely affect the after-tax return for taxable clients.

#### Risks Applicable to our Fixed Income Strategies

- *Fixed Income Market Risk*: Our fixed income strategies involve investing in U.S. or foreign fixed income securities (including obligations of foreign issuers denominated in U.S. dollars). The value of these securities and other investments may move up or down, sometimes rapidly and unpredictably. Securities markets are volatile. Regardless of how an individual company performs, the value of its securities can decrease if financial markets fall.
- *Credit Risk*: Fixed income securities are exposed to credit risk. This is the risk that the issuer, the guarantor or the insurer of a fixed-income security, or the counterparty to a contract, may be unable or unwilling to make timely principal and interest payments or to otherwise honor

its obligations. Additionally, the securities could lose value due to a loss of confidence in the ability of the issuer, guarantor, insurer or counterparty to pay back debt. The longer the maturity and the lower the credit quality of a bond, the more likely its value will decline.

- *Interest Rate Risk:* Fixed income securities are subject to interest rate risk. This is the risk that fixed income securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Debt obligations with longer maturities generally are more sensitive to interest rate changes. In addition, short-term and long-term interest rates do not necessarily move in the same direction or by the same amount. An instrument's reaction to interest rate changes depends on the timing of its interest and principal payments and the current interest rate for each of those time periods. Instruments with floating interest rates can be less sensitive to interest rate changes. Certain types of debt obligations are also subject to prepayment and extension risk. When interest rates fall, the issuers of debt obligations may prepay principal more quickly than expected, and the account may be required to reinvest the proceeds at a lower interest rate. This is referred to as “prepayment risk.” When interest rates rise, debt obligations may be repaid more slowly than expected, and the value of the account's holdings may fall sharply. This is referred to as “extension risk.”
- *Spread Risk:* Portfolio returns are affected by changes in the spreads over risk-free rates of the underlying sectors and assets. In particular, a portfolio that is systematically overweighted in spread product would lose value if spreads widen. This systematic risk is dependent on the portfolio's exposure to various fixed income asset classes with varying degrees of spread risk.
- *Fixed-Income Obligations Risk:* As with credit risk, market risk and interest rate risk, our fixed income strategies' yield and total return may fluctuate in response to bond market movements. Certain types of fixed income obligations also may be subject to call and redemption risk where the issuer may call a bond held by an account for redemption before it matures and the account may lose income.
- *U.S. Government and Agency Securities Risk:* Our fixed income strategies invest in U.S. government securities and agency securities. In addition to carrying market risk, interest rate risk and credit risk, such securities may limit potential for capital appreciation. Not all U.S. Government securities are insured or guaranteed by the U.S. Government; some are only insured or guaranteed by the issuing agency, which must rely on its own resources to repay the debt. The maximum potential liability of the issuers of some U.S. Government securities may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. In September 2008, Fannie Mae and Freddie Mac were placed into a conservatorship by their regulator, the Federal Housing Finance Agency (“FHFA”). It is unclear what effect this conservatorship will have on securities issued or guaranteed by these entities. Although the U.S. Government has provided support to Fannie Mae and Freddie Mac, there can be no assurance that it will support these or other government-sponsored enterprises in the future.

- *Mortgage-Backed Securities Risk:* Our fixed income strategies invest in mortgage-backed securities, which are affected by, among other things, interest rate changes and the possibility of prepayment of the underlying mortgage loans. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.
- *Asset-Backed Securities Risk:* Our fixed income strategies also invest in asset-backed securities. Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities and asset-backed securities may not have the benefit of any security interest in the related assets.

### Risks Applicable to Our Equity and Fixed Income Strategies

- *Derivatives Risk:* Some of our non-wrap equity strategies invest in derivatives such as total return swaps and exchange-traded and OTC options from time to time. Our fixed income strategies may invest in exchange-traded U.S. Treasury futures contracts and options on futures contracts and interest rate swaps. Investing in derivative contracts involves risks different from or possibly greater than the risk associated with investing directly in a security. Risks include: 1) the value of the derivative may not correlate with the value of the underlying security or may correlate inversely; 2) any potential risk reduction may be offset with gain limitations; 3) derivatives may be difficult to price, thus involving additional payments by the portfolio; 4) possible adverse tax consequences; 5) possible unforeseen redemption request by a derivative counterparty increasing possible portfolio losses or costs, or preventing a portfolio from implementing its investment strategy; and 6) other risks, including but not limited to stock market, interest rate, credit, currency, liquidity, and leverage risks. Lastly, the U.S. Commodity Futures Trading Commission (“CFTC”) issued guidance that may adversely affect the treatment of separate accounts covered with a futures commission merchant (“FCM”) agreement (including in respect of futures and cleared derivatives transactions). Such agreements may not preclude the FCM from calling the underlying beneficial owner of the separate account for margin or otherwise limit the beneficial owner’s loss. An FCM thus must retain the ability to ultimately look to funds in other accounts of the underlying beneficial owner of the account held by that FCM, including assets in other accounts of the same beneficial owner managed by Jennison or another investment manager. For purposes of CFTC regulations governing disbursement of margin from clearinghouse customer accounts, the CFTC has granted time-limited no-action relief that allows an FCM to treat the separate accounts of a beneficial owner as accounts of separate legal entities in the ordinary course of business, provided certain conditions are met. If the conditions are not met or the CFTC no-action relief is not extended or replaced by a formal rule, there is a risk that separate account assets and/or our margining practices could be impacted. U.S. and various non-U.S. regulators have adopted and are continuing to implement regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements. Further amendment to these regulations and the adoption of additional requirements are likely to continue. Additional regulation of derivatives may make derivatives more costly, limit their availability or utility, increase concentration risk with exchanges that clear derivatives transactions and dealers that act as counterparties, or otherwise adversely affect their performance or disrupt markets.

- *Foreign Securities Risk:* Our strategies typically have some (and in some cases all) of their investments in securities of non-U.S. issuers, whether in the form of ADRs or U.S.-traded securities or securities traded in non-U.S. markets. Our fixed income strategies may invest in U.S. dollar denominated foreign bonds. Investing in securities of non-U.S. issuers can involve more risk than investing in those of U.S. issuers. Foreign political, economic and legal systems, especially in developing and emerging markets countries, may be less stable and more volatile than those in the United States. Foreign legal systems generally have fewer regulatory requirements than does the U.S. legal system. The changing value of foreign currencies could also affect the value of securities. Foreign countries may impose restrictions on the ability of their issuers to make payment of principal and interest or dividends to investors located outside the country, due to the blockage of foreign currency exchanges or other problems. Investments in foreign securities may be subject to non-U.S. withholding and other taxes. Emerging market investments are typically subject to greater volatility and price declines.
- *Committee on Foreign Investment in the United States Risk:* If an account makes an investment in a business that operates, or is otherwise connected to or involved in, an industry where national security is implicated (for example, certain technology-related investments, those involving sensitive data, or those the location of which implicates national security), the investment may be subject to review and approval by the Committee on Foreign Investment in the United States (and/or foreign regulators that are responsible for reviewing and approving such investments). If such a regulator reviews such an investment for an account, there is risk that the investment might become subject to restrictions that could limit or otherwise alter the nature of the investment, or that the investment could be altogether prohibited (or, for existing investments, might need to be unwound). These restrictions might prevent us from making certain types of investments, or cause investments to be subject to less advantageous terms than they otherwise would be.
- *Emerging Markets Securities Risk:* In addition to the risks described above with respect to foreign securities, investing in emerging markets involves heightened risks and special considerations. Such risks may include, but are not limited to: (a) greater social, economic and political uncertainty, including war; (b) higher dependence on exports and the corresponding importance of international trade; (c) greater risk of inflation; (d) increased likelihood of governmental involvement in, and control over, the economies; (e) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (f) greater volatility, less liquidity and smaller market capitalization; (g) greater volatility in currency exchange rates; (h) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (i) differences in auditing and financial reporting standards, which may result in the unavailability of material information about issuers; (j) less extensive regulation of the markets; (k) longer settlement periods for transactions and less reliable settlement, clearance and custody arrangements; (l) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (m) risk of nationalization or expropriation of assets or confiscatory taxation; (n) higher transaction costs generally; and (o) difficulty in enforcing contractual obligations and judgments. Additionally,



local custody services remain underdeveloped in many emerging and frontier markets and there are transaction and custody risks involved in dealing in such markets. In certain circumstances, the client may not be able to recover or may encounter delays in the recovery of some assets. In addition, restrictions on the opening of sub-custody accounts in certain countries may require us to gain exposure to those markets through other types of investments and could delay or impair implementation of our strategy.

- *Concentration Risk:* Certain strategies may hold a more limited number of issuers than other strategies with a similar investment strategy. A change in the value of securities could significantly affect the total value of a strategy with a limited number of issuers. By concentrating investments of a particular fund or account in a specific issuer or a smaller number of issuers, sector, market, industry, strategy, country or geographic region, that fund or account will be subject to the risks of that issuer, sector, market, industry, strategy, country or geographic region, such as rapid obsolescence of technology, sensitivity to regulatory changes, minimal barriers to entry and sensitivity to overall market swings, and could be more susceptible to risks associated with a single economic, political or regulatory circumstance or event than a more diversified portfolio might be.
- *Illiquid Securities and Restricted Securities Risk:* Some of our non-wrap strategies invest in instruments with lower trading volumes and may therefore make investments that may be less liquid than other investments. Additionally, some strategies invest in securities that are subject to legal restrictions on their sale. Restricted securities may be sold in privately negotiated transactions under exemptions from registration for sale to the public under applicable securities laws or in a public offering under applicable securities laws. Restricted securities are subject to the risk that we may not be able to find a willing private buyer when we want to sell; that we will have to hold the restricted security for a considerable period of time before it becomes registered; that the restricted securities may never become registered; or that when the security becomes registered, we are subject to lock ups that require us to hold the security for a period of time during which adverse market conditions develop for that security and we have to accept a less favorable price than we anticipated. When there is no willing buyer and investments cannot be readily sold at the desired time or price, we may have to accept a lower price or may not be able to sell the instrument at all. An inability to sell a portfolio position can adversely affect an account's overall value or prevent an account from being able to take advantage of other investment opportunities and could have an adverse effect on investment performance. Additionally, illiquidity and legal restrictions on sale can make a security difficult to value.
- *Short Sales Risk:* Our accounts that permit short sales (borrowing securities) are subject to short sales risk should the investment strategy initiate such a position.. There is a risk in short selling if we are unable to cover a short position on a timely basis and the price of the stock goes up.
- *Leverage Risk:* Our accounts that permit short selling and derivatives are exposed to leverage risk. Selling securities short is a form of leverage. The use of leverage may exaggerate the effect of any increase or decrease in the value of an account's holdings, and make any change

in an account's investment performance greater than it would be without the use of leverage. This could result in increased volatility of investment returns. Securities that are posted as collateral cannot be sold while the position they are collateralizing is outstanding, unless they are replaced with similar securities. This may limit an account's investment flexibility, as well as its ability to meet withdrawal requests or other current obligations. Leverage may also increase interest expense, which may lower an account's investment returns.

