



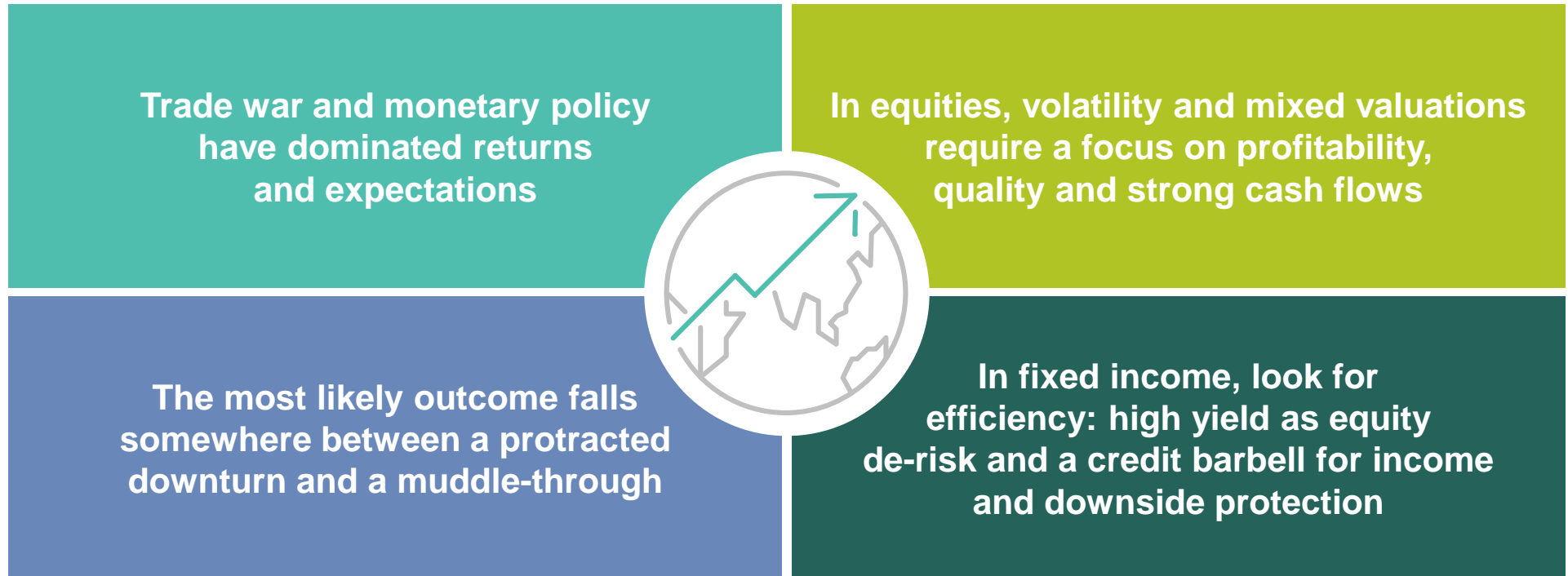
ALLIANCEBERNSTEIN®

Fourth Quarter 2019

GLOBAL CAPITAL MARKETS OUTLOOK

The information herein reflects prevailing market conditions and our judgments, which are subject to change, as of the date of this document. In preparing this document, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Opinions and estimates may be changed without notice and involve a number of assumptions that may not prove valid. There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice.

Global Economic Environment



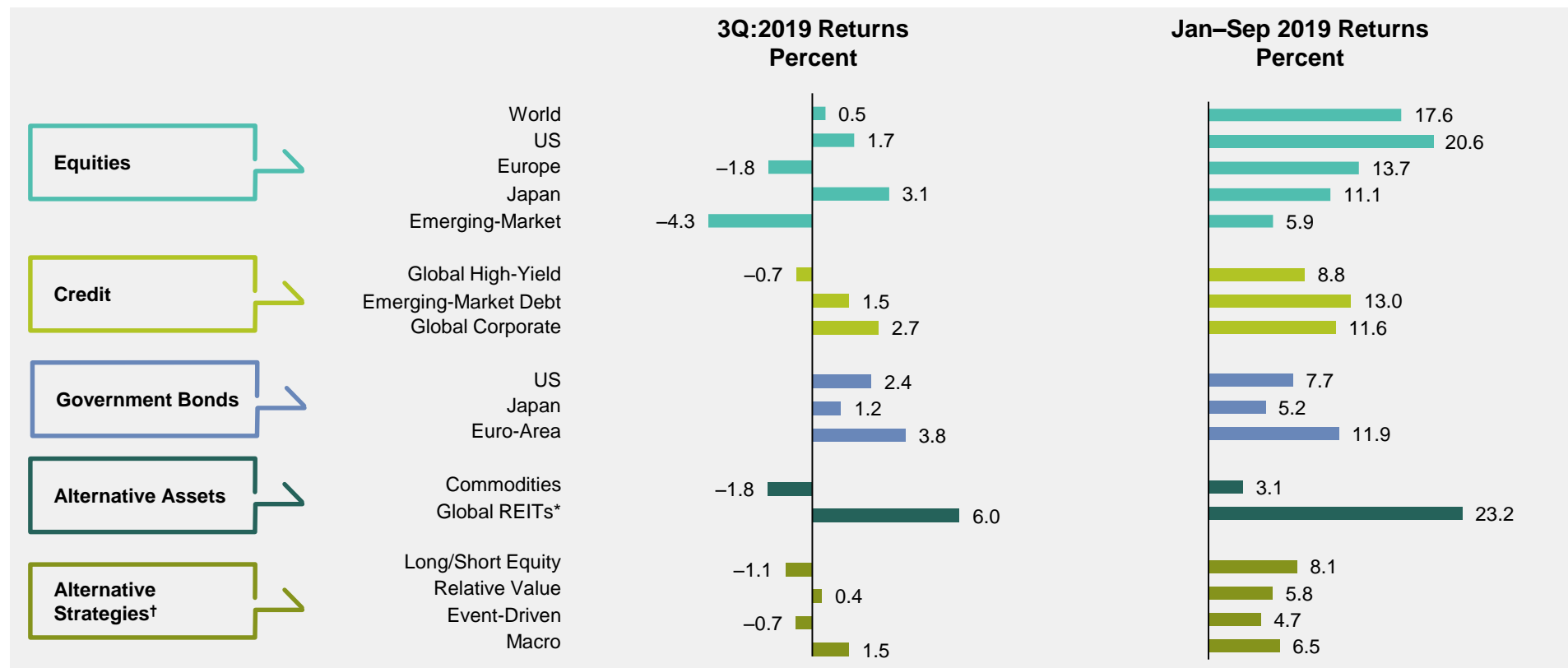
Historical analysis and current forecasts do not guarantee future results.

As of 1 October 2019

Source: AB

Returns Recap: Risk Assets Struggle

Returns in US Dollars



Past performance does not guarantee future results.

Global high yield, global corporates, and Japan and euro-area government bonds in hedged USD terms. All other non-US returns in unhedged USD terms. Emerging-market debt returns are for dollar-denominated bonds as represented by the J.P. Morgan Emerging Markets Bond Index Global. An investor cannot invest directly in an index, and its performance does not reflect the performance of any AllianceBernstein (AB) portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio.

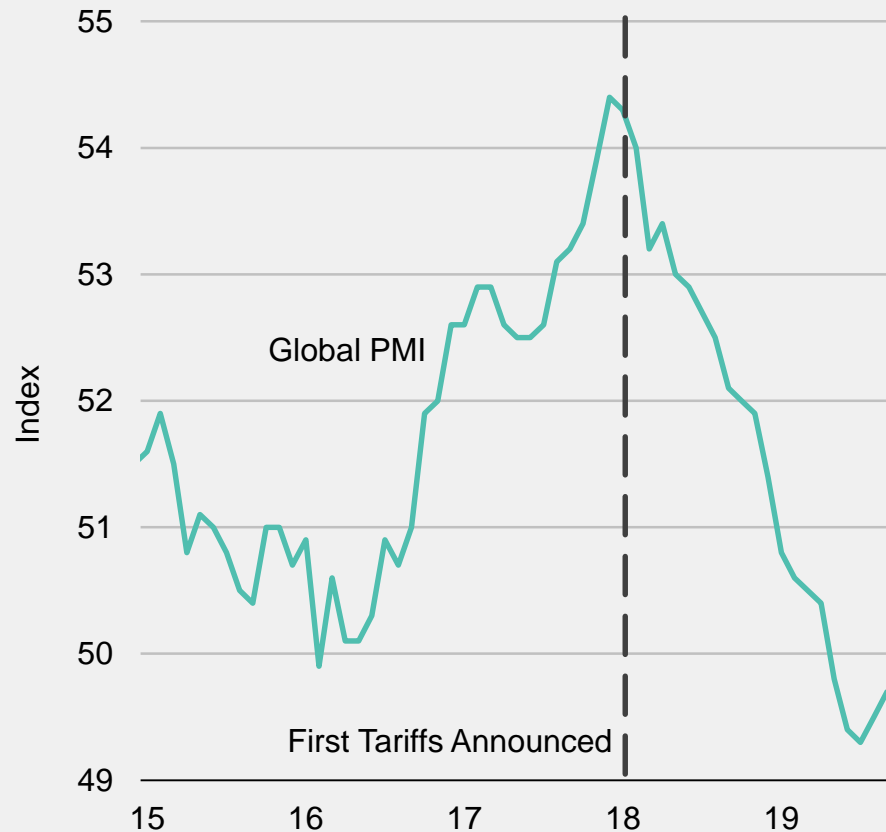
*Real estate investment trusts. †Returns reflect HFRI index returns (see Index Definitions in the Appendix).

As of 30 September 2019

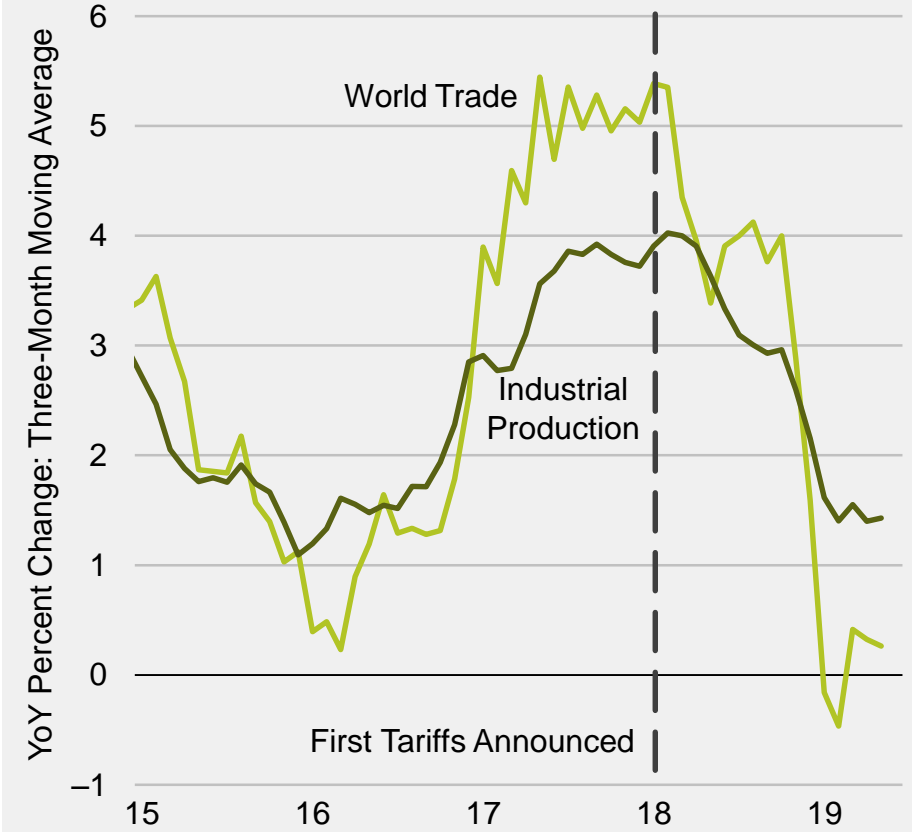
Source: Bloomberg Barclays, Hedge Fund Research, J.P. Morgan, Morningstar, MSCI, Standard & Poor's (S&P) Dow Jones and AB

The Trade War: A Global Reality Bites

Global Growth Has Receded...



...as Trade and Industrial Production Have Declined



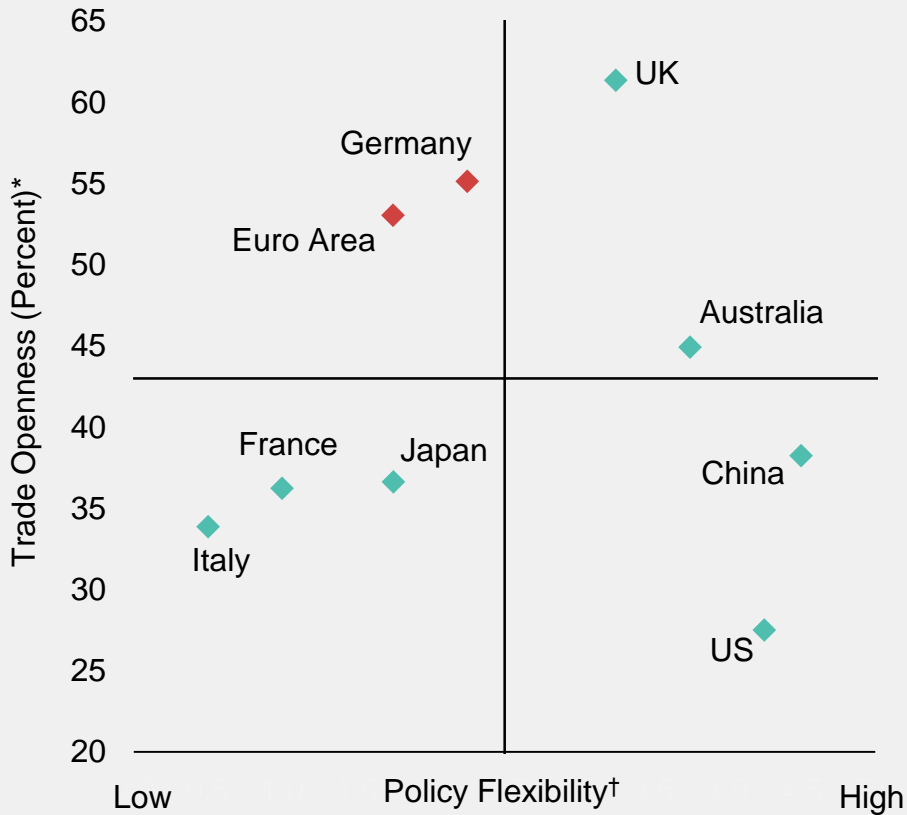
Historical analysis and current forecasts do not guarantee future results.