- *Model Risk*: We use quantitative tools in our research processes to analyze securities and to help us to make investment decisions. These models may be flawed or incomplete and may not produce the desired results.
- *Security Selection Risk*: The value of an individual security and, similarly, the value of an investment in that security, may rise or fall. Our investment processes for a particular strategy may favor specific securities, industries or sectors that underperform investments in other securities, industries, sectors, or the market generally.
- *ESG Investing Risk*: The analysis of ESG issues is integrated into our investment process for many of our investment strategies. This means that we consider the risk/return implications of ESG issues when making or evaluating investments. We also manage client portfolios that incorporate various client-driven ESG constraints as well as ESG Focused portfolio(s) with ESG constraints determined by Jennison (collectively "ESG Guidelines"). In each case, we utilize data and screens from third-party service providers in connection with applying ESG Guidelines. At times, such data may be incomplete, inaccurate or unavailable, which could impact or impair our ability to assess an issuer's business practices with respect to ESG criteria. There are significant differences in interpretations of what it means for a company to be an ESG investment, and Jennison's interpretations may differ from others. Additionally, our assessment of an issuer's ESG practices may change over time. Portfolios that are subject to ESG Guidelines could underperform accounts invested in a similar strategy without the same restrictions because the ESG Guidelines can force a portfolio manager to avoid or liquidate a well-performing security because it does not meet the ESG criteria.

The global regulatory environment applicable to ESG strategies is evolving and will lead to increased complexity and potentially conflicting regulatory regimes applying to us and the accounts (including funds) we manage. Further, certain ESG-related regulations (including the European Union's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector) contain elements of subjectivity, which could lead to our regulatory and legal interpretation differing from that of others and could also result in the regulatory reclassification of products that we manage, changes to our account-level disclosures and changes to our internal policies, procedures and processes. Compliance with ESG-related regulations could lead to increased costs for relevant accounts.

- *Portfolio Management Risk*: Actively managed strategies are subject to portfolio management risk. Our portfolio managers apply investment techniques and risk analyses in making investment decisions, but there can be no guarantee that these techniques will produce the desired results. Additionally, the securities selected by our portfolio managers may



underperform the markets in general, the account's benchmark and other accounts with similar investment objectives.

- *Dispersion Risk*: Performance dispersion among client portfolios may result from differences in cash flows, rebalancing, portfolio size and guideline restrictions.
- *Data Sources Risks*: We subscribe to external data sources that we use to enforce investment restrictions and to assist in making investment decisions. We also use external software applications to analyze performance attribution and to assist in investment decision making or investment research. As a result, if information that we receive from a third party data source is incorrect, we may not achieve the desired results. Although we have found the third party data sources to be generally reliable, we typically receive these services "as is" and cannot guarantee that the data received from these sources is accurate or complete, and are not responsible for errors caused by these sources.
- *Settlement Risk*: Settlement risk is the possibility that a trading counterparty fails to pay cash or deliver securities upon the scheduled settlement of a trade. All securities trading involves a degree of settlement risk, and such risk can be exacerbated by adverse market conditions. The inability to dispose of a security due to settlement problems could result in losses, and a delay in the settlement of a purchase could result in periods when cash is uninvested and no return is earned thereon.
- *Operational Risks*: We rely heavily on our portfolio management, trading, financial, accounting and other data processing systems. Operational risks arising from failed processes and systems, human error or external events, as part of the trading lifecycle (execution, confirmation, and settlement) as well as other activities in support of our clients, may cause financial loss, disruption to our business, liability to clients or third parties, regulatory action, or reputational harm. An increase in the volume or complexity of client transactions could increase these risks.
- *Trading Halt Risk*: An exchange or market may close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may result in a client's account being unable to buy or sell certain securities or financial instruments. In such circumstances a client's account could incur trading losses and there could be increased volatility and illiquidity. In addition, in such cases the value of account holdings may decrease and the accuracy of valuations could be impacted.
- *Technology and Cyber Security Risks*: Investment advisers, including Jennison, must rely in part on digital and network technologies to conduct their businesses and to maintain substantial computerized data relating to client account activities. These technologies include those owned or managed by us as well as those owned or managed by others, such as custodians, financial intermediaries, transfer agents, and other parties to which we or they outsource the provision of services or business operations.

Like all businesses that use computerized data, we and our affiliates, our third-party service providers, and their affiliates and service providers, and the systems we use are, under some circumstances, subject to a variety of cybersecurity related risks, including ransomware and other cyber or data extortion risks, and exposed to incidents or similar events that lead to the inadvertent disclosure of confidential personal, proprietary, or other non-public data to unintended parties or are subject to the intentional misappropriation, misuse, disclosure, encryption, threat to disclose, or destruction of such data by unauthorized parties or malicious actors mounting an attack on computer systems. We are also subject to disruptions to business operations and continuity risks, including system and supply chain failures, denial of service attacks, and ransomware and other destructive cyber attacks. Various actors, such as for-profit criminal hackers and nation-state sponsored or affiliated actors, engage in cyberattacks against the financial services sector. We could experience cybersecurity attacks from numerous sources. These attacks would likely be aimed at our computers, systems, networks, and cloud operations.

We and our affiliates have implemented and maintain an information technology security policy and program that includes certain technical, administrative, and physical safeguards intended to protect the integrity, availability and confidentiality of the data we have and the systems that store it. We take other commercially reasonable precautions to limit the potential for cybersecurity incidents or similar events, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction.

Nevertheless, despite reasonable precautions, cybersecurity incidents occur, and in some circumstances result in unauthorized access to or acquisition of sensitive information about us or our clients. In addition, such incidents could cause damage to client accounts, data or systems or affect account management.

Furthermore, our systems could fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our or others' control. Technology failures, whether deliberate or not, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on our business or our clients and could result in, among other things, financial loss, reputational damage, regulatory penalties, litigation, or the inability to transact business.

- Artificial Intelligence: Recent technological advances in artificial intelligence, including generative AI and machine-learning technology (together "AI") and its use by us or by third parties on whom we rely pose certain risks to Jennison and its clients. AI technologies offer potential benefits, and we expect to use AI to increase efficiency and support critical functions and processes. We also expect third parties on whom we rely to do the same. Certain third parties, such as investment analytics vendors, make available research or other information that is generated by AI in connection with their services that may be referenced in the investment process. Any output generated from AI is not the sole source of information used for investment decisions and portfolios are managed based on internal fundamental research, bottom-up security selection and a highly interactive investment process.

Risks associated with AI include cyber security threats because technologies (even if not used by us) could be used to create sophisticated phishing attacks or to bypass security measures, increasing the risk of cyberattacks and data and privacy breaches. Similarly, these technologies could be used to create forged documents or to impersonate individuals (such as by creating deepfakes of Jennison's executives) to commit fraud, which could impact our operations, lead to financial losses, and potentially impact client accounts. In addition, the use of AI trained on inaccurate data sets could result in inaccurate or biased decisions. Risks associated with these technologies are increased by their relative newness and the speed at which they are being adopted, and the lack of laws, regulations or standards governing its use. We cannot predict uses of AI in the future by itself or third parties.

- *Risk of Regulation:* We operate in a heavily regulated environment and are subject to regulation by various government entities. The laws and regulations impacting our business change from time to time; currently, we are operating in an environment of significant global regulatory reform in which such changes are frequent. New or revised laws and regulations could adversely impact accounts' abilities to pursue applicable investment strategies, and could increase the costs of investing and trading activities. Further, such legal and regulatory changes could increase compliance costs, some of which could be borne by market participants. We cannot predict the effects of future legal and regulatory changes on our business or the services we provide.
- *Recent European Events:* Recently in Europe, many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. Responses to these financial problems by European governments, central banks and others, including austerity measures and reforms, might not be effective in addressing these issues.
- *Public Health Risk:* Occurrences of epidemics and pandemics, depending on their scale, could cause different degrees of damage to national and local economies. Global economic conditions could be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption could adversely affect investment returns, despite any relevant vaccinations or treatments. There can be no certainty as to how long effects of such outbreaks will continue, particularly as markets grapple with unintended consequences of fiscal and monetary policies designed to curb any economic impact (such as inflation). These economic disruptions could negatively impact the value and performance of investments in client accounts, and there is no way to predict the extent of any such future consequences for clients
- *Conflicts of Interest Risks:* Various conflicts of interest are discussed throughout this document. Please review this information carefully and contact us if you have any questions.

Like other investment advisers, we are subject to various conflicts of interest in the ordinary course of our business. We strive to identify potential risks, including conflicts of interest, which are inherent in our business, and conduct formalized annual conflict of interest surveys. When actual or potential conflicts of interest are identified, we seek to address such conflicts through one or more of the following methods:

- elimination of the conflict;
- disclosure of the conflict; or
- management of the conflict through the adoption of appropriate policies and procedures.

We follow our policies on business ethics, insider trading, personal trading and information barriers. We have adopted a code of ethics (see Item 11), allocation policies and conflicts of interest policies, among others, and have adopted supervisory procedures to assess compliance with our policies. We cannot guarantee, however, that our policies and procedures will detect and prevent, or lead to the disclosure of, each and every situation in which a conflict may arise.

- *Sanctions and Related Considerations:* Economic sanction laws in the United States and other jurisdictions prohibit us, our personnel and accounts we manage from dealing or transacting with certain countries, organizations, companies, issuers, individuals and investments. Economic sanctions, and other similar and related laws and regulations, could make it difficult for an account to pursue certain investment opportunities and for portfolio investments to obtain or retain certain business, which could adversely impact an account, cause increased volatility and illiquidity and impact the accuracy of valuations.

In the United States (“U.S.”), the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which restrict or prohibit, among other things, direct and indirect transactions with, and the provision of services to, certain non-U.S. countries, territories, individuals and entities. These types of sanctions could significantly restrict or completely prohibit investment activities in certain jurisdictions, and violation of any such laws or regulations, may result in significant legal and monetary penalties, as well as reputational damage. OFAC sanctions programs change frequently, which may make it more difficult for us, our affiliates or our clients to ensure compliance. Moreover, OFAC enforcement is increasing, which may increase the risk that we, our affiliates or our clients become the subject of such actual or threatened enforcement.

- *Extraordinary Events:* Extraordinary events such as natural disasters, epidemics and pandemics, power outages, terrorism, war, conflicts and social unrest can occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. These impacts can be exacerbated by failures of governments and societies to appropriately respond to, and by public fear of, such an event or threat. For

example, any preventative or protective actions taken by governments in response to such crises or events could result in periods of regional, national or international business disruption. Clients could be negatively impacted if there are fewer investment opportunities, if there is reduced credit available to borrowers, if markets are more difficult to model reducing the accuracy of projections or valuations, if the value of their portfolio holdings decreases as a result of such events, if these events adversely impact the operations and effectiveness of the adviser or key service providers, or if these events disrupt systems and processes necessary or beneficial to the management of accounts

- *Risks Associated with Global Conflict:* War, conflict and civil disturbances around the world can have significant and negative economic effects, given the increasing interconnectedness of financial markets across the world. These events can cause significant disruptions to the global financial system and international trade; for example, they could impact supply chains and commodity prices, leading to inflation. They could impact abilities of accounts to source, diligence and execute investments. Further, they could result in sanctions against impacted countries, which could lead to various negative consequences as explained under “Sanctions and Related Considerations.” The ultimate impact of such events and their effects on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the accounts and their investments, is impossible to predict. There is no guarantee that any steps taken by us to mitigate any adverse impact of these conflicts will be successful. These types of events increase the threat of full-scale war, cyberattacks and further regional or global conflicts. It has also caused significant disruptions to the global financial system and international trade.
- *Rate of Inflation:* Inflation and heightened interest rates have had, and could continue to have, negative effects on the global and United States economies. In an effort to curb recent inflation, the United States Federal Reserve Board in March 2022 began increasing the federal borrowing rate. This led to drastic increases in interest rates. While increases in the federal borrowing rate have recently slowed, it is uncertain what future government efforts could be undertaken to curb inflation. Further, reversals of any such measures, particularly if not gradually effected, could lead to volatility in the financial markets. Thus, inflation could negatively affect the performance of accounts.
- *Social Media and Internet-Based Information Risks:* In recent years, social media platforms have become a means for instantaneous information sharing. Given the relative lack of regulation of these platforms, they can be used as vehicles for dissemination of inaccurate information. Any such information related to issuers could negatively impact the value of their securities.
- *Sustainability Risk:* Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a negative material impact on the value of investments. Sustainability risk can represent a risk on its own, and can contribute

significantly to other risks, such as market risks, liquidity risks or operational risks. Sustainability risks could have a negative impact on the market price of securities, and thus on the return of a fund or account. For example, climate change could lead to increasing intensity and instances of severe weather, leaving issuers vulnerable to financial hardships such as work stoppages, decreases in revenues and increased insurance premiums (or, if the issuer is an insurer, increased claims). Thus, issuers' abilities to repay debt, and the value of equity securities, could be negatively impacted. Further, if issuers underestimate or fail to adequately assess sustainability risks, negative impacts of sustainability-related events on their securities would be heightened. In addition, reputational risks caused by unsustainable acts of an issuer could adversely affect the market price of its securities.

- *Investing in Greater China Risk:* Investments in companies located or operating in Greater China involve risks of greater government control over the economy; political, legal and regulatory uncertainty; nationalization, expropriation, or confiscation of property; difficulty in obtaining information necessary for investigations into and/or litigation against Chinese companies, as well as in obtaining and/or enforcing judgments; limited legal remedies for shareholders; alteration or discontinuation of economic reforms; military conflicts, either internal or with other countries; inflation, currency fluctuations and fluctuations in inflation and interest rates that may have negative effects on the economy and securities markets of Greater China; and Greater China's dependency on the economies of other Asian countries, many of which are developing countries. Investments in Chinese companies may be made through a special structure known as a variable interest entity ("VIE") that is designed to provide foreign investors with exposure to Chinese companies. Investments in VIEs may pose additional risks because the investment does not represent equity ownership in the operating company. In addition, the Chinese government has placed restrictions on China-based companies from raising capital offshore, including through VIEs, and Chinese regulators have revised regulations applicable to VIEs, creating uncertainty about the VIE structure going forward. In addition, investors face uncertainty about future actions that could be taken by the Chinese government that could significantly affect the operating company's financial performance and the enforceability of the contractual arrangements underlying the VIE structure.
- *Financial Institution Risk:* Investments in accounts are subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the account assets fails to timely perform or otherwise defaults on its obligations, or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty. For example, two regional banks were placed in receivership under the Federal Deposit Insurance Corporation (the "FDIC") in March 2023. Such events can be caused by a variety of factors, such as eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a such an event, we (or the accounts, general partners, or portfolio companies) may be unable to access deposits, borrowing facilities or other services. Such events can have adverse effects on our ability to manage the accounts and their investments, and on our ability (or that of an account or portfolio company)

to maintain operations, which in each case could result in operational burdens, significant losses, and unconsummated investment acquisitions and dispositions. While assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the FDIC (in the case of banks), amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While governmental intervention can result in additional protections for depositors and counterparties in connection with such events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays, or negative impact on banking or brokerage conditions, or financial markets.

## Item 9 - Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of us or the integrity of our management. We have no facts or events to report in response to this Item.



## Item 10 - Other Financial Industry Activities and Affiliations

### Our Broker-Dealer Affiliations

Certain of our management persons and other employees are registered representatives of Prudential Investment Management Services LLC (PIMS), an affiliated SEC-registered broker-dealer. Jennison is an Office of Supervisory Jurisdiction of PIMS.

### CFTC Exemptions

We are not registered with the CFTC as a commodity pool operator or as a commodity trading advisor in reliance on exemptions from registration and no action letter positions. As such, our ability to provide advice with respect to commodity interests, such as exchange traded futures contracts and options on futures contracts is limited to the scope of the exemptions.

### Our Relationships with Affiliates and Related Conflicts of Interest

As an indirect wholly-owned subsidiary of Prudential Financial, we are part of a diversified, global financial services organization. We are affiliated with many types of financial service providers, including broker-dealers, insurance companies and other investment advisers. Some of our employees are officers of some of these affiliates.

- *Relationships with Affiliated Broker-Dealers*
  - PIMS provides marketing and administrative support in connection with the offer and sale of securities of commingled vehicles that we advise or subadvise for affiliated and non-affiliated persons. As noted above, certain of our management persons and other employees are registered representatives of PIMS.
- *Relationships with Affiliated Investment Vehicles*
  - Insurance Company Separate Accounts. We are the subadviser of certain separate accounts of PICA. Prudential Financial's benefit plans invest in some of the insurance separate accounts that we subadvise.
  - Mutual Funds. We serve as subadviser to mutual funds managed or co-managed by our affiliates PGIM Investments LLC (PGIM Investments) and AST Investment Services, Inc. (AST). These funds include the PGIM Investments family of funds, The Prudential Series Fund, and Advanced Series Trust mutual funds. Some of these mutual funds (as well as certain mutual funds sponsored by third party clients) are investment options in Jennison's defined contribution pension plan.
  - Collective and Commingled Trust Funds. Our affiliate, Prudential Trust Company (Pru Trust), a trust company organized under the Pennsylvania Banking Code, is the trustee of the Prudential Trust Company Collective Trust, the Prudential Trust Company Master

Commingled Investment Fund for Tax Exempt Trusts and the Prudential Trust Company Institutional Business Trust. We provide investment advice to certain funds under these trusts, and certain of our employees are officers and directors of Pru Trust. Prudential Financial's benefit plans are investors in certain sub-funds that we manage.

- *Affiliated Foreign Funds.* We manage sub-funds of PGIM Funds plc ("PF"), an Irish domiciled investment company organized as a UCITS. Five of the eight directors of PF are employees of Jennison or an affiliate. Additionally, we manage a sub-trust of PGIM Cayman Unit Trust ("Unit Trust"), an open-ended umbrella unit trust organized in the Cayman Islands. An affiliate of Jennison has invested seed capital in all Jennison-managed sub-funds of PF and the Unit Trust.
- *Private Funds and Hedge Funds.* We serve as general partner and provide investment management services to private funds that we organize and sponsor.

The SEC recently finalized rules expanding the regulation of private fund advisers. Under these rules, we are subject to additional and more significant regulatory and compliance requirements, some of which are costly and will have a material impact on us and/or our clients and could result in the imposition of restrictions and limitations on our operations and/or our clients.

- *Master-Feeder Funds.* We are the investment manager of the Jennison Global Healthcare Master Fund, Ltd. (the "GHC Master Fund") which is a master-feeder hedge fund structure. This structure has a master fund that is domiciled in the Cayman Islands and U.S. and non-U.S. feeder funds (collectively, the "GHC Funds"). Each of the feeder funds invest all or substantially all of its assets in the master fund. The directors of the GHC Master Fund and the non-U.S. feeder fund are employees of Jennison. We serve as the general partner or the managing member of the U.S. domiciled fund. Some employees, including the portfolio managers, have investments in the GHC Funds. In addition, an affiliate of Jennison has invested in the GHC Funds. We expect that our affiliate will redeem its investment at some point in the future when it deems that sufficient additional capital has been invested into the GHC Master Fund. Please see the Conflicts Related to Our Affiliations below for a discussion of potential conflicts arising out of this capital investment.
- *Relationships with Affiliated Investment Advisers*
  - As described above, we provide subadvisory services for mutual funds or other funds managed or co-managed by PGIM Investments and AST.
  - We currently provide or may in the future provide discretionary subadvisory or non-discretionary investment advisory services to our other affiliated investment advisers, which include PGIM, Inc. (PGIM), PGIM Japan Co., Ltd., Pru Trust, PGIM Limited, PGIM

Netherlands, and PGIM Securities Investment Trust Enterprise (Taiwan). We also have service agreements with certain affiliates, including PGIM Japan Co., Ltd., PGIM Limited, PGIM Securities Investment Trust Enterprise and PGIM (Singapore) Pte. Ltd., under which we may perform services for them or they may perform services for us.

- One of our other affiliated investment advisers, PGIM Quantitative Solutions LLC, provides asset allocation services to affiliates and third parties. PGIM Quantitative Solutions LLC allocates its clients' assets to both third parties and affiliated investment advisers, including us.
- Certain employees are certified persons for PGIM Limited, an affiliated SEC registered investment adviser that is authorized and regulated by the Financial Conduct Authority in the United Kingdom.
- *Relationships with Affiliated Insurance Companies*
  - As described above, we provide advisory services with respect to the separate accounts of PICA.

## Recommendation of Investment Advisers

We do not currently select other investment advisers for our clients.

## Conflicts Related to Our Affiliations

- *Conflicts Arising Out of Side-By-Side Management of Affiliated Accounts with Non-Affiliated Accounts.* Please see discussion of Side-By-Side Management in Item 6.
- *Other Conflicts Relating to Co-investment by Affiliates.* As described in Item 6, our affiliates may provide initial funding to start a new track record for a new strategy or product or otherwise invest in vehicles managed by us. When an affiliate provides “seed capital” or other capital for a fund or strategy, it may do so with the intention of redeeming all or part of its interest at a particular future point in time or when it deems that sufficient additional capital has been invested in that fund or strategy. In addition to the conflicts related to Side-By-Side Management described in Item 6, co-investment by affiliates can give rise to other conflicts described below.
  - The timing of a redemption by the affiliate redeeming its interest in a fund could benefit the affiliate. For example, the fund may be more liquid at the time of the affiliate's redemption than it is at times when other investors may wish to withdraw all or part of their interests.
  - A consequence of any withdrawal of a significant amount, including by our affiliate, is that investors remaining in the fund will bear a proportionately higher share of fund expenses following the redemption.