Left display through 30 September 2019; right display through 30 June 2019

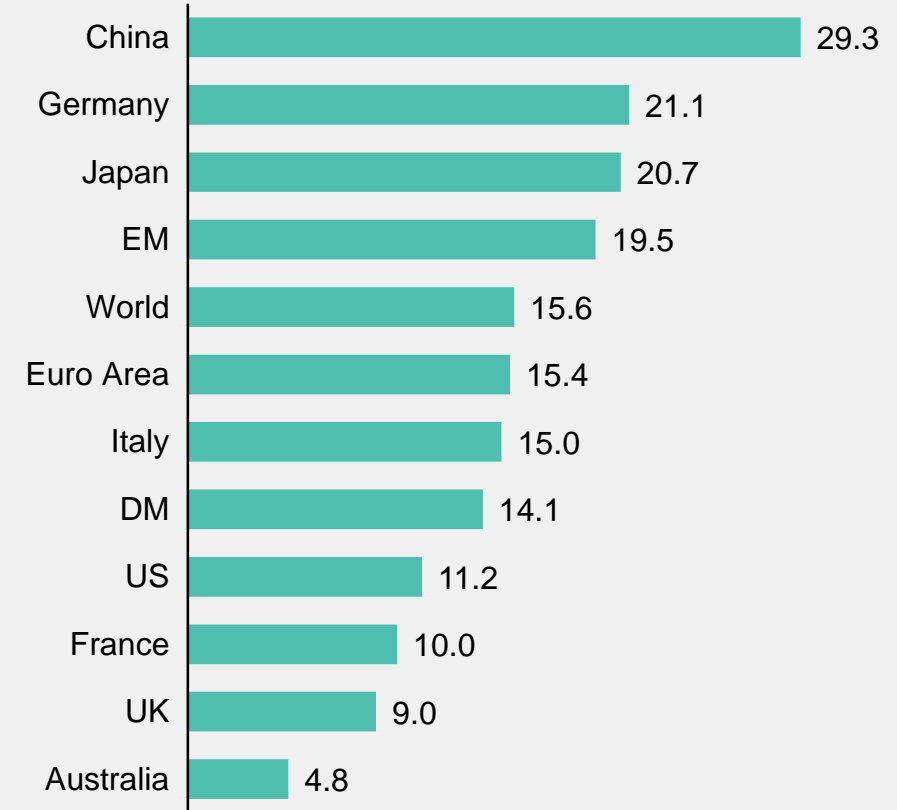
Source: Bloomberg, Haver Analytics, IHS Markit and AB

The Trade War: Who Is More Insulated?

Not All Central Banks Have the Same Policy Flexibility



Manufacturing Share in Value Added (Percent of GDP)



Current analysis does not guarantee future results.

DM: developed market; EM: emerging market

*Exports plus imports of goods and services as a share of GDP (2018). Euro area countries exclude intra-euro area trade.

†Policy flexibility refers to monetary and fiscal policy and is an AB estimate.

As of 31 December 2018

Source: Haver Analytics, US Federal Reserve and AB

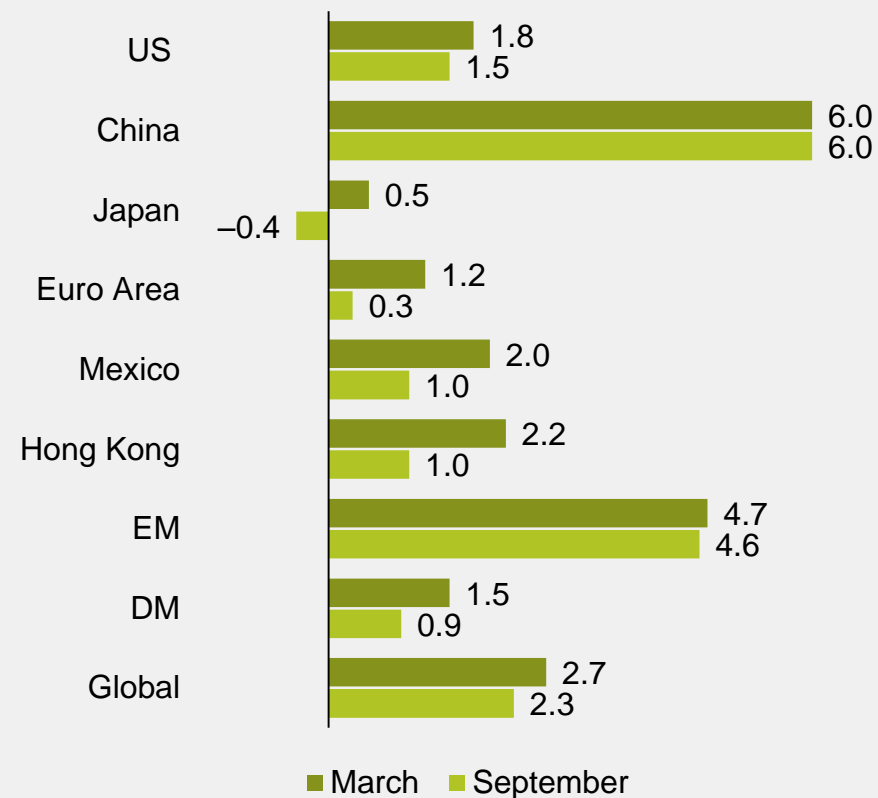
The Trade War: Impact on GDP

Real GDP Growth (YoY Percent Change)

	3Q 2017	2Q 2019	Change
US	2.3	2.3	0.0
China	6.8	6.4	-0.4
Japan	2.2	1.2	-1.0
Taiwan	3.4	2.4	-1.0
Euro Area	2.8	1.1	-1.7
South Korea	3.8	2.1	-1.7
Mexico	1.6	-0.7	-2.3
Hong Kong	3.6	0.6	-3.0
Singapore	4.5	0.1	-4.4

Weaker Data Led to Forecast Revisions

AB 2020 Real GDP Forecasts (Percent)

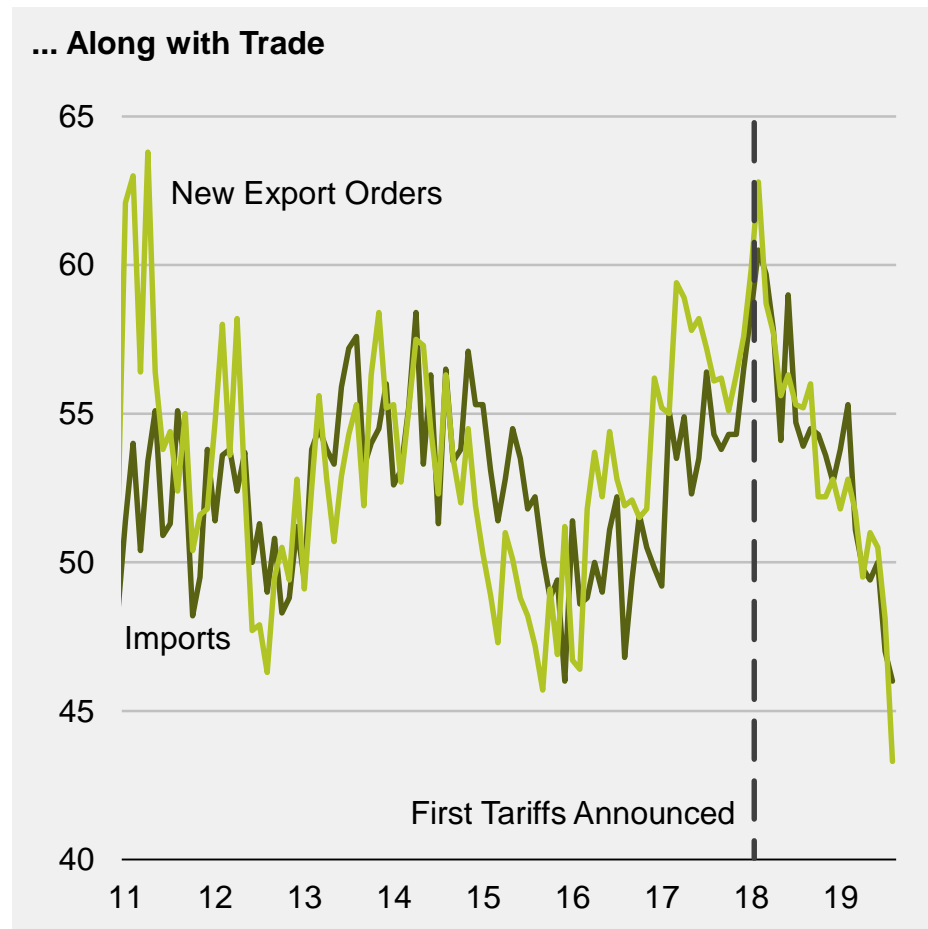
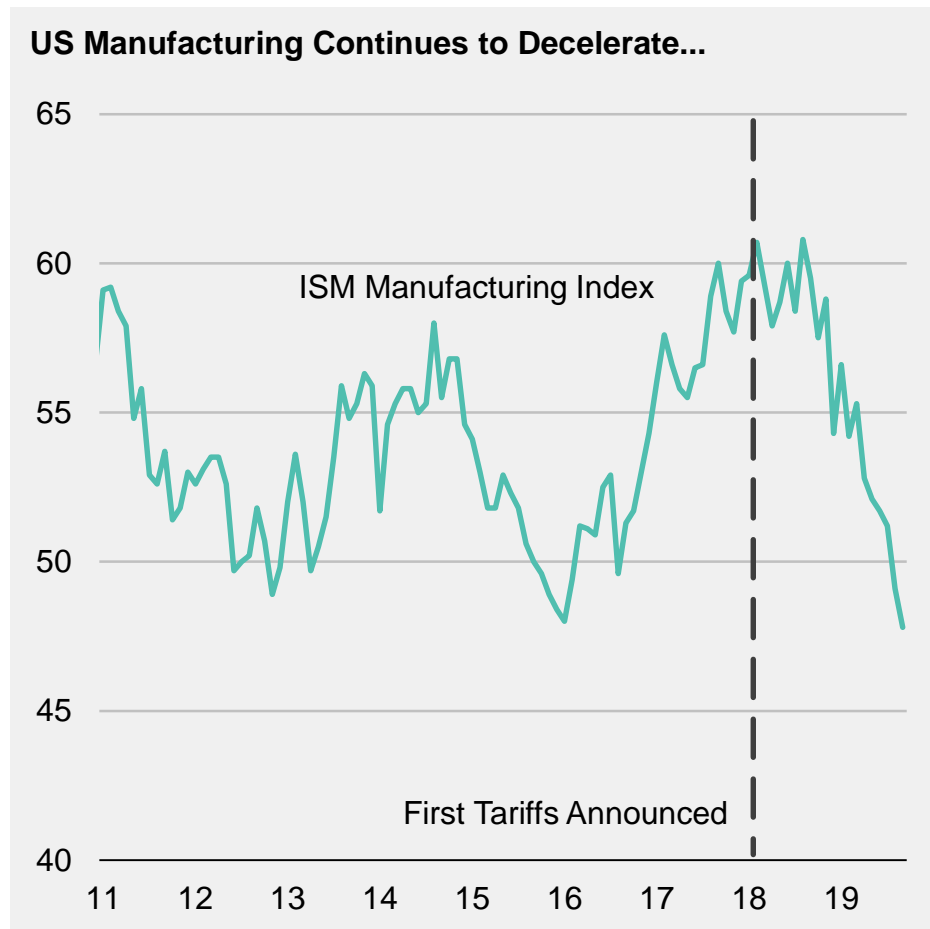


Historical analysis and current forecasts do not guarantee future results.

As of 1 October 2019

Source: Bloomberg and AB

The US Is Less Reliant on Manufacturing...

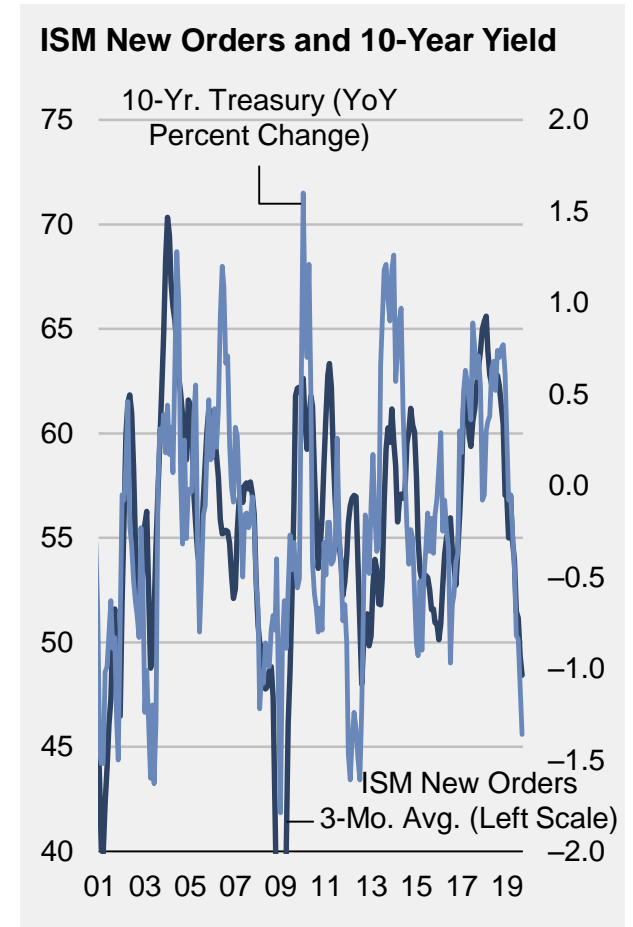
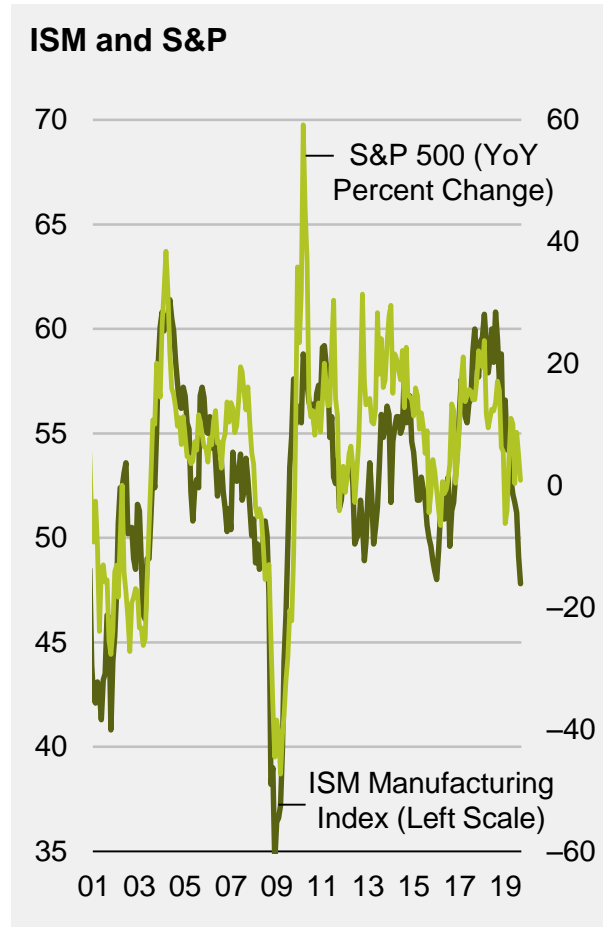
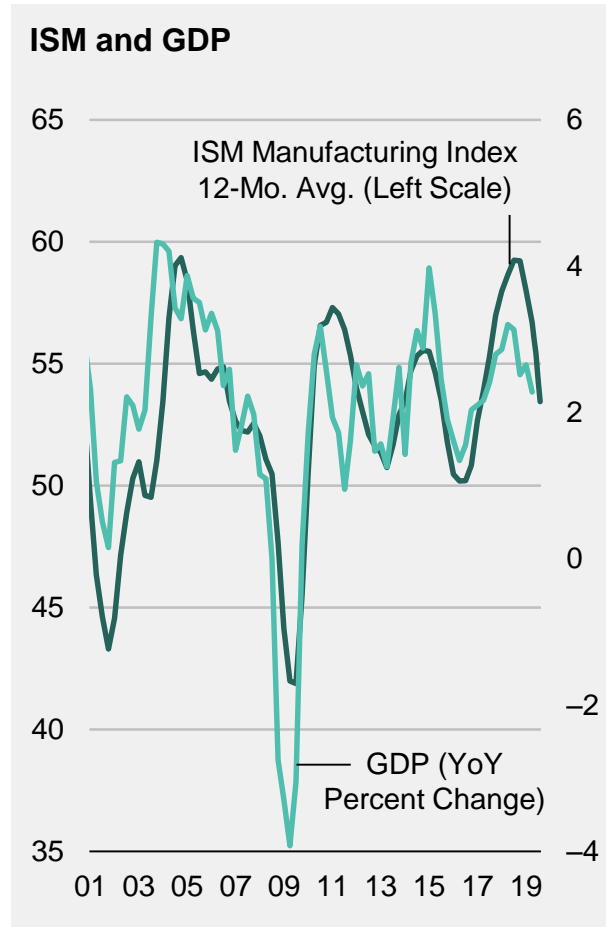


Historical analysis and current forecasts do not guarantee future results.