- We could also face a conflict if the interests of an affiliated investor in a fund we manage diverge from those of the fund. For example, our affiliates hedge some or all of the risks associated with their seed capital investments in funds that we manage. We assist in connection with this hedging activity.
- *Conflicts Arising Out of Legal Restrictions.* At times, we are restricted by law, regulation, contract or other constraint as to how much, if any, of a particular security we can purchase or sell on behalf of a client, and as to the timing of such purchase or sale. These restrictions may apply as a result of our relationship with Prudential Financial and our other affiliates. For example, our holdings of a security on behalf of our clients may, under some SEC or other regulations, be aggregated with the holdings of that security by other Prudential Financial affiliates. These holdings could, on an aggregate basis, exceed certain thresholds unless we limit holdings and restrict purchases. We are also restricted from purchasing or selling securities of Prudential Financial or its affiliates for client accounts. In addition, we could receive material, non-public information with respect to a particular issuer and, as a result, be unable to execute transactions in securities of that issuer for our clients. This information can be received voluntarily or involuntarily and under varying circumstances, including upon execution of a non-disclosure agreement or from an affiliate. In some instances, we may create an isolated information barrier around a small number of our employees so that material, non-public information received by such employees is not attributed to the rest of Jennison. We are generally able to avoid receiving material, non-public information from our affiliates by maintaining information barriers to prevent the transfer of information between affiliates. (For additional information about our information barriers, please see Item 11).
- *Conflicts Arising Out of Employee Affiliations.* We could limit or restrict trading of an issuer in client accounts where the portfolio manager is related to a person who is senior management or a director of a public company.
- *Conflicts Arising Out of Affiliations of Our Affiliates.* Certain of our affiliates (as well as directors or officers of our affiliates) are officers or directors of issuers in which we invest from time to time. These issuers may also be service providers to us or our affiliates. We monitor such conflicts.
- *Conflicts Relating to Research by Our Affiliates.* Some of our affiliates develop and may publish research that is independent from our research. We and our affiliates may hold different opinions on the investment merits of a given security, issuer or industry. As a result, we may purchase or hold a security for a client and an affiliate may simultaneously be selling or recommending a sale of the same security or other securities of the same issuer, or vice-versa. While these conflicting positions between us and our affiliates may lead to different investment results for our respective clients, we believe that our exercise of judgment that is independent of that of our affiliates is part of our fiduciary obligations.
- *Conflicts Relating to Securities Lending by Our Affiliate.* PGIM provides securities lending services to some of our affiliated advisory and subadvisory clients, which creates an incentive, with respect to those affiliated accounts for which PGIM provides securities lending, to invest

in securities that would yield higher securities lending rates to PGIM and additional assets for the affiliated funds. However, we believe that this risk is minimized because of informational barriers between PGIM and Jennison.

- *Conflicts Arising Out of Our Business Relationships.* We and our affiliates have service agreements with various vendors that are also investment consultants or brokers used to execute trades for client accounts or prime brokers. Under these agreements, we or our affiliates from time to time compensate these vendors for certain services, including software, market data and technology services, or conferences. Our clients may also retain these vendors to provide investment consulting services or other services. The existence of these service agreements with us or our affiliates creates an incentive for the investment consultants to favor us when they advise their clients. We do not, however, purchase services from investment consultants because they recommend us to their clients. Similarly, services provided by brokers or prime brokers creates an incentive for us to select these brokers who provide these services to execute client transactions over those that do not provide these services. We have policies and procedures relating to the selection of brokers and the use of client commission that are designed to manage and mitigate this conflict. (For additional information about these policies, please see our response to Item 12.)

Additionally, we may invest client assets in securities of companies with whom we or an affiliate have a business relationship, such as another client, a vendor or investment consultant. The existence of these business relationships can create a conflict that we will invest client assets into those securities in order to gain a benefit for ourselves. While we cannot eliminate this conflict, we believe that our policies and procedures are designed to manage and mitigate this conflict. We believe that our investment decisions are based upon our independent judgment and consistent with our fiduciary obligations to our clients.

We retain service providers to provide various services for our firm as well as for funds that we manage or subadvise. A service provider may provide services to us or one of our funds while also providing services to our affiliates or funds managed or co-managed by our affiliates and may negotiate rates in the context of the overall relationship. We may benefit from negotiated fee rates offered to our funds and vice-versa. There is no assurance that we will be able to obtain advantageous fee rates from a given service provider negotiated by our affiliates based on their relationship with the service provider, or that we will know of such negotiated fee rates.

- *Conflicts Relating to Investment Consultants.* Many of our clients and prospective clients retain investment consultants (including discretionary investment managers and OCIO providers) to advise them on the selection and review of investment managers (including with respect to the selection of investment funds). We have dealings with these investment consultants in their roles as discretionary managers or non-discretionary advisers to their clients. We also have independent business relationships with investment consultants.

We provide investment consultants with information on accounts we manage for their clients (and similarly, we provide information about funds in which such clients are invested), in each case pursuant to authorization from the clients. We also provide information regarding our

investment strategies to investment consultants, who use that information in connection with searches they conduct for their clients. We often respond to requests for proposals in connection with those searches.

Other interactions we have with investment consultants include the following:

- we serve as investment adviser for the proprietary accounts of investment consultants and/or their affiliates, and as adviser or sub-adviser to funds offered by investment consultants and/or their affiliates;
- we invite investment consultants to events or other entertainment hosted by us;
- we purchase software applications, market data, access to databases, technology services and other products or services from certain investment consultants; and
- at times, we pay for the opportunity to participate in conferences organized by investment consultants.

We generally provide clients with information about our relationships with their investment consultants upon request. In general, we rely on the investment consultant to make the appropriate disclosure to its clients of any conflict that the investment consultant believes to exist due to its business relationships with us.

Our clients should be aware that their relationship with an investment consultant may result in restrictions in the eligible securities or trading counterparties for their accounts. For example, accounts of certain clients (including clients that are subject to ERISA) may be restricted from investing in securities issued by the client's consultant or its affiliates and from trading with, or participating in transactions involving, counterparties that are affiliated with the investment consultant. In some cases these restrictions could have a material impact on a client's account performance.

- *Conflicts Arising Out of Relationships with Trading Counterparties.* Our relationships with broker-dealers and other counterparties, particularly those affiliated with large financial services organizations, are complex. These relationships with trading counterparties include the following:
  - We invest client assets in securities issued by trading counterparties or their affiliates;
  - We provide investment management services with respect to the accounts of certain trading counterparties or their affiliates;
  - Trading counterparties or their affiliates select us to manage accounts of their clients and invest assets of their clients in funds we manage;
  - Trading counterparties distribute funds we manage or subadvise and such funds may be included on the investment platforms of trading counterparties;

- Broker-dealers serve as prime brokers to funds we manage;
- We or funds that we manage participate in certain broker-dealer capital introduction programs;
- As noted above, trading counterparties provide both internally generated and third-party research to us; and
- Family members of some of our personnel maybe employed by trading counterparties or their affiliates.

All of these relationships pose the potential for a conflict in the selection of counterparties to execute client transactions.



## Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### General

We maintain a code of ethics as required by applicable SEC rules. Our code of ethics requires employees to conduct business in an honest and forthright manner in accordance with the highest of ethical standards. In addition, the code of ethics requires employees to put client interests ahead of our own and disclose actual and potentially meaningful conflicts of interest. We also require the reporting and pre-approval of outside business activities where such activity might create a perceived conflict. The code of ethics incorporates our personal trading policies that are described in greater detail below. Our employees are required to report any violation of the code of ethics promptly to our Chief Compliance Officer. Employees are required to receive training on our code of ethics and complete an attestation verifying that they have complied with the Code of Ethics and Compliance Program policies.

We will provide a copy of our code of ethics to clients or prospective clients upon request.

### Policy on Safeguarding the Receipt of Material Non-public Information and Information Barrier Policy

In the ordinary course of our business, we receive material, non-public information. Material, non-public information can be received voluntarily or involuntarily and under varying circumstances, including upon execution of a non-disclosure agreement, through relationships with friends or any family member or individual living in the same household, or serving on an ad hoc or official investment committee. Jennison personnel expect to engage the services of expert networks and we could also involuntarily receive material, non-public information from such networks and political intelligence firms.

We have policies and procedures relating to material non-public information (MNPI) as embodied in our Safeguarding the Receipt of Material Non-public Information Policy. Our policies require our employees to escalate and report the receipt of potential MNPI to the compliance and legal departments. Additionally, Prudential Financial's information barrier standard, which applies to us, is designed to prevent the communication of MNPI across the various Prudential Financial asset management investment sectors. Under the standard, an employee of one investment sector, including Jennison, may not communicate MNPI to an employee of another investment sector without approval from each sector's compliance department. The information barrier standard also restricts physical access to an investment sector's offices by employees of a different investment sector.

We maintain a restricted list of issuers where trading in the securities of that issuer is prohibited due to the receipt of MNPI or potential MNPI (Restricted List). Our client and personal trading activities are screened on a pre-trade basis against our Restricted List. Any transaction in an issuer on the Restricted List must be approved by our compliance department.

Contractual obligations owed by us to third parties to maintain confidentiality and legal and regulatory requirements prevent us from sharing (or may limit our ability to share) material, non-public

information, information based on material, non-public information (including, but not limited to analyses), or other confidential information with clients and others.

### Personal Trading Policy

We maintain a personal trading policy that governs the trading activities of our employees as well as their household members and dependents. Subject to certain limited exceptions, employees are required by the policy to:

- report personal securities transactions to our compliance department;
- pre-clear personal securities transactions, including investments in private placements;
- maintain brokerage accounts only with certain approved brokers that report transaction information to our compliance department; and
- annually report securities holdings to our compliance department.

We consider all of our employees to be “access persons.” All of our employees are subject to additional restrictions under the policy, including the following:

- employees are prohibited from purchasing securities in IPOs;
- employees are generally prohibited from transacting in options and futures;
- employees are generally prohibited from trading any security within seven days before or after we trade such security (or an equivalent security) for client accounts subject to certain de minimis exceptions;
- employees are generally prohibited from selling the same security within 60 days; and
- investment personnel are subject to additional restrictions.

We review personal trading activity versus firm trading and the Restricted List, and any matches are investigated by our compliance department. Our Compliance Council meets regularly to consider possible violations and take disciplinary action where appropriate.

All employees receive training regarding our personal securities trading policy and information barrier standards. In addition, employees must confirm quarterly that they have read and understand our code of ethics, including the personal securities trading policy and complied with all of our policies.

### Investment Professional Compensation

Total compensation for our investment professionals, including portfolio managers and analysts, is typically comprised of a combination of base salary and cash bonus. We base the size of the overall incentive compensation pool on our profitability.

In determining an investment professional's total compensation, we evaluate numerous qualitative and quantitative factors. Not all factors are applicable to every investment professional, and we have no particular weighting or formula for considering the factors. The factors considered for evaluating a portfolio manager will differ from those reviewed for a research analyst or a portfolio manager with research responsibilities. The factors that we consider may include:

- The long term (typically three – five year or longer) investment performance of all of the accounts managed in the same strategy (composite) relative to market conditions, indices and peers;
- For the healthcare portfolio managers, carried interest from certain accounts that they manage;
- Contribution to client portfolio performance of the investment professional's recommended securities relative to market conditions, the strategy's passive benchmark and the investment professional's coverage universe;
- Qualitative factors such as teamwork, responsiveness, experience, and other responsibilities such as being a team leader.

Additionally, senior investment professionals, including portfolio managers and senior research analysts, are eligible to participate in a voluntary deferred compensation program where all or a portion of the cash bonus can be deferred. Participants in the deferred compensation plan are permitted to allocate the deferred amounts among certain options that track the gross-of-fee pre-tax performance of accounts or composites of accounts managed by Jennison.

### **Conflicts Related to Compensation**

The overall incentive compensation pool of our investment professionals is based on Jennison's profitability and as such, it creates an incentive for a portfolio manager to favor the accounts that could have a greater impact on Jennison's profitability. Additionally, certain investment professionals receive carried interest from certain accounts that they manage. These investment professionals could have an incentive to favor these accounts. To address potential conflicts related to these financial interests, we have procedures, including supervisory review procedures, that we believe are designed to mitigate and monitor this conflict. We believe that these procedures seek to provide that each of our accounts is managed in a manner that is consistent with our fiduciary obligations, as well as with the account's investment objectives, investment strategies and restrictions. (Please see Item 6 for additional information about potential conflicts of interests related to our investment professionals' compensation.)

### **Conflicts Arising Out of Securities Holdings**

Prudential Financial, PICA's general account, our proprietary accounts and accounts of other affiliates of ours (collectively, affiliated accounts) may, at times, have various levels of financial or other interests in companies whose securities we may hold, purchase or sell in our client accounts. This may occur because affiliated accounts hold public and private debt and equity securities of a large number

of issuers and may invest in some of the same companies as our client accounts. Additionally, investments of affiliated accounts and our client accounts may be at different levels in the capital structure of a company. At any time, these interests could be inconsistent or in potential or actual conflict with positions held or actions taken by us on behalf of other client accounts. For example, we may invest client assets in the equity of companies whose debt is held by an affiliate. Additionally, to the extent permitted by applicable law, we may also invest client assets in offerings of securities the proceeds of which are used to repay debt obligations held in affiliated accounts or other client accounts. Our interest in having the debt repaid creates a conflict of interest. We have adopted policies and procedures to address this conflict. While these conflicts cannot be eliminated, we have implemented policies and procedures, including adherence to Prudential Financial's information barrier standard, described above, that seek to provide that, notwithstanding these conflicts, investments of our clients are originated and managed in their best interests.

We may be unable to invest client assets in the securities of certain issuers as a result of the investments of our affiliates described above.

### Conflicts Relating to Our Trading

- *Personal Trading by Our Employees.* Personal trading by our employees creates a conflict when they are trading the same securities or types of securities as we trade on behalf of our clients. A portfolio manager that personally owns a security could decide to buy or sell the same security for client accounts. Similarly, an analyst that personally owns a security could recommend the security to be purchased or sold for client accounts. Additionally, our employees could purchase private investments that could become eligible for purchase for or to be recommended for purchase for client accounts when the investment becomes publicly traded in the future. Our personal trading policy and procedures, described above, seek to mitigate these conflicts.
- *Other Employee Interests.* Similarly, a conflict of interest is created when employees have a personal interest in the same securities or types of securities as we trade on behalf of clients. A portfolio manager may be related to a person who is senior management or a director of a public company. Our personal trading and personal conflicts of interest and outside business activities policies and other procedures seek to mitigate these conflicts.
- *Side-By-side Management of Accounts.* Please see Item 6 for a description of conflicts of interest related to our side-by-side management of accounts.
- *Aggregation of Affiliated Account Transactions with Unaffiliated Account Transactions.* Please see Item 12 for a description of conflicts related to aggregation of affiliated account transactions with unaffiliated account transactions.

### Conflicts Relating to Our Research Activities

In addition, from time to time, our employees may come into possession of MNPI during the course of conducting routine business matters, e.g., meeting with senior management of publicly held

companies or voluntarily accepting nonpublic information relating to an issuer's financing activities. When we are in possession of such information, we typically restrict all accounts from purchasing or selling securities or implement other restrictions or procedures.

### Conflicts Related to the Offer and Sale of Securities

Certain of our employees may offer and sell securities of managed fund vehicles that we manage. Employees may offer and sell securities in connection with their roles as registered representatives of PIMS or officers of Pru Trust. (Please see discussion of these affiliations in Item 10.) There is an incentive for our employees to offer these securities to investors regardless of whether the investment is appropriate for such investor since increased assets in these vehicles will result in increased advisory fees to us. While such sales could result in increased compensation to the employee, none of these employees receive compensation directly related to the sale of such securities. (Please see "Other Compensation" in Item 5.)

### Other Conflicts

- *Gifts & Entertainment.* Our employees may occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws and regulations and rules of self-regulatory organizations. We maintain a gifts and entertainment policy to address the conflicts of interest related to gifts and entertainment, such as the appearance of having given or received something of value that influenced our business decisions or the business decisions of our clients. The policy requires the reporting and preclearance of gifts, meals and entertainment received which exceed certain thresholds. In addition, our employees are prohibited from soliciting the receipt of gifts, meals or entertainment. Our compliance department periodically reviews gifts and entertainment activity for trends and to confirm compliance with the policy.
- *Political Contributions.* Due to the potential for conflicts of interest, Jennison has established policies and procedures relating to political contributions that are designed to comply with applicable federal, state and local law. Under this policy, all employees (and their immediate family members living in the same household, including but not limited to their spouses and dependent children) must obtain preapproval before making any political contribution. This policy also prohibits Jennison employees from making any political contributions with the intent of influencing a public official regarding the award of a contract to Jennison or its affiliates.
- *Charitable Contributions.* We have a conflict of interest when making contributions to a charitable organization that is affiliated with, or is favored by, one of our clients. Charitable contributions could give the appearance of our improperly favoring one individual or institution over another or of our seeking to exert an improper influence on the requestor or recipient of a contribution. Contributions to certain recipients could also present money laundering or terrorist financing risks. We have adopted policies and procedures that seek to address these risks as well as to review and approve requests for charitable contributions from individuals or institutions with which we have a business relationship. Our procedures require that we make contributions to bona fide charitable organizations. Each contribution is subject to a number

of approvals. From time to time, we may receive marketing benefits when we provide corporate sponsorships to charitable organizations. Corporate sponsorships that convey a marketing benefit to us are subject to an additional approval process. In addition, our employees may contribute personally to charitable organizations. Any personal contributions which exceed a certain threshold require reporting and pre-approval under the gifts and entertainment policy.

- *Outside Business Activities.* From time to time, certain of our employees or officers may engage in outside business activities, including outside directorships. Outside business activity where an employee is a director, officer, employee, partner or trustee or otherwise holds any other position of substantial interest is subject to prior approval pursuant to our personal conflicts of interest and outside business activities policy and procedures. Actual and potential conflicts of interest are analyzed by Jennison's Ethics Advisory Group. We could be restricted in trading the securities of certain issuers in client portfolios in the unlikely event that an employee or officer, as a result of outside business activity, obtains material, nonpublic information regarding an issuer.

## Item 12 - Brokerage Practices

### Brokerage Generally

Transactions in equity securities are usually executed through brokers (including prime brokers) that act as agent and receive a commission paid by the client account for which the transaction is executed. Fixed income and over-the-counter securities are generally traded with dealers acting as principal without a stated commission. The dealer's compensation (margin or spread) for principal transactions is reflected in the price of the security. Money market obligations may be transacted directly with the issuer. Underwritten offerings of stock and intermediate and long-term debt securities may be purchased at a fixed price including an amount of compensation to the underwriter.

Transactions for client accounts must be made through brokers, dealers, futures commission merchants and other counterparties on our approved counterparty list.

### Factors Considered in Approving Counterparties

Counterparties for our equity and fixed income securities transactions are approved by the applicable Counterparty Executive Team. Criteria for approval include:

- Regulatory net capital
- Long- and short-term credit rating
- Share price and share price trend
- Credit default swap spreads and spread trends
- Relevant news
- Market presence
- Industry reputation
- Regulatory standing, including but not limited to, fines, sanctions, etc.
- Clearing arrangements (fixed income)

### Factors Considered in Selecting Counterparties

Factors we may consider in selecting an approved counterparty to execute a particular transaction include:

- Price
- Commission
- Order size
- Liquidity
- Expertise in handling the asset class
- Expertise in the relevant geographic region and/or with the relevant securities exchange
- Preservation of confidentiality
- Efficient execution
- Ability to work orders over time
- Quality of back office operations, settlement processes, and the absence of errors
- Willingness to commit capital
- Trading infrastructure, such as access to trading algorithms or networks, or basket trading capabilities
- Counterparty risk
- Conflicts of interest
- Regulatory limitations
- Client directed guidelines
- Counterparty concentration

We do not consider sales of mutual fund shares or the compensation paid in connection with the sales of mutual fund shares in selecting brokers to execute transactions for our clients' accounts.



### *Wrap Accounts and UMAs and Non-Discretionary Models*

We typically place all transactions for our clients in wrap programs and dual contract programs with the sponsor of the wrap program or a broker/dealer designated by the sponsor or dual contract client. We do not negotiate commission rates for these clients because the commissions are included in the overall fees charged by the sponsor or are negotiated by the client with the sponsor. If we were to place trades for wrap program clients away from the sponsor, these costs would be typically paid by the wrap program client in addition to the wrap program fee. We do not place trades for UMA programs or other clients that use our non-discretionary models. Clients in wrap, dual contract, UMA programs or other clients that use our non-discretionary models should satisfy themselves that the sponsor or designated broker/dealer is able to meet their needs.

## **Execution of Trades**

We seek to obtain efficient executions for client accounts at a price (including commissions where applicable) that provides the most favorable total cost or proceeds reasonably attainable in the circumstances (best execution). In light of the factors above, our clients may pay transaction costs in excess of that which another firm might have charged for executing the same transaction. Jennison believes that the interests of our clients are best served by brokerage policies that include a fair commission rather than merely requiring the payment of the lowest possible commission rates. Additionally, a larger commission may be more than offset by a more favorable execution quality or price or other service provided by the broker. Additionally, these prices may be influenced by the size of our past and future business with respect to all of our clients' trading activity with a broker. Subject to our duty to seek best execution, when we believe it to be appropriate under the circumstances, we use "step outs," where the executing broker steps out all or a portion of a transaction to another broker which receives the commission and settles the trade. Typically, step outs enable us to place aggregated transactions with our primary execution brokers, satisfy client directed brokerage arrangements or pay for research provided by a non-execution broker.

We have policies and procedures to review and assess brokers/dealers and the quality of their executions. We periodically review the allocation of brokerage, commission rates where applicable, the services that they provide, the quality and cost of research provided, and other relevant information. We believe that we are able to negotiate costs on client transactions that are competitive and consistent with our policy to seek best execution. Jennison continues to monitor commission rates in the industry to help determine the reasonableness of commissions to be charged to the accounts.

## **Execution of FX Transactions**

We execute foreign currency (FX) transactions in order to settle trades in non-US securities, income repatriation and non-US currency cash flows. We execute FX transactions through our approved counterparties or our clients' custodians. We will execute FX transactions through a client's custodian when directed by a client or when local market rules or settlement practices indicate this to be a more efficient method for settling our trade orders. We will seek to aggregate FX transactions when doing so would be in the clients' best interests and where permitted by applicable regulation. When we execute through custodians at the direction of our clients, our execution is generally subject to the

limitations and considerations described below under “Client Directed Brokerage.” We have a process to monitor and review the quality of executions of FX transactions.

## Research and Soft Dollar Benefits

We receive both proprietary research (created or developed by the broker-dealer) and third party research (research developed or created by third party) that aid in our investment decision making or services that aid in trade execution from brokers (brokerage services). Under the safe harbor provided under Section 28(e) of the Securities Exchange Act of 1934, our equity business pays for these research and brokerage services with our equity clients’ brokerage commissions (soft dollars). Accounts in our wrap fee programs and our fixed income business do not pay for research with soft dollars. The use of soft dollars to pay for this research is a benefit for us because we do not have to pay for this research using our own money (hard dollars).

The receipt of soft dollar benefits creates a conflict of interest because it can create an incentive to select or recommend a broker-dealer based on our desire to receive research or brokerage services rather than our clients’ interest in receiving best execution. In order to mitigate this conflict, when selecting a broker to execute client transactions in return for soft dollar benefits, we seek the best execution and most advantageous price in light of the overall quality and reliability of brokerage taking into account the factors outlined above.