Left display as of 30 September 2019; right display as of 31 August 2019

Source: Bloomberg, Institute for Supply Management, Thomson Reuters Datastream and AB

...but Manufacturing Nonetheless Impacts Growth and Markets



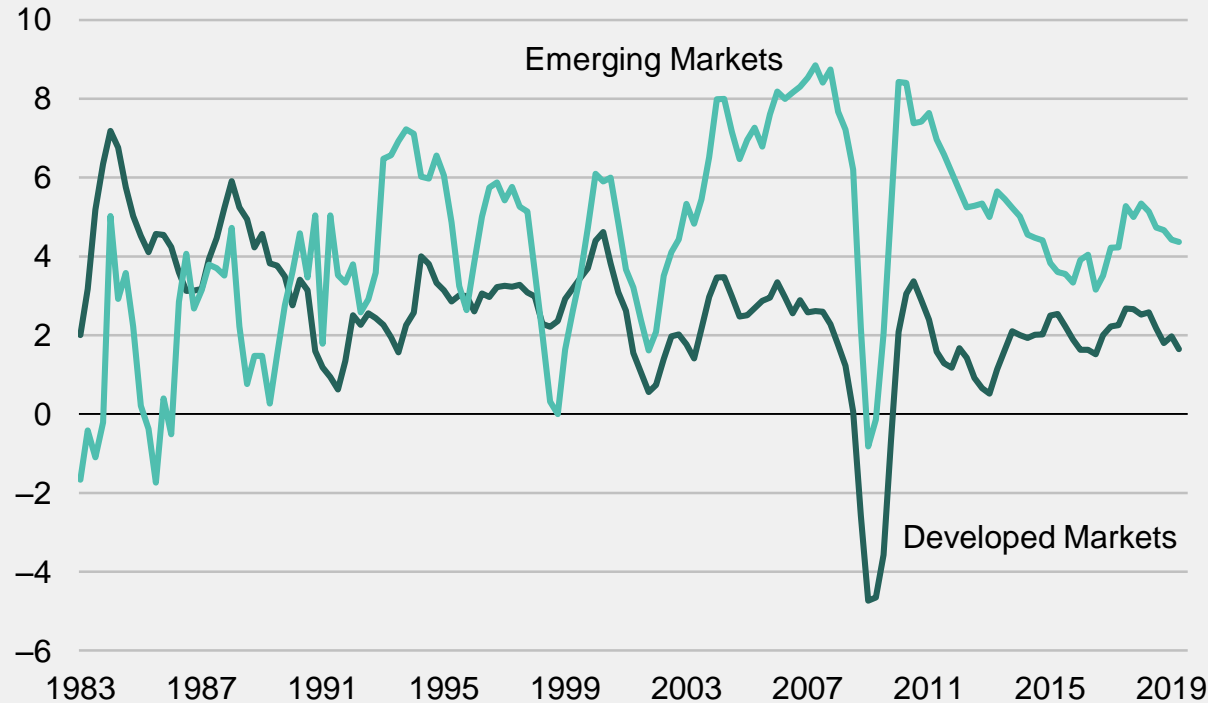
Historical analysis and current forecasts do not guarantee future results.

Through 30 September 2019

Source: Bloomberg Barclays, Institute for Supply Management, S&P, Thomson Reuters Datastream and AB

Global Growth Is Slowing, but the EM-DM Real GDP Growth Differential Is Large

Real GDP Growth Rates (Percent)



- + Global growth continues to moderate toward trend; nonetheless, we do not believe this will lead to an imminent recession
- + Still, it is likely to lead to a prolonged period of easy monetary policy in developed markets, which will provide headroom for EM central banks to cut rates
- + Chinese growth rates are important for aggregate EM growth, and we believe the recent Chinese stimulus measures should calm fears of a sharp growth slowdown

Historical analysis is for illustrative purposes only.

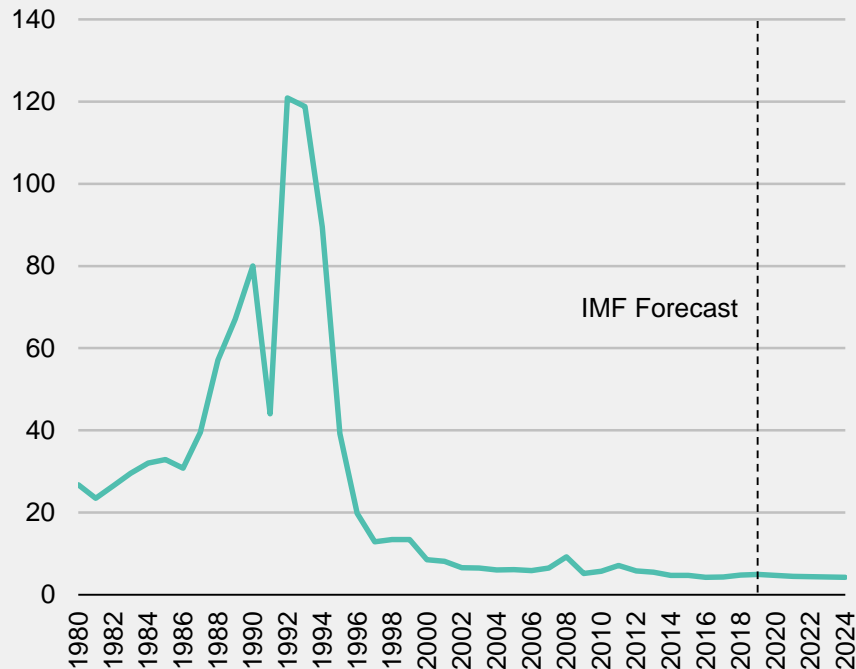
2019 figure is internal forecast.

As of 30 June 2019

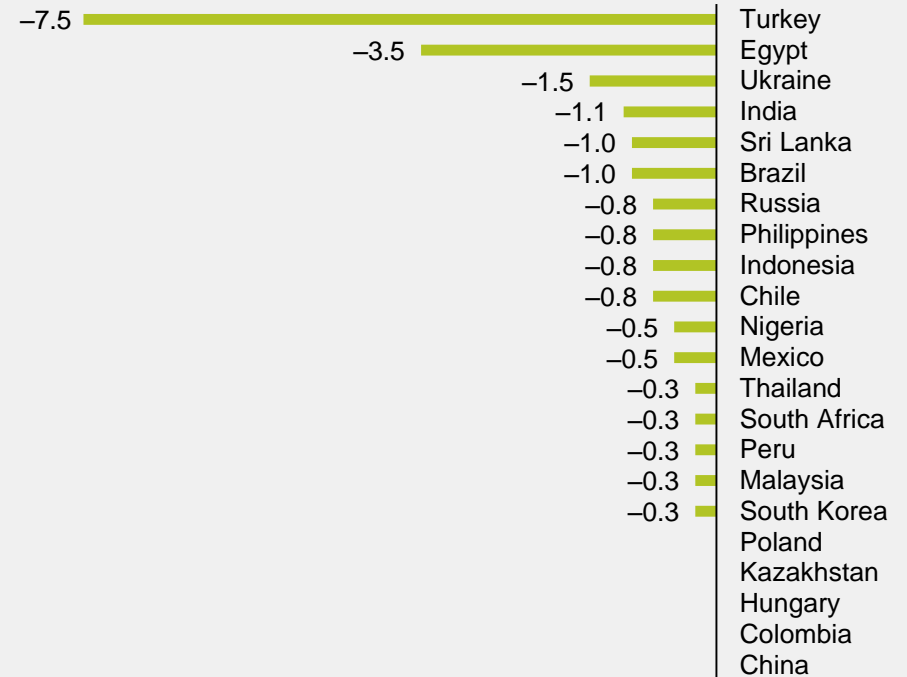
Source: AB

EM Inflationary Pressures Are Largely Subdued, Providing Room for EM Central Banks to Continue to Cut Rates

Forecasts Are for Lower Aggregate EM Inflation
Percent



Many EM Central Banks Have Cut Rates So Far This Year
Percent



Historical analysis and current forecasts do not guarantee future results.

As of 30 September 2019

Source: International Monetary Fund and AB

Macro Summary: Reduced Expectations

AB Global Economic Forecast: October 2019

	Real Growth (%)		Inflation (%)		Official Rates (%)		Long Rates (%)	
	19F	20F	19F	20F	19F	20F	19F	20F
Global	2.5	2.3	2.9	2.7	2.5	2.1	2.1	2.2
Industrial Countries	1.6	0.9	1.7	1.7	0.6	0.3	0.7	0.8
Emerging Countries	4.2	4.6	4.9	4.3	6.3	5.3	4.8	4.7
US	2.0	1.5	2.3	2.3	1.4	0.9	1.8	1.8
Euro Area	1.1	0.3	1.2	1.1	-0.7	-0.7	-0.7	-0.5
UK	1.0	0.3	1.9	1.7	0.5	0.3	0.4	0.5
Japan	1.1	-0.4	0.8	0.9	-0.1	-0.2	-0.2	-0.2
China	6.2	6.0	2.5	2.4	4.4	4.1	3.0	2.9

Historical analysis and current forecasts do not guarantee future results.

Real growth aggregates represent 48 country forecasts, not all of which are shown. Long rates are 10-year yields.

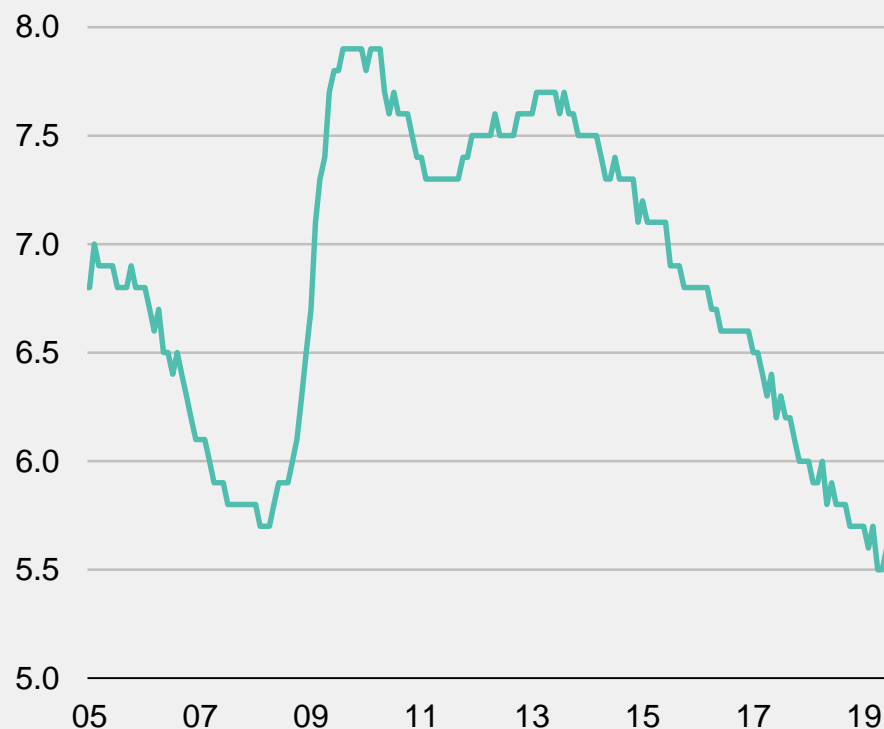
As of 1 October 2019

Source: AB

The Consumer and Labor Markets Remain Strong...

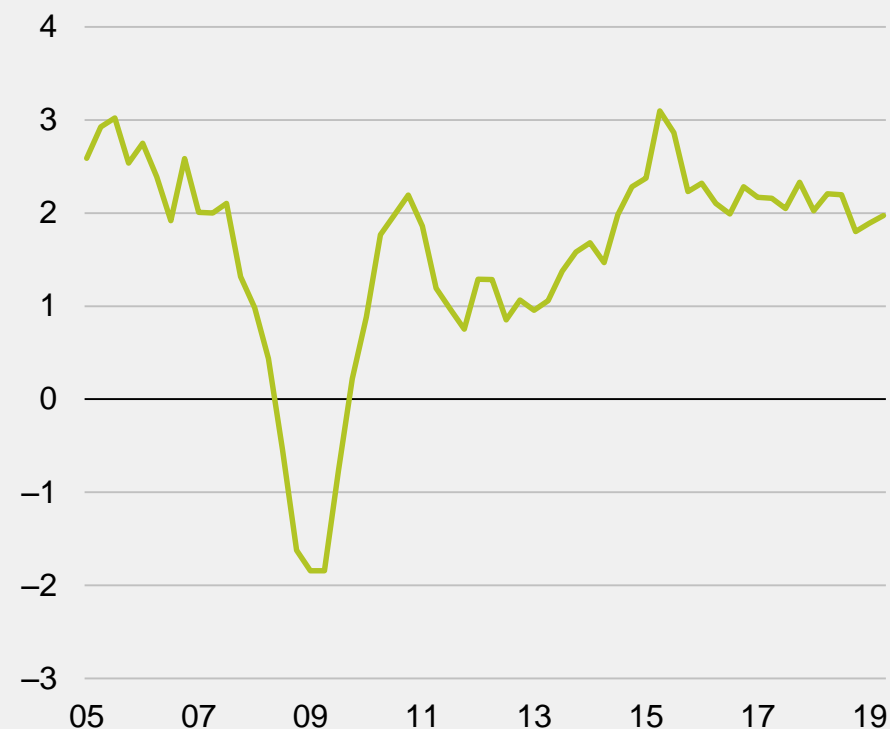
Employment Picture Remains Supportive for Now

Unemployment for G7+ (Percent)*



Consumer Spending Is Still Strong

YoY Percent Change to G7 Consumer Spending Growth



Historical analysis and current forecasts do not guarantee future results.

*G7+ includes US, Canada, Germany, France, Italy, UK, Sweden, Japan and Australia.

Left display through 30 June 2019; right display through 31 August 2019

Source: Haver Analytics, Thomson Reuters Datastream and AB

...but Monitoring Signs of Trade Spillover Is Critical

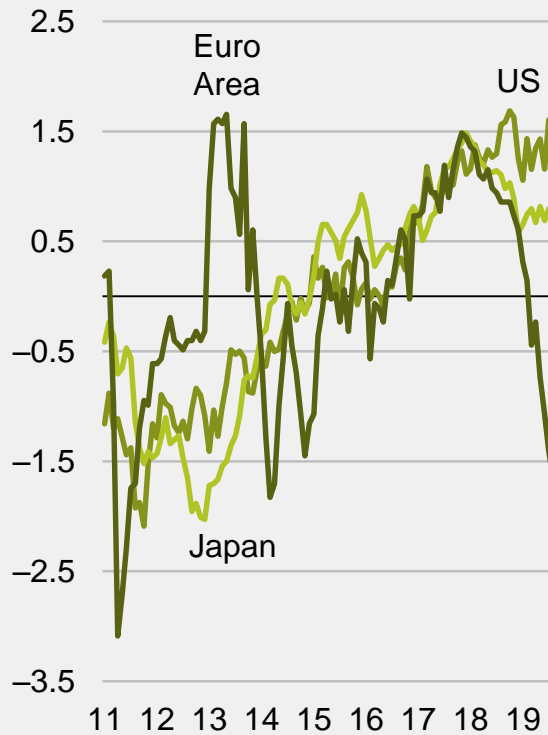
Overall US Private Investment Decelerating

Real Private Fixed Investment (SAAR,*
Percent Change)



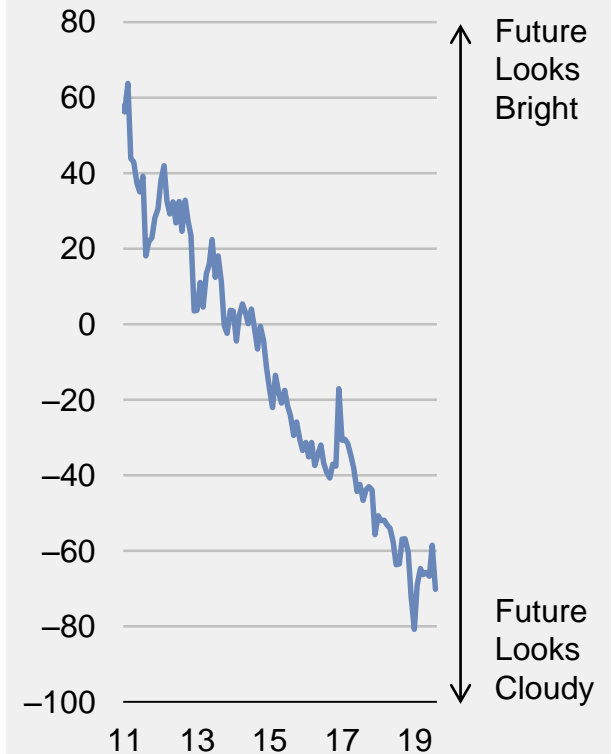
Consumer Confidence Is Mixed

Standard Deviations from Long-Term
Average



Households Are Getting Worried

Future Expectations: Assessment of
Current Conditions



Historical analysis and current forecasts do not guarantee future results.

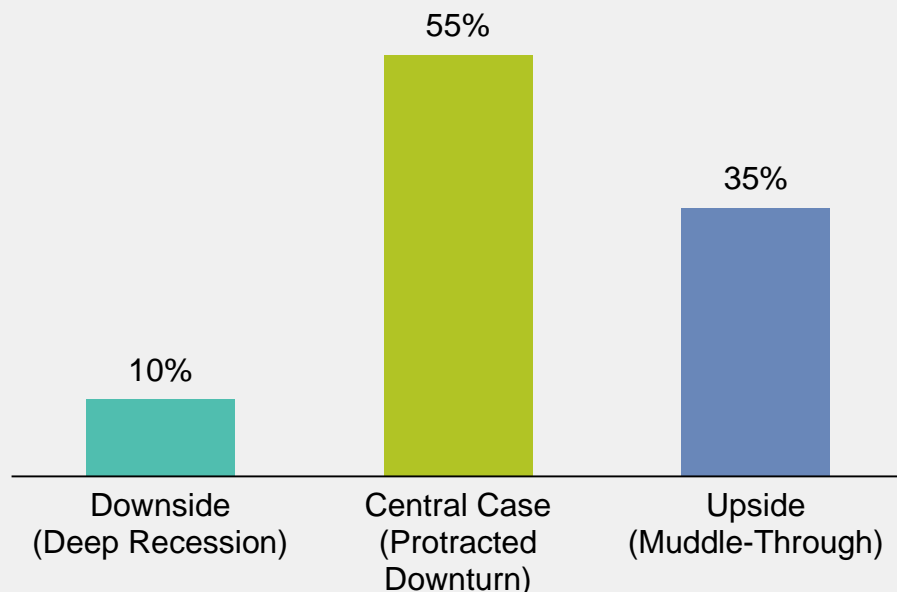
*SAAR: seasonally adjusted annual rate

Left display through 30 September 2019; middle and right displays through 31 August 2019

Source: Bloomberg, Haver Analytics, Thomson Reuters Datastream and AB

The Road Ahead: Most Likely Outcome Falls Somewhere Between Protracted Downturn and Muddle-Through

AB Scenario Probabilities



Going Forward: We Are Focused on Two Key Questions

- + Will manufacturing recover before weakness spreads to investment and jobs, dragging overall growth lower?
- + Will the policy response be big enough and effective enough to offset downward pressure on global growth?

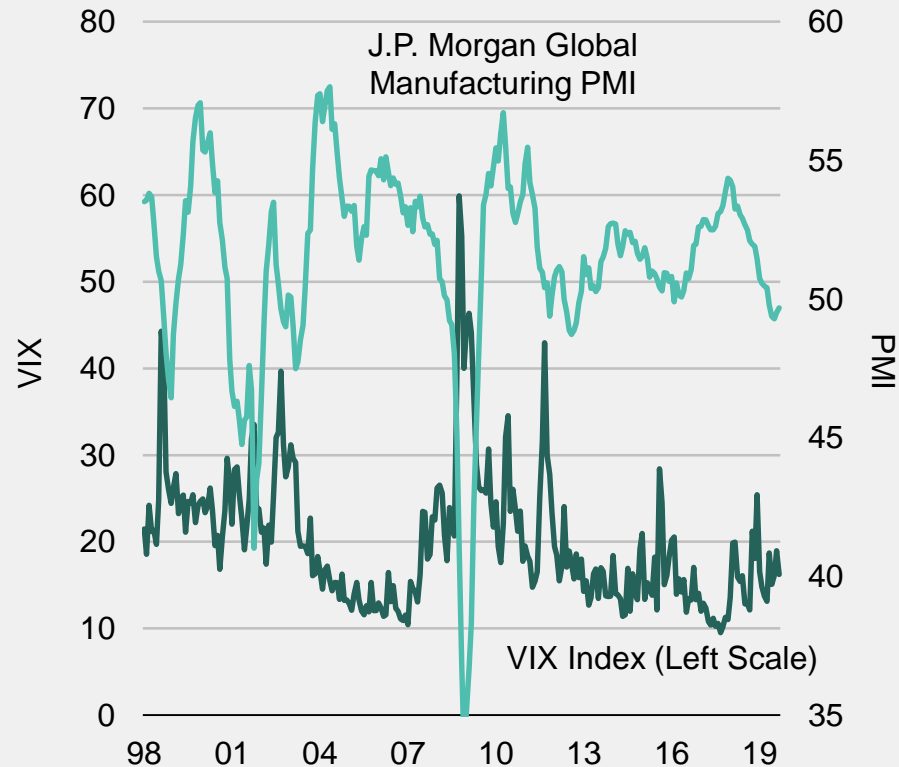
Historical analysis and current forecasts do not guarantee future results.

As of 30 September 2019

Source: AB

Volatility from Late 2018 Is Likely to Persist

When Growth Slows, Volatility Rises



What Investors Have Experienced

Number of Days Market Up/Down $\pm 1\%$

2017

MSCI World

3

S&P 500

8

Oct 2018–Sep 2019

MSCI World

49

S&P 500

60

Historical analysis and current forecasts do not guarantee future results.

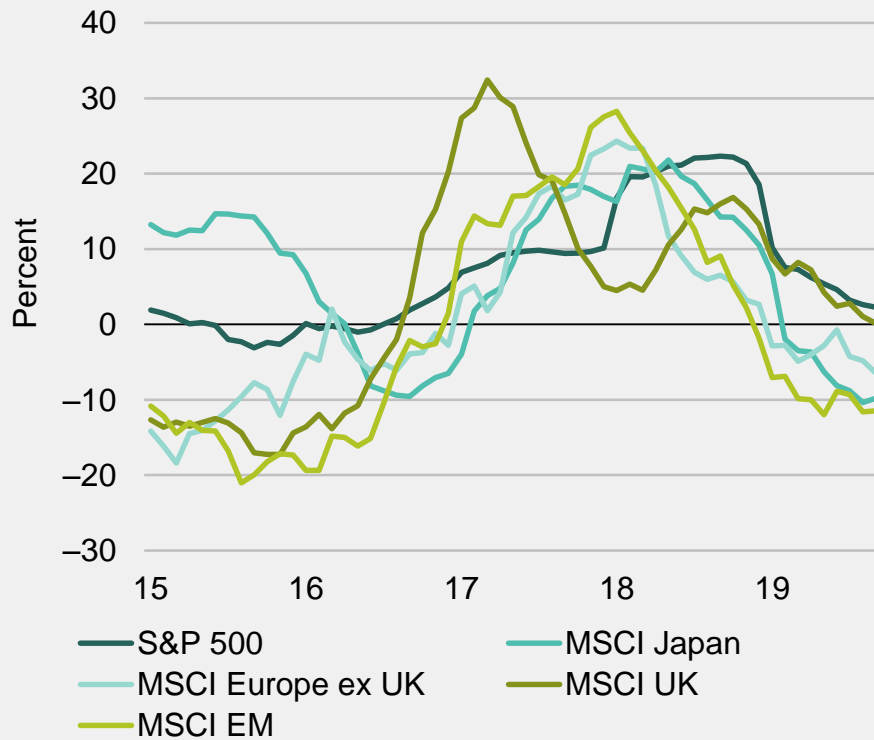
Volatility is annualized using daily data.

As of 30 September 2019

Source: Bloomberg, CBOE, J.P. Morgan, Morningstar, MSCI, S&P and AB

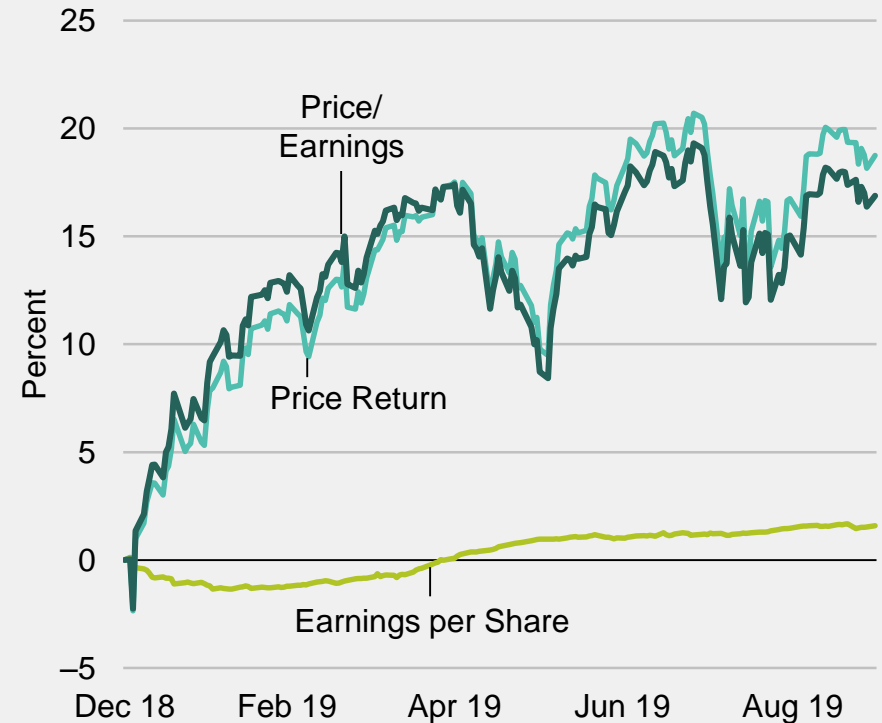
Returns Still Not Driven by Growth (Either Economic or Earnings)...

YoY Forecast Earnings Growth Slowing



S&P 500 Return Profile: Jan–Sep 2019*

Driven by Multiple Expansion



Historical analysis and current forecasts do not guarantee future results.

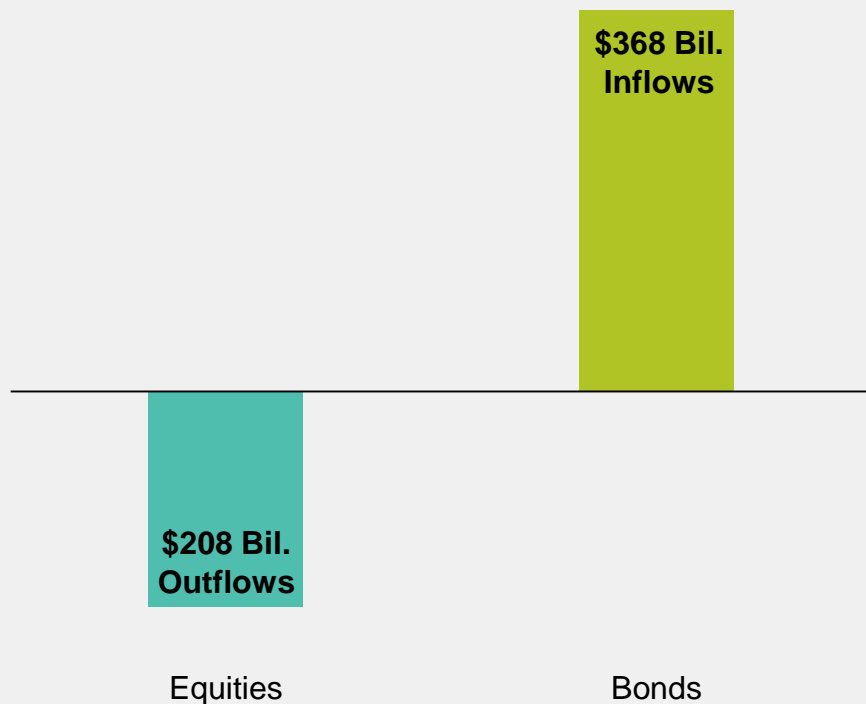
*All data for the S&P 500. Earnings estimates are represented by Bloomberg consensus blended forward 12-month estimates.