We may pay higher commissions than would be obtainable for execution by other brokers where research is not obtainable in recognition of the value of the soft dollar benefits. In such cases, we make a good faith determination that the higher commission is reasonable in relation to the value of research and brokerage services provided, viewed in terms of either that particular transaction or our overall responsibilities with respect to all of our clients’ accounts.

We have policies and procedures to address and track the use of client commissions to pay for eligible soft dollar services. In accordance with the procedures, we have a comprehensive CSA program (described below) and regularly review the amount of brokerage allocated to brokers that provide us with soft dollar services.

Each quarter, a budget for research to be paid for with client commissions is established. The budget is then allocated through a research vote (“Research Vote”) process in which equity portfolio managers and research analysts (“Investment Professionals”) assess the value of research provided to Jennison during the applicable quarter. Subject to Jennison’s duty to seek best execution and applicable laws and regulations, Investment Professionals allocate a dollar amount to each research provider based on the Investment Professional’s assessment of the value of the research provided by such research provider. The determination and evaluation of the reasonableness of the commissions paid is based primarily on the professional opinions of the Investment Professionals who utilize the research. We use agency or eligible riskless principal transactions executed through unaffiliated broker-dealers to generate soft dollar credits to pay for the research and brokerage services and products described below. We do not make binding commitments as to the level of brokerage commissions we will allocate to a broker, nor do we commit to pay cash if informal targets are not met.

## Commission Sharing Arrangements

Jennison makes payments for permissible soft dollar benefits either via a portion of the commissions paid to the executing broker, or through a commission sharing arrangement (“CSA”). CSAs enable us to effect transactions, subject to best execution, through brokers who agree to “unbundle” their commission rates in order to allocate a portion of eligible commissions into a pool that can be used to pay for research from providers with which Jennison does not have a brokerage relationship. In the event of a broker-dealer’s default or bankruptcy, commissions allocated through CSAs may become unavailable for the benefits described below.

Jennison pays for proprietary research that is not paid through a CSA by trading directly with the broker that produced the proprietary research (“Research Trades”). Jennison also pays for brokerage services such as execution management services by trading with the broker that provides the brokerage services. These commissions do not separate out the cost of research or brokerage service from the cost of execution and are considered bundled commissions.

Orders are generally aggregated across all accounts purchasing or selling the same security at the same time pursuant to Jennison’s Trade Aggregation Policies, as described below. Accordingly, all accounts participating in a CSA or Research Trades pay the same commission rate for trades and share pro rata in the costs of the particular transaction.

Participation in CSAs enables Jennison to consolidate payments for brokerage and research services through one or more channels using accumulated client commissions or credits from transactions executed through a particular broker-dealer to obtain brokerage and research services provided by other firms. Such arrangements also help Jennison strengthen its relationships with key brokers while still maintaining relationships with research providers which facilitates our ability to seek best execution in the trading process. Jennison believes CSAs are useful in its investment decision-making process by, among other things, providing access to a variety of high quality research, individual analysts, and resources that Jennison might not otherwise be provided absent such arrangements. Moreover, CSA arrangements allows Jennison to select the research services it feels are the most valuable to its research process and in turn most beneficial to its clients.

## Allocation of Soft Dollar Benefits

We use soft dollar research to benefit one, a few or all of our clients, including accounts of our affiliates that we manage. We also use soft dollar research to benefit client accounts other than the client accounts that paid the soft dollar commissions. Research is not generally allocated to client accounts proportionately to the soft dollar credits that the accounts generate.

## Products and Services Acquired with Client Brokerage Commissions

We use soft dollars to pay for a broad range of proprietary and third party research that is used to supplement our internal research and aid in investment decision-making. These research services can include the following: information on the economy, industries, groups of securities and individual companies, statistical information, market data, accounting and tax law interpretations, information regarding political developments, pricing and appraisal services, credit analysis, technical analysis,

risk measurement analysis, performance analysis and other information regarding matters that may affect the economy and/or security prices. Research may be received in the form of written reports, periodicals, investment seminars, conference attendance, software, computer databases, access to corporate management and industry spokespersons, security analysts, economists and government representatives. We also utilize expert networks.

Additionally, we use soft dollars to pay for brokerage services such as execution management systems and dedicated lines to communicate with the brokers.

To the extent that we receive both administrative benefits and research and brokerage services provided by brokers, we make a good faith allocation between the administrative benefits and the research and brokerage services and pay for the administrative benefits in hard dollars. From time to time, we independently acquire for uses other than its investment management of client accounts the same services as those provided by a broker. In such instances, we pay hard dollars for those services.

### **MiFID II Considerations**

As of January 3, 2018, the European Union's Markets in Financial Instruments Directive II ("MiFID II") provides that investment advisers registered in the European Union may receive investment research provided by third parties only if certain requirements are met. As a U.S. registered investment adviser, and as a firm not authorized with the FCA in the UK or any other European regulator, Jennison is not directly subject to the requirements imposed by MiFID II. Because Jennison believes that the use of commissions to obtain research and brokerage services enhances our investment research and trading processes, including access to resources Jennison might not be provided absent such arrangements, all clients will continue to pay for soft dollar benefits as described above in accordance with our policies and procedures. Jennison does not have an established policy for clients subject to MiFID II as each client may apply the requirements under MiFID II differently and likely through contractual terms that we would consider on a case-by-case basis (for example, the reimbursement by Jennison of soft dollar benefits paid by a MiFID client whose fee structure considered such reimbursement). We expect global market practices will continue to evolve in response to the changes in the European Union over time and will make further adjustment to our policies and practices as that happens.

### **Brokerage for Client Referrals**

In selecting or recommending broker-dealers, we do not consider whether we or any of our related persons receive referrals from such broker-dealers or any other third parties.

### **Client Directed Brokerage**

We do not typically recommend, request or require that non-wrap clients direct us to execute transactions through a specified broker-dealer. Wrap and UMA client transactions are typically handled through the wrap client's wrap designated broker-dealer (typically the wrap or UMA sponsor's designated broker-dealer). We do not permit our fixed income or quantitative clients to direct the use of a particular broker-dealer for their accounts. However, we permit our non-wrap equity clients to

direct the use of a particular broker-dealer for U.S. equity trades in their account subject to our ability to obtain best execution. Any such instructions should be in writing. We may also accommodate arrangements certain clients have with brokers under which the clients recapture a portion of the commissions paid to such brokers.

We will seek on a best efforts basis to meet the client directed brokerage target rates, subject to our need to seek best execution with respect to all trading activity. We typically limit the percentage of commissions that can be subject to client direction by investment strategy. The percentage of directed brokerage trades is calculated based on total U.S. dollar denominated commissions generated by each directed brokerage client where the broker-dealer is not committing capital to facilitate the trade (“non-risk commissions”). In designating the use of a particular broker, dealer or other person, the client must understand:

- All brokerage transactions, including directed brokerage transactions, are subject to best execution. As such, while we will use our best efforts to honor a Client’s Directed Brokerage Arrangement, we may not be able to satisfy a Client’s Directed Brokerage Arrangement due to our obligation to seek best execution;
- A Client Directed Brokerage Arrangement may result in the client paying higher commissions than other clients that do not have Client Directed Brokerage Arrangements;
- The client, and not Jennison, is responsible for negotiating commission rates and other terms with any client-selected broker-dealer(s);
- A Client Directed Brokerage Arrangement may result in the client trading after other clients’ aggregated orders, and that the client may receive execution at higher or lower prices than Jennison’s other clients that do not have Directed Brokerage Arrangements;
- Clients should evaluate the relative costs, advantages and disadvantages to them of directed brokerage when considering whether or not to direct us to use one or more specific brokers.
- ERISA accounts may be subject to additional requirements and restrictions with respect to directed brokerage.

## Cross Trading

Subject to applicable law and rules and in accordance with our policies and procedures, from time to time we effect cross transactions between U.S. registered investment company accounts. We do not receive additional compensation in connection with such cross transactions.

## Trade Aggregation and Allocation Policies

Our trade aggregation and allocation policies and procedures are intended to produce fairness over time but may not produce mathematical precision in the allocation of individual purchases and sales of securities because of the transaction costs that may be incurred to do so. Our policies and procedures are also intended to be consistent with our duty to seek the best reasonably available price

based on the facts and circumstances at the time of execution, i.e., “best execution” for all accounts under our management.

### Aggregation of Trades

Our general practice is to aggregate orders for multiple client accounts participating in the order as a single bunched order where appropriate to obtain best execution. A conflict of interest exists when we aggregate orders, of favoring certain clients (such as affiliated clients, large clients and those in which we have some other interest) over other clients. In order to mitigate this conflict, we have adopted policies and procedures that require: (1) all accounts that participate in the same order receive the same average price and same commission rate on the transaction; (2) we maintain documentation specifying each account or strategy that is participating in the order and its allocation prior to the entry of the order (pre-allocation statement); and (3) allocation of a fully executed order in accordance with the pre-allocation statement or if a partially executed order, on a pro-rata basis. Any exceptions to these procedures must be documented as further described below under Trade Allocation.

Certain clients may be subject to restrictions that prohibit the use of one or more broker/dealers. Accordingly, these restrictions may prevent a client’s account from being aggregated with other clients’ orders. If a client’s account cannot be aggregated with other clients’ orders, we may place the order for the client with the restriction with a different broker/dealer and at a different time than the aggregated order which will likely result in the orders being executed at different prices.

### Trade Allocation for Equity Accounts

Generally, we allocate orders to purchase and sell securities on behalf of clients’ accounts pro-rata based on size of the eligible clients’ accounts in the same strategy that are participating in the order by the portfolio manager. Orders that are not allocated pro-rata based on size of participating accounts require either a description of the allocation methodology being used or the order falls within one of the exemptions set forth in our policy. The conditions under which a portfolio manager may deviate from allocating pro-rata, based on the size of the account, that do not require documentation include, but is not limited to, the following circumstances: de minimis allocations, accounts with cash flows, investment guidelines or restrictions, account rebalancing or true up and other account specific factors. Order allocation is not based on account performance, fee structure, or any proprietary interest that we or our affiliates may have in an account. Traders who select brokers to execute clients’ orders are required to then allocate such orders after they have been executed in accordance with the pre-allocation instructions.

Conflicts in the allocation of investments can arise when orders are not filled or when we were not able to purchase the investment in sufficient quantity for all participating accounts, such as in the purchase of an IPO. In order to mitigate the conflict of favoring one account over another in the allocation of limited investment opportunities, we have adopted allocation policies specific to IPOs.

### Initial Public Offerings (Equity)

The IPO allocation policy is intended to provide that over time, IPOs are allocated in a fair manner to all eligible accounts and across all of our eligible equity investment strategies. The Portfolio Manager



for a given account or strategy makes a decision to participate in an IPO. We allocate IPO shares to the same target weight pro rata to each participating account based on the account's assets under management unless an exception is approved in accordance our policies and procedures.