As of 30 September 2019

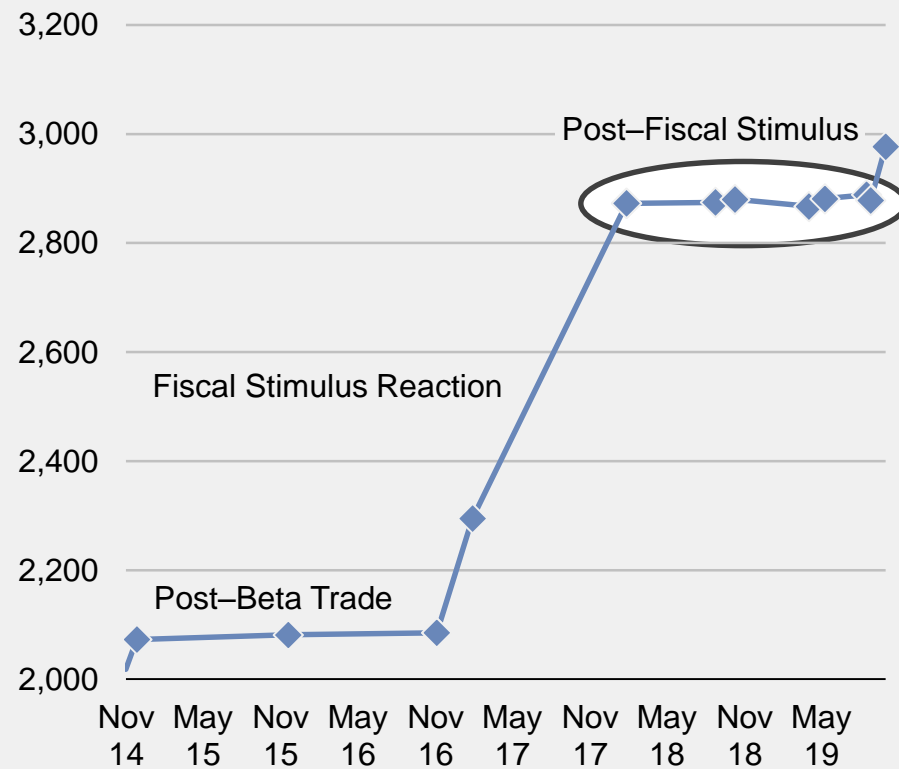
Source: Bloomberg, Cornerstone Macro, FactSet, MSCI, S&P and AB

...but Recent Money Flows and Market Action Do Not Imply Euphoria

Global Asset Class Flows: Jan–Sep 2019



S&P 500 Range-Bound Since the Trade War



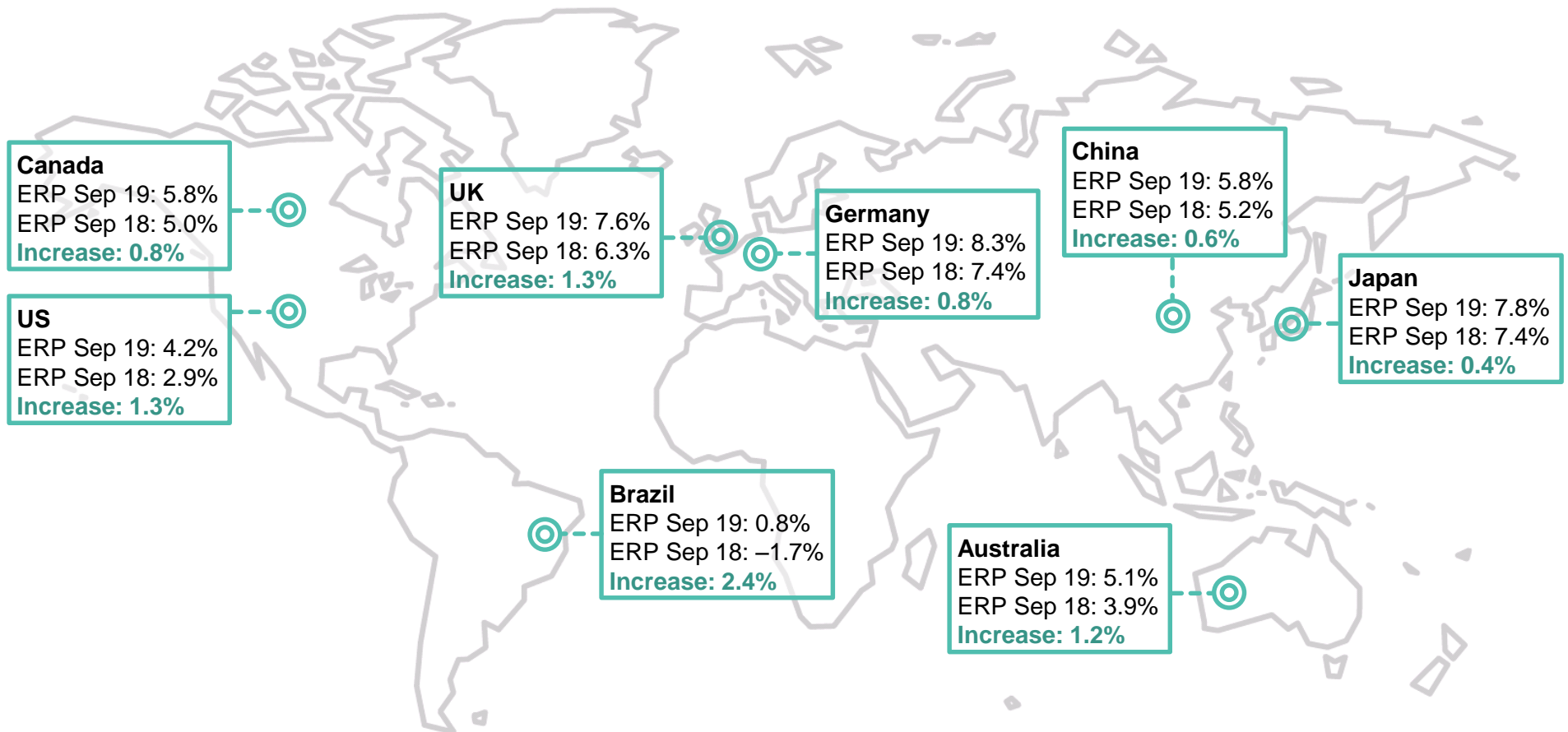
Historical analysis and current forecasts do not guarantee future results.

Left display as of 2 October 2019; right display as of 30 September 2019

Source: Bloomberg Barclays, BofA Securities, Emerging Portfolio Fund Research Global, Goldman Sachs, S&P, S&P Compustat and AB

Lower Interest Rates Supportive of Equities

Equity Risk Premiums (ERP) Have Risen Globally vs. Year-Ago Levels



Historical analysis and current forecasts do not guarantee future results.

Numbers may not sum due to rounding.

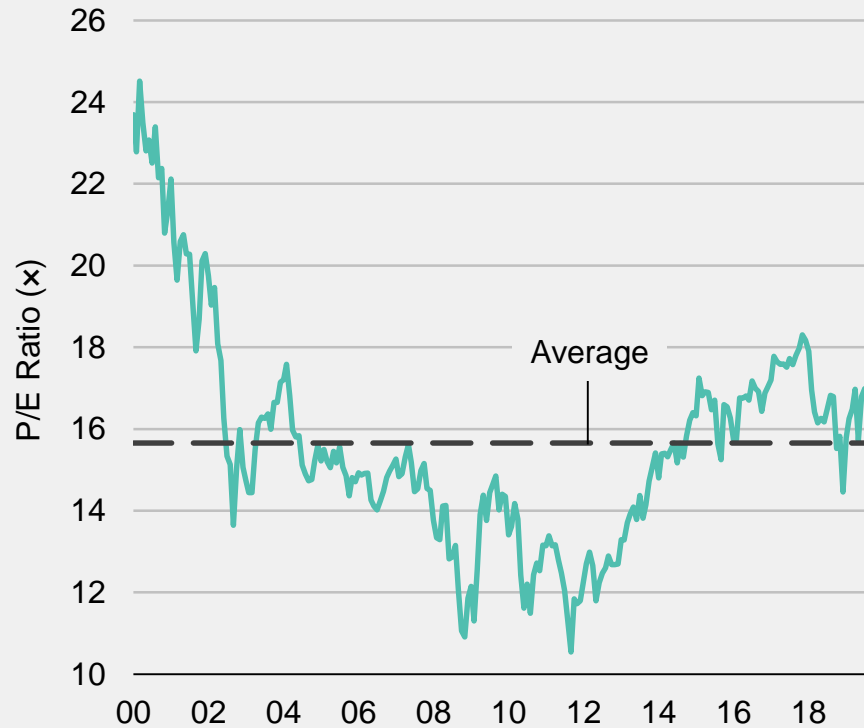
As of 30 September 2019

Source: FactSet, MSCI and AB

Valuations Remain a Mixed Picture

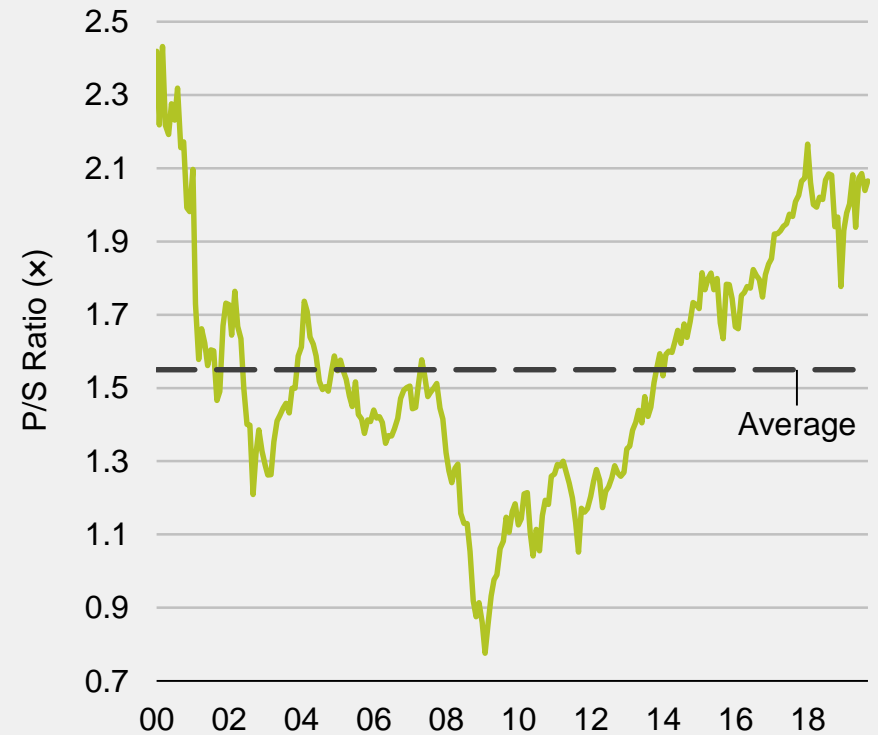
S&P 500 Price/Earnings

Slightly Above the Long-Term Average...



S&P 500 Price/Sales

...and Even More Expensive on Top-Line Results



Historical analysis and current forecasts do not guarantee future results.

All data for the S&P 500. Earnings estimates are represented by Bloomberg consensus blended forward 12-month estimates.




As of 30 September 2019

Source: Bloomberg, S&P and AB

Factors and Attributes Matter

A Resilient Equity Portfolio Balances Factors

Slightly Above the Long-Term Average

	Factors That Work Best	Neutral Factors	Factors That Work Poorly
Bull Case: Expansion 	+ Growth + Momentum	+ Small-Cap + Quality	+ Cyclical Value + Minimum Volatility + Defensive Value
Base Case: Moderation 	+ Growth + Quality + Momentum	+ Cyclical Value + Minimum Volatility + Defensive Value	+ Small-Cap
Bear Case: Contraction 	+ Minimum Volatility + Defensive Value	+ Small-Cap + Quality	+ Cyclical Value + Growth + Momentum

Vital Characteristics for the Late Cycle



Historical analysis and current forecasts do not guarantee future results.

For illustrative purposes only. Small-cap: market capitalization. Cyclical value: book to price, forward earnings to price. Growth/momentum: 12-month price momentum, year-over-year earnings growth. Quality: return on equity. Minimum volatility: historical beta. Defensive value: earnings to price, dividend yield. Cycles based on PMI.

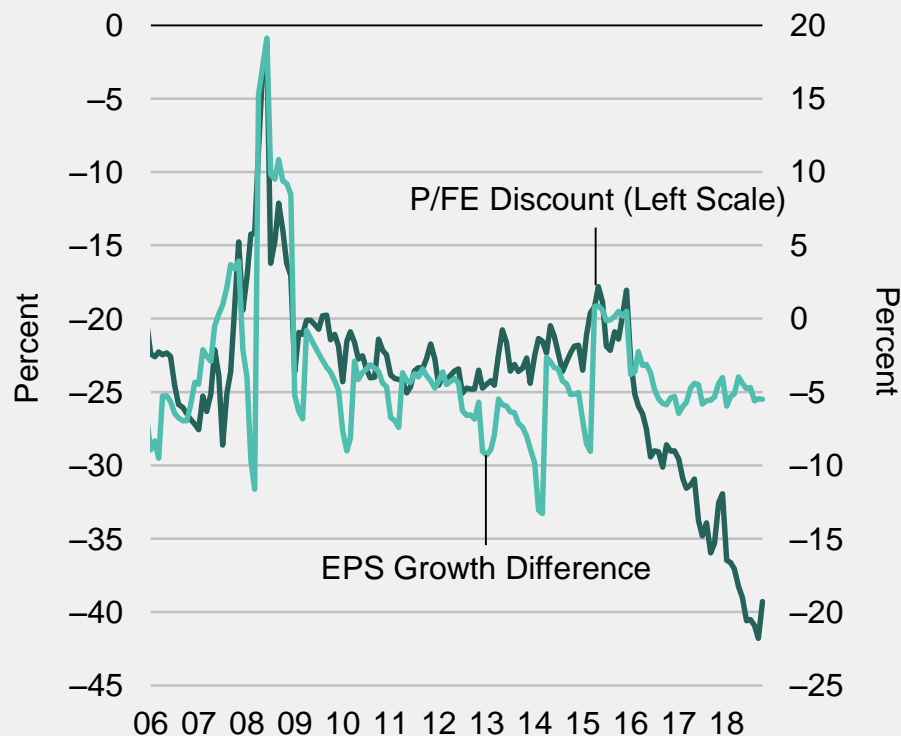
As of 1 January 2001, through 30 June 2019

Source: Center for Research in Security Prices (CRSP), IHS Markit, Morningstar, MSCI, S&P Compustat, Thomson Reuters I/B/E/S and AB

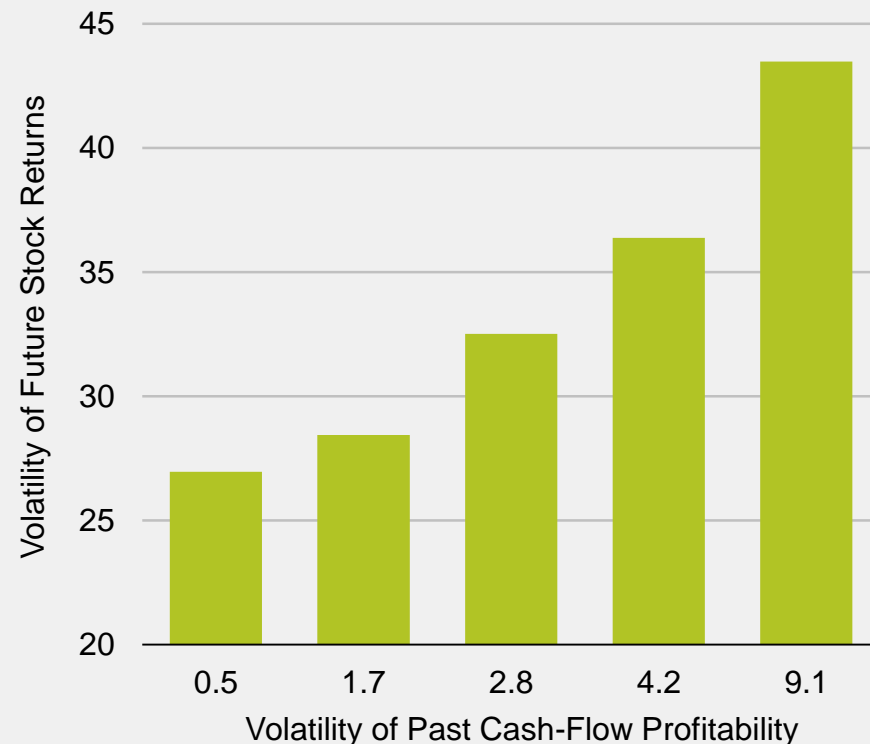
Value Stocks' Discount Widens vs. Growth Stocks

The Earnings Growth Trajectory Tells a Different Story; Focus on Steady Cash Flows

MSCI World Value vs. Growth: Modern-Day Low Discount
P/FE Discount vs. EPS Growth Forecast (Next 12 Months)



Company Cash-Flow Profit Volatility Since 1990 Is Directly Related to Future Stock-Return Volatility (Percent)*



Historical analysis and current forecasts do not guarantee future results.

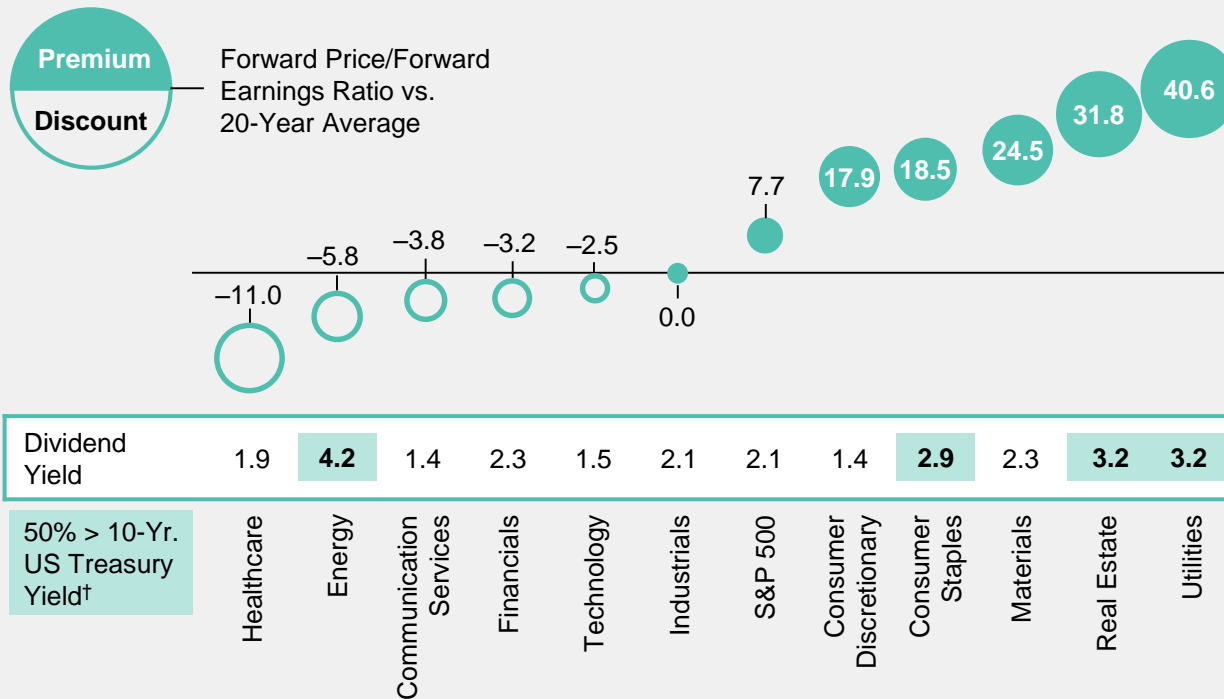
*Future stock-return volatility is measured as the standard deviation of absolute monthly returns, over the next two years, annualized, with group averages reported. Volatility of past cash-flow profitability is measured by cash flow/assets standard deviation over the past three years. Stocks are grouped according to their past cash-flow profitability and future return volatility. Universe is US large-caps excluding financials. Returns from CRSP, financial data from S&P Compustat, from January 1, 1990, through 31 December 2018. Left display as of 30 September 2019; right display as of 31 December 2018

Source: CRSP, FactSet, Moody's Investors Service, MSCI, S&P Compustat, Thomson Reuters Datastream, Thomson Reuters I/B/E/S and AB

Many High-Dividend-Yield Stocks Are Expensive...and Cyclical

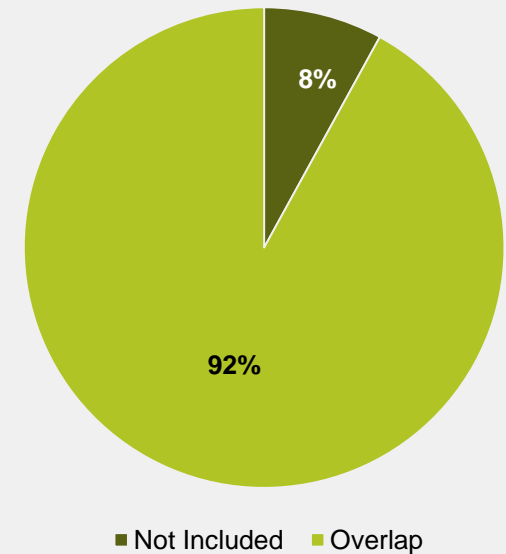
US Equities: Does High Dividend Yield Justify High Valuations?

S&P 500 Sectors: Current Forward Price/Forward Earnings Ratio vs. 20-Year Average and Dividend Yield (Percent)*



High Dividend Yield Is an Economically-Sensitive Factor

Overlap of S&P 500 Highest Dividend Payers with Russell 1000 Value



Historical analysis and current forecasts do not guarantee future results.

*Forward price/forward earnings ratio is a bottom-up calculation based on the most recent S&P 500 price, divided by consensus estimates for earnings in the next 12 months, and is provided by FactSet aggregates.

†Based on 10-year US Treasury yield of 1.5%

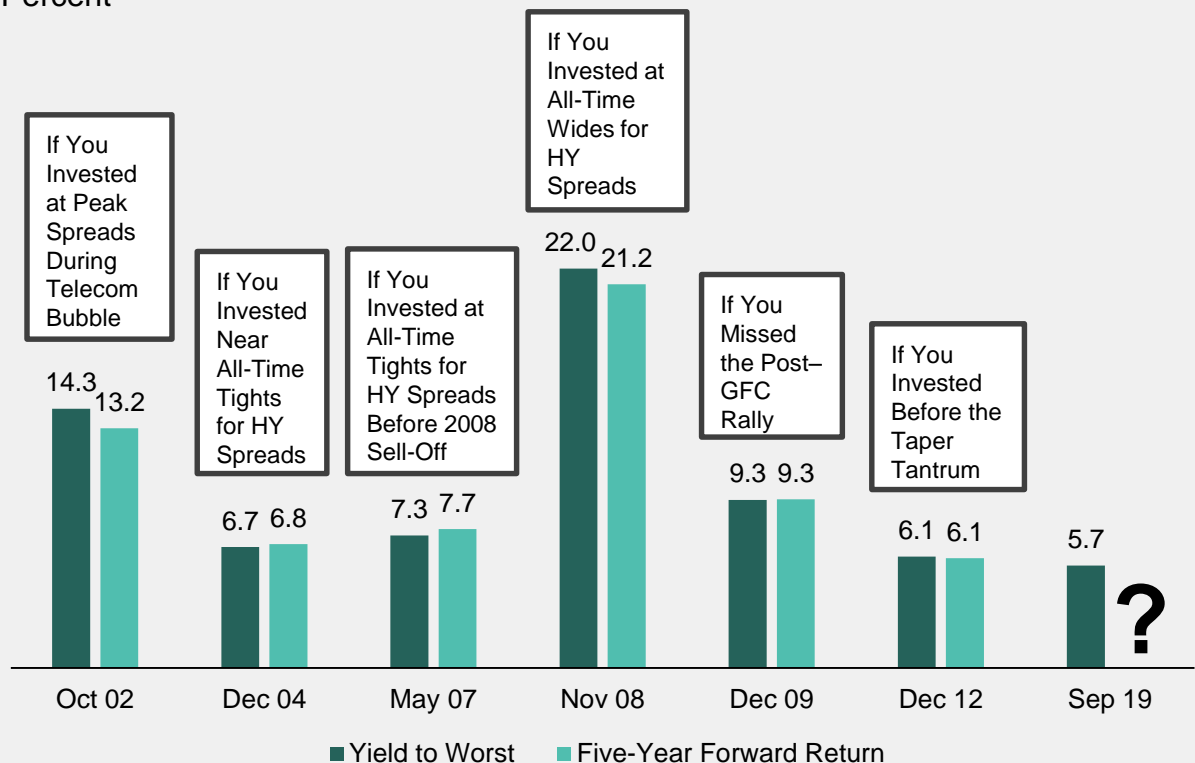
As of 30 September 2019

Source: FactSet, JPMorgan Chase, Russell Investments, S&P and AB

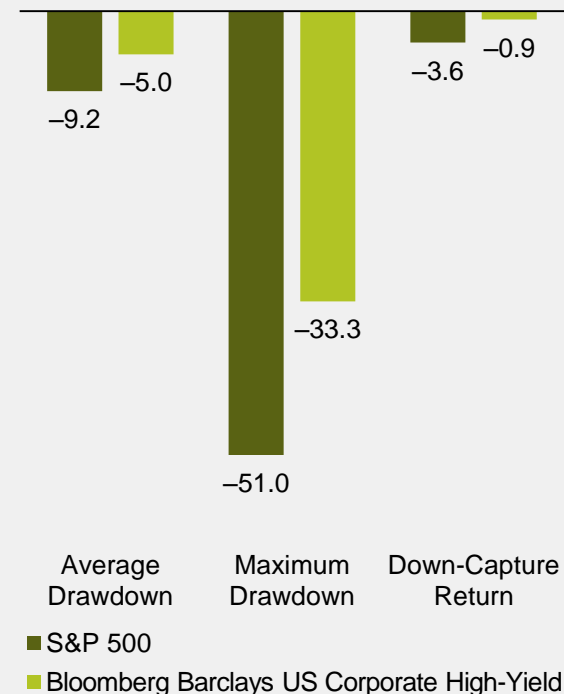
Better Beta: Using High Yield to De-Risk Equities

Yield to Worst, Historically a Strong Predictor of Future Returns, Is Near Current Equity Expectations

Starting Yield to Worst and Five-Year Forward Annualized Return
Percent



Downside Risk Statistics
Feb 1990–Sep 2019 (Percent)



Historical and current analyses and current forecasts do not guarantee future results.

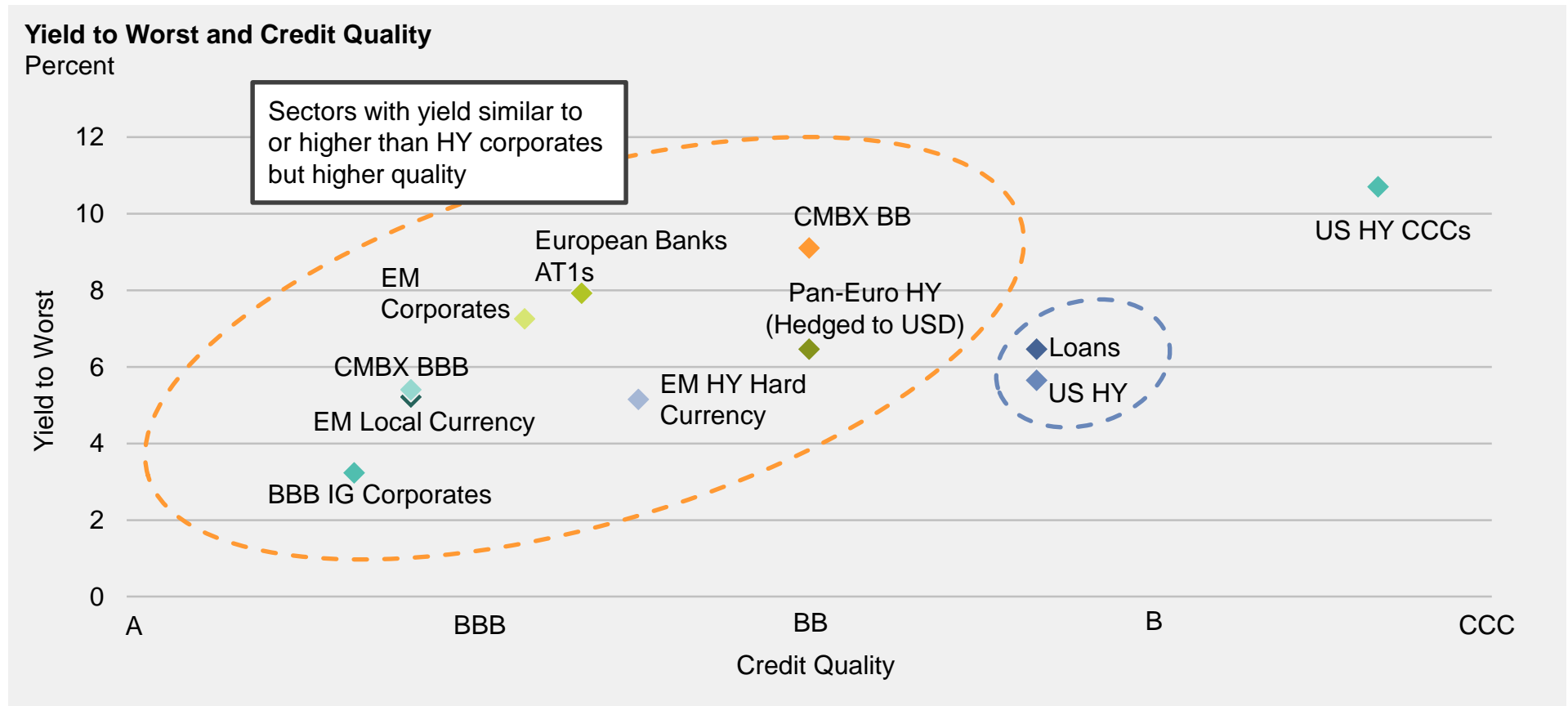
US corporate high yield is represented by Bloomberg Barclays US Corporate High-Yield (USD Hedged). Any benchmark or index cited herein is used for comparison purposes only. An investor cannot invest directly in an index. The unmanaged index performance does not reflect any fees and expenses associated with the active management of an AB portfolio.

As of 30 September 2019

Source: Bloomberg Barclays, Morningstar and AB

Current Yields Favor Global Credit Exposure

Many Sectors Offer Better Combinations of Yield and Credit Quality than Traditional Below-Investment-Grade US Credit, plus Diversification Benefits



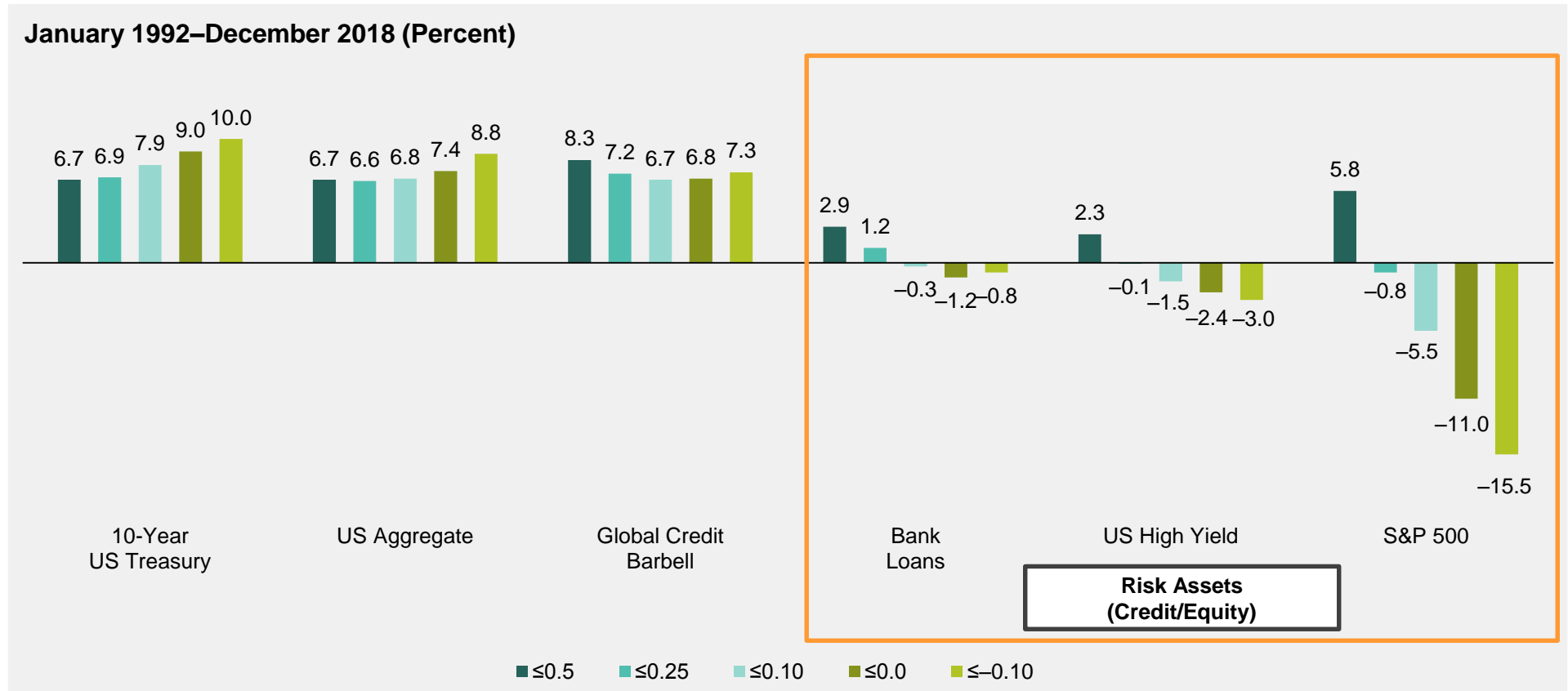
Past performance and historical and current analysis do not guarantee future results.

Through 30 September 2019

Source: Bloomberg Barclays and J.P. Morgan

Interest Rate–Sensitive Assets Outperform when the Curve Flattens

Annualized 24-Month Forward Returns Based on Treasury Curve Slope: 10-Yr. YTW Minus 2-Yr. YTW



Past performance does not guarantee future results. Any benchmark or index cited herein is for comparison purposes only. An investor generally cannot invest in an index. The unmanaged index does not reflect fees and expenses associated with the active management of an AB portfolio.

10-year US Treasury is represented by Bloomberg Barclays 10-Year US Treasury Bellwether; US aggregate by Bloomberg Barclays US Aggregate Bond. Global credit barbell is a hypothetical risk-weighted portfolio made up of 65% Bloomberg Barclays US Treasury and 35% Bloomberg Barclays Global High-Yield and leveraged 30%; bank loans by Credit Suisse Leveraged Loan; US high yield by Bloomberg Barclays US Corporate High-Yield.

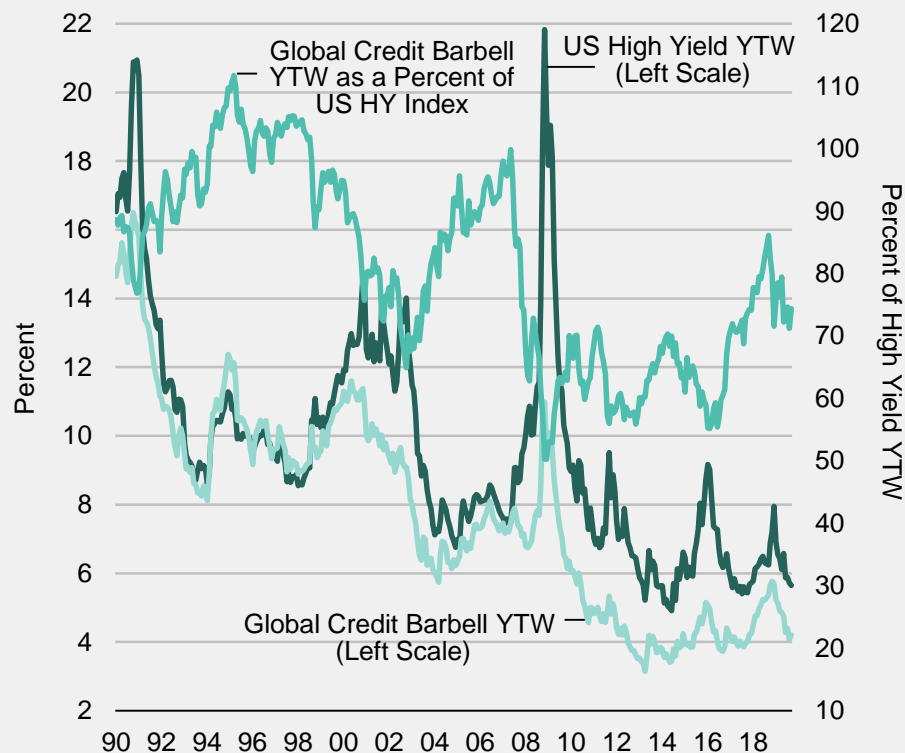
As of 31 December 2018

Source: Bloomberg Barclays, Credit Suisse, Morningstar Direct, S&P and AB

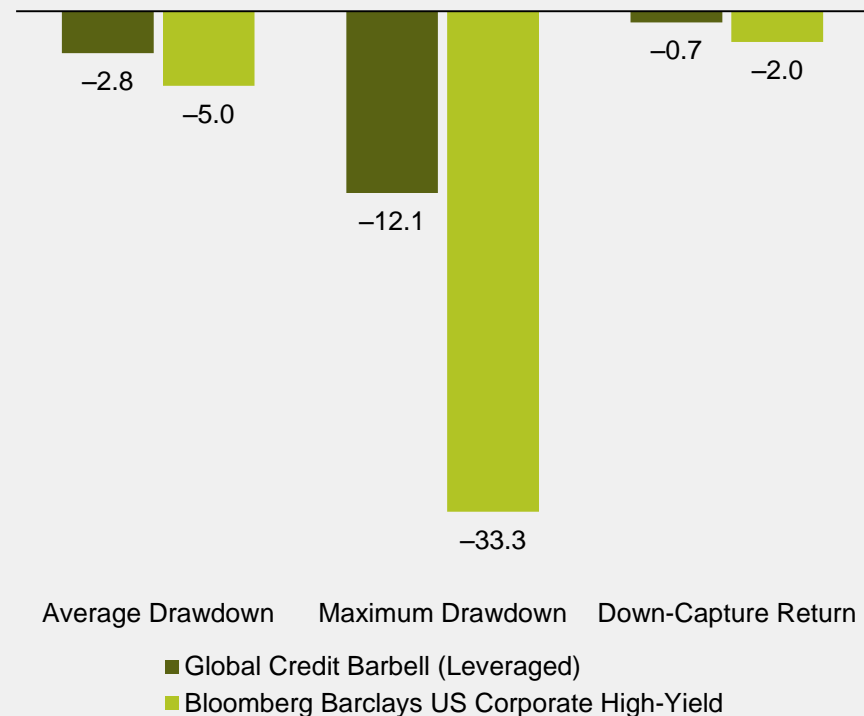
Late-Cycle Income with the Downside Protection of Treasuries

Currently, a Global Credit Barbell Generates ~74% of the Income of the High-Yield Index

Yield to Worst of Global Credit Barbell and Bloomberg Barclays US Corporate High-Yield



Downside Risk Statistics
Feb 1990–Sep 2019 (Percent)



Past performance and current analysis do not guarantee future results.

Global credit barbell is a hypothetical risk-weighted portfolio made up of 65% Bloomberg Barclays US Treasury and 35% Bloomberg Barclays Global High-Yield and leveraged 30%. Any benchmark or index cited herein is used for comparison purposes only. An investor cannot invest directly in an index. The unmanaged index performance does not reflect any fees and expenses associated with the active management of an AB portfolio.

As of 30 September 2019

Source: Bloomberg Barclays, Morningstar and AB

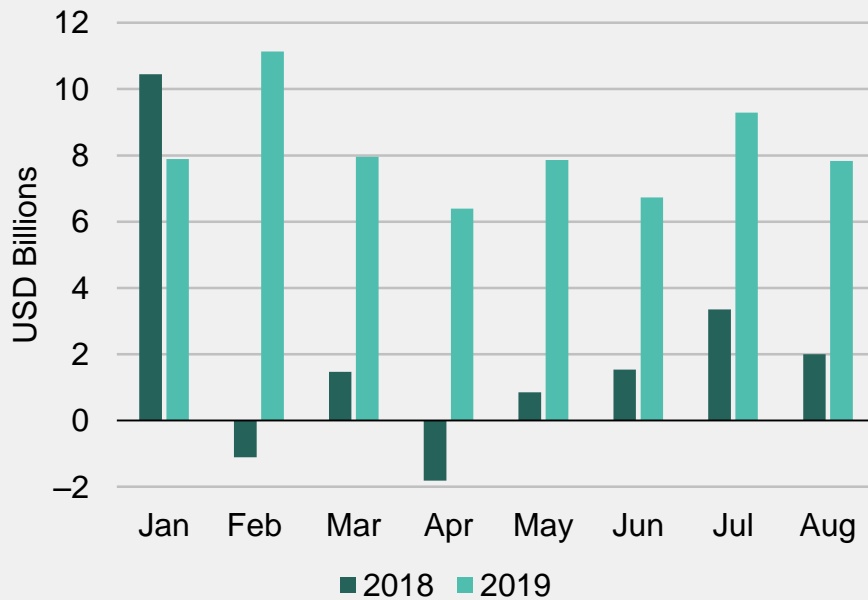


Municipals Should Continue to Benefit from Technical Support

Increased Demand Coupled with a Shrinking Market

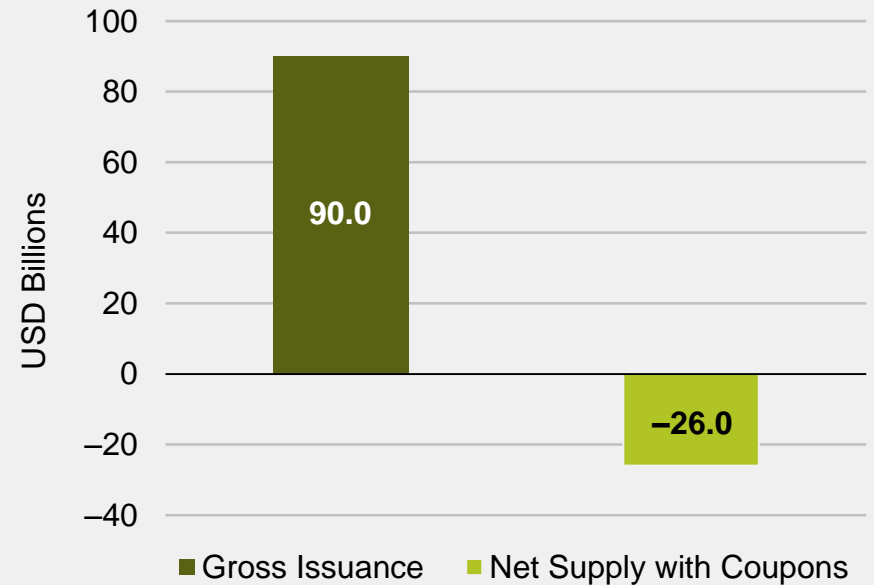
Tax Reform Has Driven Demand for Tax Havens

Morningstar Municipal Fund Flows



Municipal Market Continues to Shrink

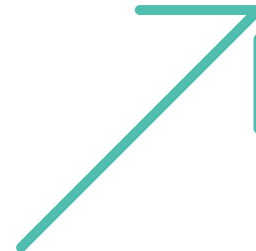
Projected 4Q Negative Net Supply



Current analysis does not guarantee future results.