### **Trade Allocation for Fixed Income Accounts**

The following applies to all fixed income trades, including those of new issues. We typically allocate fixed income trades on a pro rata basis (in proportion to the market value of the account or by size of holding) among participating eligible accounts in the same strategy. Orders that are not allocated pro-rata based on size of participating accounts require either a description of the allocation methodology being used or the order falls within one of the exemptions set forth in our policy. The conditions under which a portfolio manager may deviate from allocating pro-rata, based on the size of the account, that do not require documentation include, but is not limited to, the following circumstances: de minimis allocations, accounts with cash flows, investment guidelines or restrictions, account rebalancing or true up and other account specific factors. If the security is an existing holding or in the same sector as other existing holdings, we may increase or decrease the amounts allocated to each account in order to true up percentages held or sector weights in each account. If the trade is not of a size to permit broad distribution among all eligible accounts, we may allocate the trades on the basis of a computer generated list of eligible accounts in a random order. If an account receives a de minimis allocation based on the random list method, the portfolio manager may decline the allocation and we will allocate the amount among the other eligible accounts on the list or next eligible account on the list.

From time to time we seek to enter a single order for futures or corporate bonds for multiple client accounts that are traded side-by-side. This is commonly referred to as a "block order." Block orders may result in "split fills" (an execution of a block order at more than one price) or "partial fills" (an execution of a block order at less than specified quantities). We allocate block orders and any resulting split and/or partial fills in a non-preferential, predetermined and objective manner.

### **Trade Allocation and Aggregation for Wrap Fee Accounts**

The following applies to all trades that we place on behalf of accounts that are in wrap fee programs. Our traders for our MA accounts place orders to purchase and sell securities on behalf of our JMA accounts with the various program sponsor's designated broker-dealers. We aggregate trades for multiple JMA accounts in the same strategy and with the same sponsor. Generally, orders are placed with Jennison's Quantitative Traders either directly by a portfolio manager or are generated by investment models created and managed by portfolio managers. We typically allocate executed transactions on a pro-rata basis in proportion to the order size among participating eligible accounts. We do not purchase securities in underwritings (IPOs for example) for accounts in managed account programs.

### **Order Placement of Wrap Fee Account Transactions**

For JMA accounts, trading away from the sponsors of wrap account and dual contract programs incurs brokerage commissions and fees that would not be incurred if the JMA accounts are traded through the program sponsor or clearing broker-dealer. Accordingly, JMA accounts are normally traded through



the program sponsor or clearing broker -dealer by Jennison's Quantitative Traders. JMA orders (for both discretionary and non-discretionary platforms/sponsors) are not aggregated with non-wrap account orders and are placed independently of the other Equity and Quantitative orders. Although a JMA arrangement may influence Jennison's selection of brokers for the client in question, such an arrangement does not eliminate our duty to seek best execution on behalf of the client.

### Rotation Among Wrap Fee Account Platforms

Jennison's Quantitative traders use a computer-based randomizer to set the daily order with which JMA sponsors and designated broker/dealers will be contacted. The JMA randomizer lists the sequence in which each JMA strategy should be traded, and then lists the specific order in which sponsors and broker/dealers should be contacted within each strategy. The Jennison Quantitative traders typically place orders in accordance with the randomizer's output. However, permissible reasons for deviating from the randomized sequence include but are not limited to, liquidity and time zone considerations. When placing orders, depending on market conditions, the trader may wait for the execution of the prior placed order before placing the next order. If no orders are placed during a day, the Quantitative trader will re-run the randomizer at the start of the next trading day. To the extent possible, we include sponsors of the UMA Programs that use our non-discretionary models in the random list so that we can communicate changes to our recommendations to the non-discretionary model in the order of the resulting rotation. However, some sponsors have either operational or other constraints that prevent us from including them in the rotation. In such cases, we communicate the recommendations for these non-discretionary models either after we have placed or executed orders for our discretionary JMA accounts or communicated changes to the sponsors using the non-discretionary models not subject to such constraints.

### Trade and Operational Error Correction

We maintain a Trade and Operational Error Policy that provides that errors governed by the policy are corrected as soon as reasonably possible in a fair and reasonable manner. When we calculate the financial impact of an error, we seek to provide a remedy that is fair to our clients so that our clients are reimbursed when a loss occurs but do not receive undue performance gain or windfall. We notify clients of trade or operational processing errors in accordance with the policy and the methodology used to calculate the impact of the trade or operational processing error, as well as the resolution. We may have an incentive to correct errors in our favor to reduce the financial impact of reimbursements.

To avoid potential errors in client accounts, our policy permits trades, where appropriate, to be cancelled or modified prior to settlement. In addition, our policy provides that a transaction in one client's account may be avoided through reallocation, prior to settlement, to another client's account, subject to certain conditions. A copy of our Trade and Operational Error Policy is available upon request.

At our discretion, we may reimburse certain clients for mistakes that are not deemed errors.

### Other Matters Related to Account Transactions

### Trading Ahead of Cash Settlement

We are not required to invest cash flows in client accounts prior to confirmation that the cash has been received by the client's custodian. We may, in our discretion and at the request of our clients, choose to invest cash prior to such settlement so long as the client provides adequate assurances that the cash will be received by its custodian prior to the settlement date for the investment. Any losses or other costs incurred as a result of the failure to deliver cash by the date specified in our client's instruction will be the responsibility of the client.

### Settlement Period

From time to time we look to shorten the settlement of our trades in order to meet the demands of client cash flows. Additionally, for non-U.S. trading we may extend or shorten the settlements for certain markets in order to effectively manage cash. Also, certain types of transactions (e.g., private offerings or restricted securities) have settlement periods that are longer than those of exchange traded transactions.

### Master Trading Agreements

Certain investment strategies that we manage utilize derivatives such as swaps, futures, and options, or forward settling transactions such as agency mortgage-backed securities. These types of transactions typically require the negotiation of an agreement with one or more counterparties (for example, ISDA master agreements, customer agreements with futures commission merchants, or Master Securities Forward Transaction Agreements (collectively, "Master Agreements")).

Counterparties to Master Agreements generally require credit approval and the satisfaction of other due diligence requirements prior to executing a new agreement or adding a new account to an existing Master Agreement. This can be a lengthy approval process that typically does not begin until a client's investment management agreement is signed and delivered to the counterparty. Clients may receive requests for information for the counterparties. Any failure to provide the requested information in a timely manner can result in a delay in the launch of client accounts or delay in the ability to transact in such instruments for the account.

## Item 13 - Review of Accounts

### Periodic Review of Client Accounts by the Investment Teams

- *Asset Management Accounts in General*

We have a team approach to portfolio management, although each portfolio manager has individual accountability for the accounts under his or her supervision.

Each strategy group meets regularly to discuss such topics as the results of trading, the performance of client accounts and new or ongoing issues. Our investment team heads have responsibility for reviewing analytics on a regular basis and providing oversight of their investment teams.

- *Fund Vehicles*

Some of our assets under management are held in U.S. registered mutual funds, collective investment trusts and other managed investment funds that we subadvise. In these subadvised accounts, we and the investment portfolios we manage are subject to the oversight of the investment manager for the account, in addition to oversight by the boards of directors, plan trustees or investment committees of each account, as applicable.

### Additional Ongoing Review of Accounts

Control functions such as our compliance team also review and monitor that our trading processes follow our policies and procedures. The control functions report results of these analyses to senior management in the Legal, Compliance and Risk teams. Other functions such as product management also review and assess information regarding accounts. Some examples of these independent reviews include:

- daily compliance review of accounts to assess consistency with guideline restrictions;
- periodic review of trading to examine allocation, trade errors, and timing of placements of orders; and
- periodic review by the appropriate groups of individuals charged with oversight responsibility for our investment management, trading and related activities. These groups of individuals are identified below.

The groups of individuals (which may be constituted as committees, councils, or advisory groups) charged with oversight responsibility as mentioned above include our:

- trade management oversight councils;
- pricing committees;
- proxy committee;
- performance council;
- operations council;

- risk management committee; and
- compliance council.

## Reports to Clients

We offer written reports to our clients regarding their accounts. Our written reports that we offer to institutional and subadvised clients generally include the following:

- Non-Wrap Separate Account Equity Clients

- Monthly:
- (1) Statement and Appraisal of Assets
  - (2) Statement of Activity
  - (3) Summary of Security Transactions
  - (4) Statement of Performance Evaluation
  - (5) Portfolio & Benchmark Characteristics
  - (6) Commission Analysis

- Fixed Income Separate Account Clients

- Monthly:
- (1) Statement and Appraisal of Assets
  - (2) Statement of Activity
  - (3) Cross Section Analysis (Accounts that do not trade futures only)
  - (4) Analysis of Bond Transactions
  - (5) Collateral Movements
  - (6) Statement of Performance Evaluation
  - (7) Statement of Realized Gains and/or Losses

Additionally, we offer commentaries in which our investment professionals discuss the general performance of the strategy during the preceding quarter to all discretionary account clients. The commentaries describe economic and market conditions that may have influenced performance, as well as other factors, such as particular industry, sector, security or other weightings.

We understand that our clients may have varying requirements to complete their due diligence and ongoing monitoring programs, and we work with our clients to provide the necessary information and reporting.

- Wrap Program Clients

Clients in wrap fee or managed account programs (including Dual Contract accounts) receive reports from the sponsor or financial intermediary. Jennison provides reporting to the program sponsors and will, upon request, provide reports to a client's financial intermediary.

## Item 14 - Client Referrals and Other Compensation

Other than research and brokerage-related services described in Item 12 under the caption “Soft Dollar Benefits,” we do not receive economic benefits from anyone who is not a client in connection with the advisory services we provide to our clients. We may, from time to time, have arrangements where we compensate, either directly or indirectly, affiliated and/or unaffiliated solicitors for client referrals. The manner and amount of compensation would typically be negotiated on a case-by-case basis, in compliance with legal requirements. To the extent required by law, we will enter into a written agreement with such solicitors.

We have an agreement with a third-party solicitor based in the U.S. to introduce prospective investors to our global healthcare hedge funds and to provide client service to such investors. Under this agreement, we pay the solicitor a referral fee based upon a percentage of the manager’s compensation we receive from clients introduced by the solicitor.

## Item 15 - Custody

We do not take physical custody of the assets of our clients. Client assets are typically held in custodial accounts with banks, broker-dealers or other qualified custodians typically retained by our clients under arrangements negotiated by them.

Although we do not have possession of client assets, under SEC rules we are deemed to have custody of client assets when we or one of our affiliates act as a general partner of a limited partnership, managing member of a limited liability company or comparable position for a pooled vehicle or trustee of a trust that we manage. Additionally, we are deemed to have custody when our clients permit us or an affiliate to deduct our management fees directly from their custodial accounts.

Our clients for which we are deemed to have custody generally will receive account statements from their custodians no less frequently than quarterly and should carefully review those statements. Where our fees are deducted from the client's custodial account, the statements will show those deductions. As described in Item 13 above under "Review of Accounts: Reports to Clients," we also generally provide reports to our clients. Some of the types of information we provide in those reports are comparable to information in the account statements clients receive from their custodians. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities or sources of market data. We urge our clients to compare the account statements they receive from their qualified custodians with those statements that they receive from us.

Private funds managed by Jennison are subject to an annual independent audit, and the audited financial statements must be distributed to investors within 120 days of the end of the funds' fiscal year.

A client's custody agreement with its custodian may contain authorizations with respect to the transfer of client funds or securities broader than those in the client's written investment management agreement with Jennison. In these circumstances, Jennison's authority is limited to the authority set forth in the client's written investment management agreement with Jennison regardless of any broader authorization in the client's custody agreement with its custodian. The custodian's monitoring, if any, of the client's account is governed by the client's relationship with its custodian.