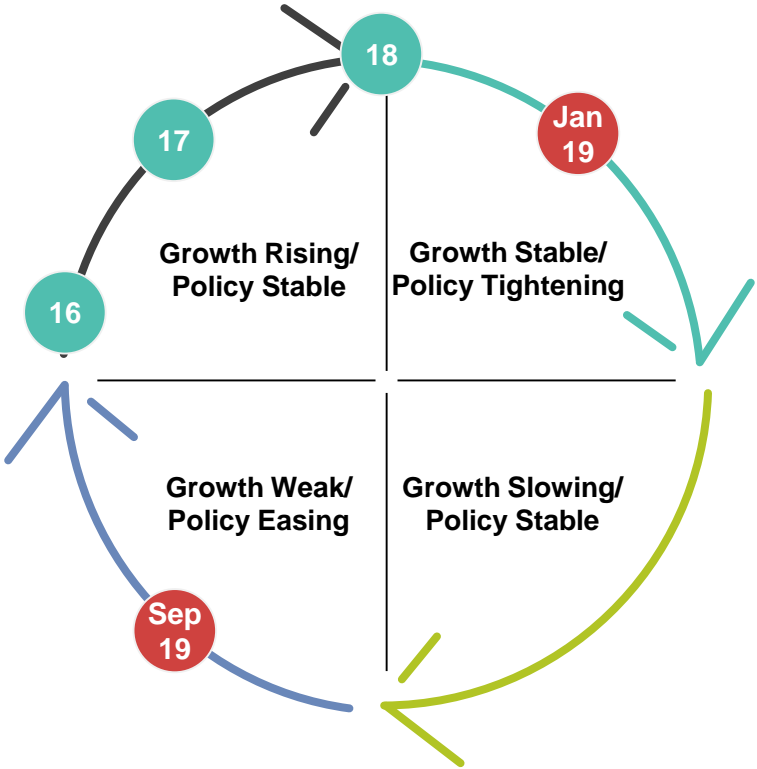
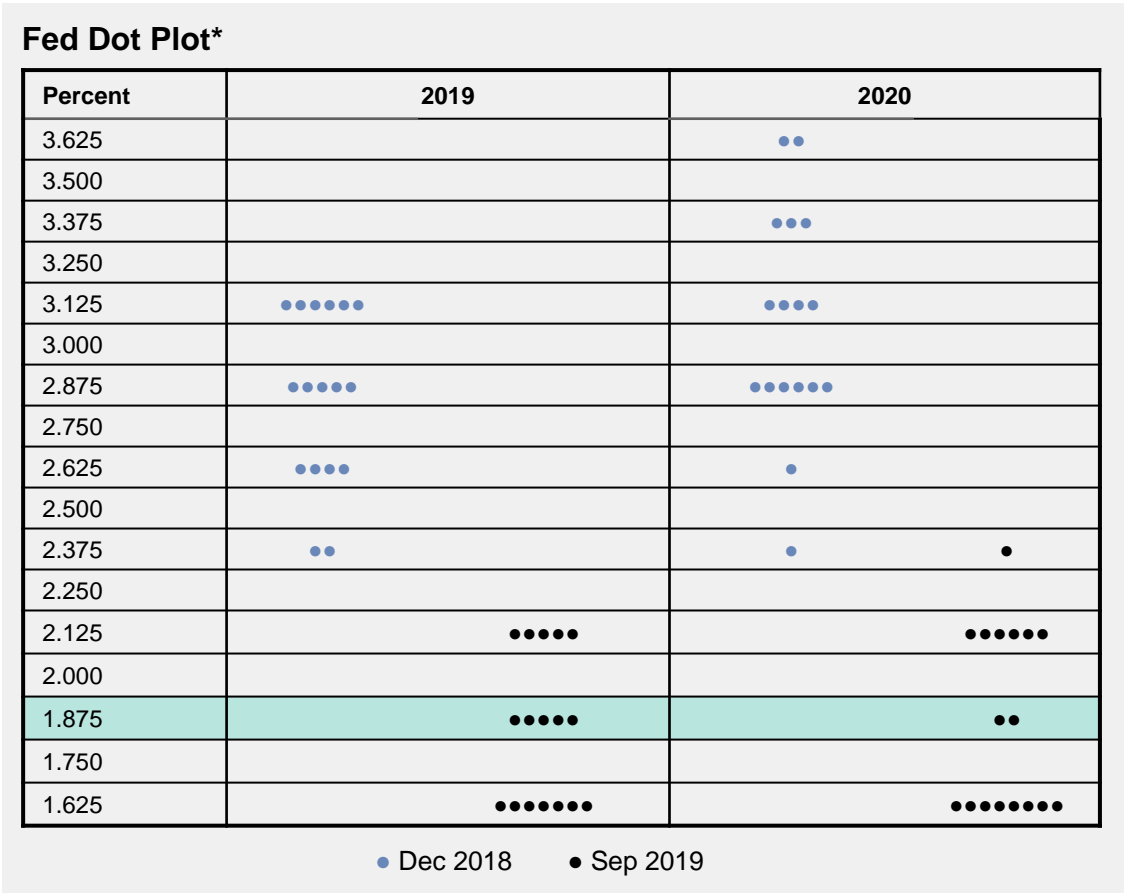
Left display as of 31 August 2019; right display as of 30 September 2019

Source: Morgan Stanley, Morningstar and AB



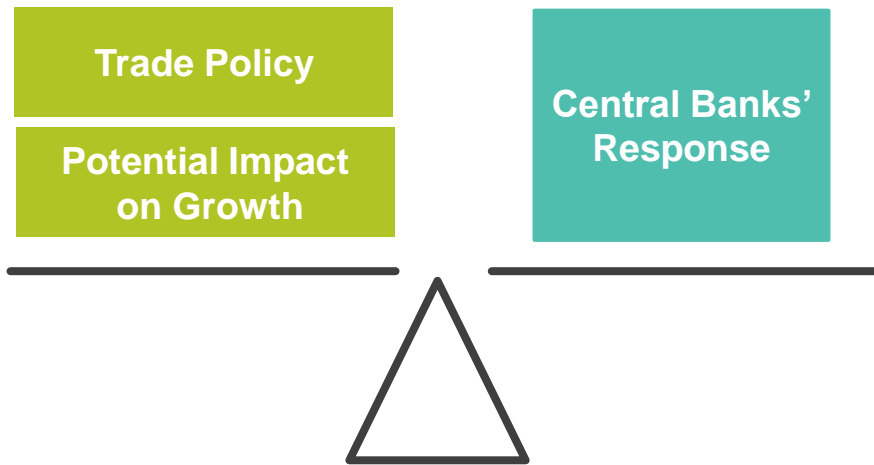
APPENDIX

Macro Summary

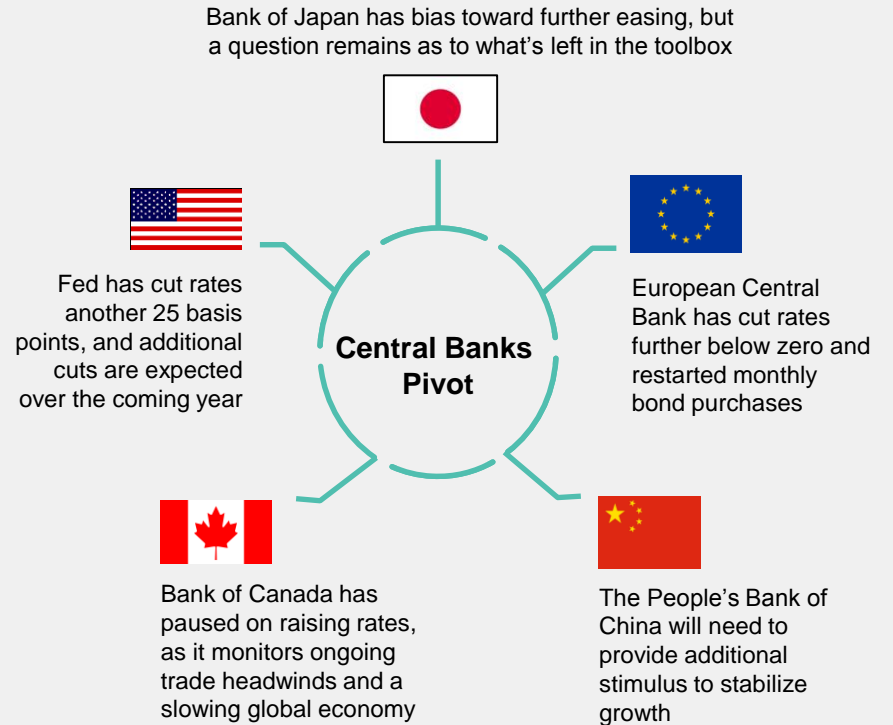


Current analysis does not guarantee future results.
*Each dot indicates the value of an individual participant's judgment of the midpoint of the appropriate target range for the fed funds rate or the appropriate target level for the fed funds rate at the end of the specified calendar year. Projections are from the 19 December 2018, and 18 September 2019, meetings.
As of 30 September 2019
Source: US Federal Reserve and AB

Policy Tug-of-War: Trade vs. Central Banks' Response



Central Banks Are Looking to Counter Global Slowdown

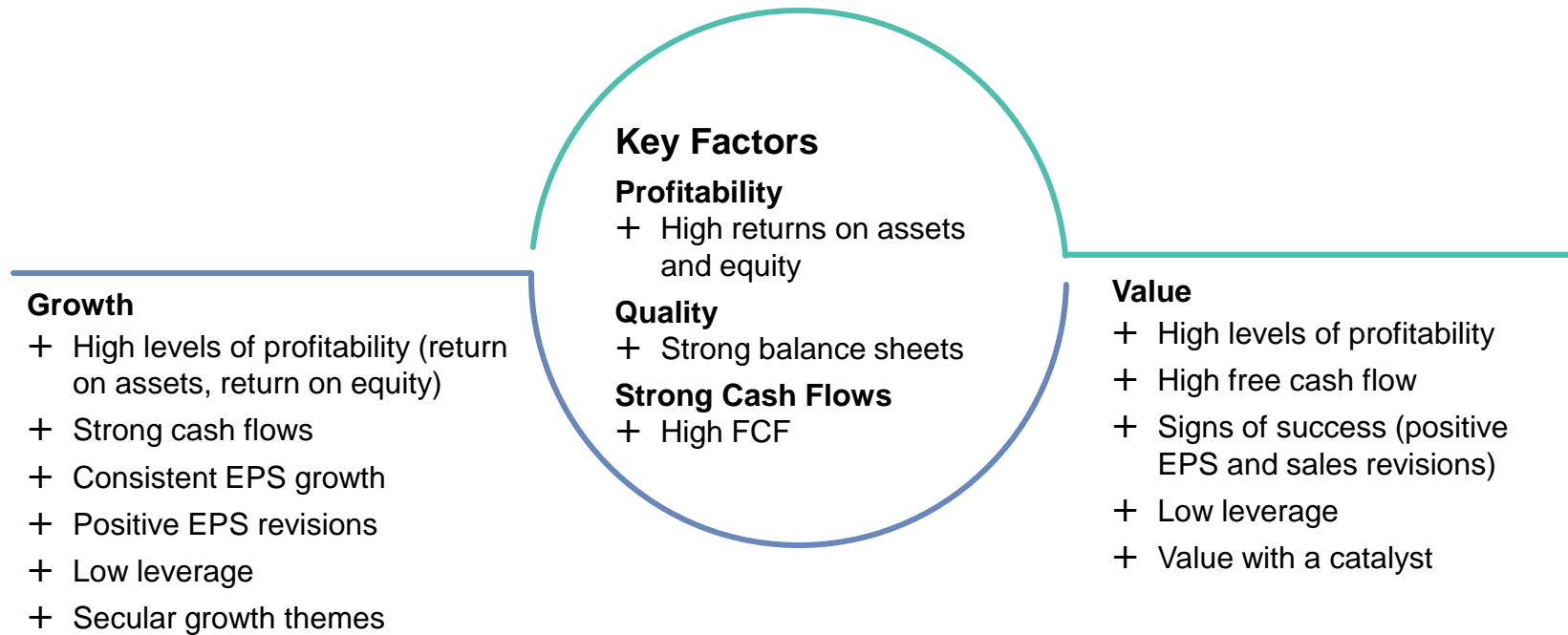


Historical analysis and current forecasts do not guarantee future results.

As of 30 September 2019

Source: Bloomberg and AB

Key Opportunities to Focus On in the Late-Cycle Environment



Historical analysis and current forecasts do not guarantee future results.

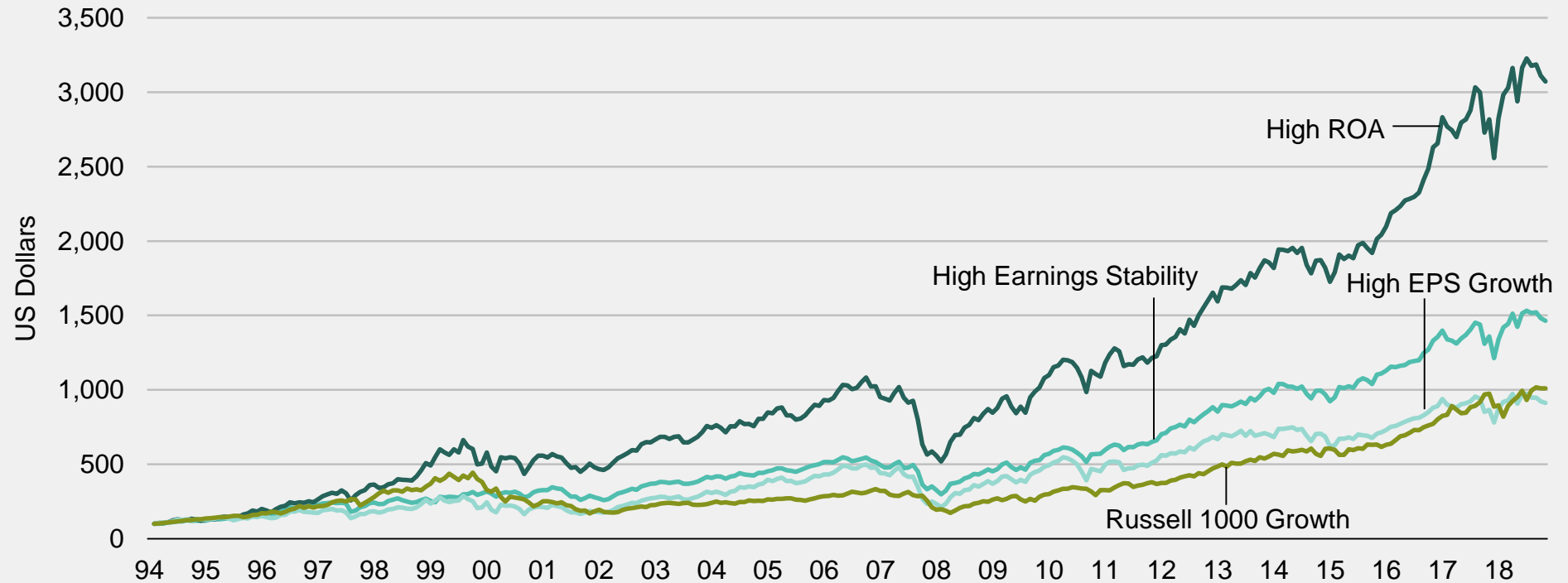
As of 30 September 2019

Source: AB

In Uncertain Environments, Emphasize High Profitability and Stability

Companies with High Return on Assets and Earnings Stability Historically Outperform over the Long Term

Growth of \$100



Historical analysis and current forecasts do not guarantee future results.

Based on the Russell 1000 Growth universe, indexed to 100 on November 30, 1994. Returns shown are for the 20% of stocks in the universe with the highest ROA, lowest earnings variability (earnings stability) and highest EPS growth over trailing years.