## Item 16 - Investment Discretion

We typically have the discretionary authority to purchase and sell assets for client accounts. For most of our clients, this authority is granted pursuant to a written investment management or similar agreement between the client and us. For clients in wrap fee programs, clients enter into wrap fee account agreements with the sponsor that contain a power of attorney appointing us to manage the client's wrap fee account in the selected strategy. Clients in dual contract wrap fee programs enter into investment management agreements directly with us to grant us authority to manage their account in the selected strategy.

Our discretionary authority to manage client accounts is in all cases subject to the specific objectives, guidelines and limitations set forth in the investment management agreement, separate agreement or other written instruction by an authorized party.

Investment guidelines generally set forth the universe of eligible investments and issuers. As noted in Item 4, guidelines may also contain restrictions or limitations such as the following:

- a list of prohibited issuers or types of issuers;
- percentage limitations regarding the investment in certain issuers, groups of issuers, sector or instruments or types of investments;
- limitations on the use of derivatives; or
- percent limitations on foreign securities.

Additionally, some clients impose certain investment limitations on purchasing securities of companies that engage in certain types of businesses (for example, prohibit investment in tobacco or cannabis companies). If the client has not provided a list of prohibited securities, we rely on the list provided by a third-party vendor. These vendors provide the information "as is" and we cannot guarantee the accuracy of such information. We are not responsible for incomplete or inaccurate data.

Certain clients are subject to additional investment, diversification and other limitations imposed by applicable law, including the Employee Retirement Income Security Act of 1974 (ERISA), the Investment Company Act of 1940, the Internal Revenue Code, other local or state laws or UCITS.

Some clients impose limitations or restrictions on the receipt of unrelated business taxable income or U.S. effectively connected income. The clients should be aware that certain publicly traded investments are structured in a manner that could result in the allocation of income that could be treated as unrelated business taxable income ("UBTI") if the security is held by tax exempt entities, such as corporate pension plans, foundations or endowments, or treated as effectively connected income ("ECI") to non-U.S. clients. Although we seek to identify and avoid such investments for these clients, due to the difficulty in identifying these securities and the reliance on third party vendor information that can be inaccurate or incomplete, we cannot guarantee that a client will not receive UBTI or ECI.

Client-imposed investment restrictions limit our freedom of action with respect to an account, and, as a result, the performance for accounts for which such investment restrictions are imposed will differ



from, and may be worse than, the performance of accounts within the same strategy that lack such restrictions. Client accounts in which client-imposed investment restrictions are believed to have a potentially material impact on the implementation of the strategy are, based on Jennison's judgment, excluded from the strategy's performance composite.

Clients should also understand that in order for Jennison to fully exercise our discretionary investment management authority, Jennison asks clients to execute and deliver any and all agreements, instruments, contracts, bond powers, stock power, transfer instructions, receipts, waivers, consents and other documents, provide any and all information and perform any and all such acts, as Jennison may deem necessary or reasonably desirable (collectively, "Necessary Actions"). If a client fails to any extent to perform any Necessary Action, Jennison may be unable to fully exercise its discretionary investment management authority and, consequently, the performance of the client's portfolio may differ from the performance of similarly managed portfolios of Jennison with respect to which all Necessary Actions have been fully performed.

## Item 17 - Voting Client Securities

### In General

We accept the authority to vote proxies on securities held in our clients' accounts when our clients wish to provide us with this authority. Our investment management agreements with our clients will generally specify whether or not we have the authority to vote proxies on their behalf. Typically, where we have the authority to vote proxies, we vote in accordance with our proxy voting policy and procedures as further described below.

### Our Proxy Voting Policy and Procedures

Our policy is to vote proxies in the best long-term economic interests of our clients without regard to our interests or the interests of our affiliates. In the case of pooled accounts, our policy is to vote proxies in the best long-term economic interest of the pooled account. We recognize that the nature of ballot issues, including ESG, can vary widely depending on the company, industry practices, the company's operations and geographic footprint, to name a few, and will consider relevant issues, including ESG issues, in a manner consistent with our fiduciary duties and the goal of maximizing shareholder value.

Our proxy voting guidelines contain detailed voting guidelines on a wide variety of issues commonly voted upon by shareholders. These guidelines reflect our judgment of how to further the best long-term economic interest of our clients (i.e. the mutual interest of clients in seeing the appreciation in value of a common investment over time) through the shareholder voting process. Our guidelines for some ballot issues recommend deciding on a case-by-case basis. Additionally, from time to time, our investment professionals may, after considering their responsibilities under this policy, vote differently from our guideline recommendation for a particular situation. Such overrides of guideline recommendations are reviewed quarterly by our Proxy Voting Committee.

Our Proxy Voting Committee includes representatives from our operations, risk, legal and compliance areas. This committee is responsible for interpreting our proxy voting policy as well as reviewing potential conflicts of interest, and annually assessing the policy's effectiveness. The committee seeks to address any issues that may come up in the proxy voting process. Any proxy vote that represents a potential material conflict is reviewed by our Proxy Voting Committee. The committee also reviews the performance of our proxy voting vendor annually to determine if we should retain their services.

We use the services of a third party vendor that provides proxy voting research and voting administrative services, which include the receipt of and tracking of ballots, the implementation of our proxy voting guidelines, acceptance and recording of our vote instructions, recordkeeping and reporting. We typically rely on the issuer or our clients' custodians to forward any materials regarding shareholder meetings to our vendor and we do not always receive all ballots in advance of voting deadlines. When ballots are received in a timely fashion, we strive to meet our voting obligations within industry standards. However, we cannot guarantee that every proxy will be voted prior to its deadline.

With respect to international holdings, in addition to the principles outlined above, we take into account additional restrictions in some countries that might impair our ability to trade those securities

or have other potentially adverse economic consequences. For example, we do not typically vote foreign proxies for meetings where routine matters are considered if shares must be restricted from trading in order to vote at the meeting. We generally vote foreign securities on a best efforts basis if we determine that voting is in the best economic interest of our clients.

From time to time, clients may deposit securities that are not actively researched by our fundamental equity research analysts into the accounts that we manage. Additionally, other accounts may be invested in securities that are selected through our quantitative investment process. In voting proxies for these securities, for issues where we have established a proxy voting guideline, we will vote in accordance with our proxy voting guideline recommendation. Additionally, in those circumstances where no specific guidelines exist, Jennison will consider the recommendations of the proxy voting vendor.

Jennison's proxy voting policy and procedures and proxy voting records are publicly available on our website. Clients may obtain a copy of our proxy voting policy, guidelines and procedures, as well as the proxy voting records for that client's securities, by contacting the client service representative responsible for the client's account.

#### **Note with Respect to the Voting of Securities on Loan**

Jennison may be unable to vote proxies when the underlying securities have been lent out pursuant to a client's securities lending program. Jennison does not know when securities are on loan and are therefore not available to be voted. In rare circumstances, our investment professionals may ask our Proxy Team to work with the client's custodian to recall the shares so that Jennison can vote. Efforts to recall loaned securities are not always effective since such requests must be submitted prior to the record date for the upcoming proxy vote; therefore, voting shares on loan is on a best efforts basis. In determining whether to call back securities that are out on loan, the investment professional will consider whether the benefit to the client in voting the matter outweighs the benefit to the client in keeping the security out on loan.

#### **Client Direction of Voting**

Although most of our clients for whom we vote proxies authorize us to vote in accordance with our proxy voting policy, a client may request that we vote its proxies in accordance with a different policy. We try to accommodate such requests where appropriate. Where we have accepted client specified proxy voting guidelines, if the client guidelines do not address a proposal, we will vote in accordance with our proxy guidelines and procedures. In addition, a client may direct us to vote its securities in a particular way on a particular proposal and we will seek to do so, if appropriate, assuming timely receipt of the instruction. A third party proxy voting vendor is responsible for operational implementation of client directed guidelines.

#### **Custom Guidelines**

For certain investment products or vehicles that are developed and managed by Jennison that seek to follow certain religious values, Jennison has adopted custom guidelines from a third party proxy voting

vendor. The third party proxy voting vendor is responsible for operational implementation of such custom guidelines.

### **Conflicts of Interest in the Voting Process**

Occasionally, a conflict of interest can arise in connection with proxy voting. Examples include:

- Jennison managing the pension plan of the issuer.
- Jennison or its affiliates have a material business relationship with the issuer.
- Jennison investment professionals who are related to a person who is senior management or a director at a public company.
- Jennison has a material investment in a security and the investment professional who is responsible for voting that security's proxy also holds the same security personally.

Material conflicts must be reviewed and approved, in accordance with our proxy voting policy and procedures, by the investment professional's supervisor and the Proxy Voting Committee.

### **Accounts for Which We Do Not Vote Securities**

Some of our clients elect to retain voting authority for themselves. Those clients receive proxies and other solicitation materials from their custodians, and if we receive these materials for the account of such a client, we will forward them to the client's custodian. If a client has a question about a particular solicitation, the client may contact its client service representative and we will try to address the client's question.

### **Class Actions and Corporate Actions**

In addition to voting rights with respect to securities held in our clients' portfolios, there may be other rights associated with those securities, including the right or opportunity to participate in class action settlements and corporate actions.

With respect to class actions, we generally do not have responsibility, aside from affiliated accounts, for filing claims on behalf of our clients. Most clients have their custodians or other service providers handle notices of claim or may handle such notices themselves.

In the instances where we have accepted responsibility to file notices of claims for class action lawsuits relating to securities held, or formerly held, in their portfolios while managed by us, we have retained the services of a third party provider. The service provider will charge a fixed percentage of any amounts recovered. Utilizing data provided by us, our service provider will seek and use its best efforts to file such notices in all class action lawsuits in which the client is eligible to participate. In so doing, we will not inquire into the particular circumstances of any client. As a result, we will not seek to determine on an individual basis whether facts and circumstances relevant to that client would suggest that non-participation in the class action is appropriate or more advantageous to that client. For example, a client on whose behalf a notice of claim is filed may, as a result of having joined the class, waive or relinquish other claims that it may have against the target of the class action. The client may also have an interest or position with respect to the nature of the class action claim that is adverse

to that of the class of plaintiffs. We would generally not be aware of those circumstances. Had the client elected to handle class action lawsuits for itself, it might have determined not to file the notice of claim in such a class action.

Unlike the U.S. class action process, investors are generally required to join non-U.S. actions as named plaintiffs or to “opt-in” at commencement of the lawsuit. This “opt-in” process usually requires an affirmative decision to join the lawsuit at an early stage in order to participate in any subsequent recovery of proceeds. The investor is also usually required to enter into one or more legal contracts for retention of counsel, funding arrangements and limitations of liability. We do not provide any legal advice or analysis, so we generally do not handle non-U.S. class actions for our clients. In addition, we generally do not act on behalf of our unaffiliated clients as a lead plaintiff in a class action lawsuit or as a plaintiff in any potential direct action.

We do not provide any legal advice or services in connection with class actions or bankruptcies.

With respect to corporate actions (such as an issuer’s merger, tender offer, dividend distribution, etc.), we participate on behalf of clients who authorize us to do so, taking such action as we deem to be in the best interest of the clients’ accounts and consistent with the investment strategy and objectives.

## Item 18 - Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients.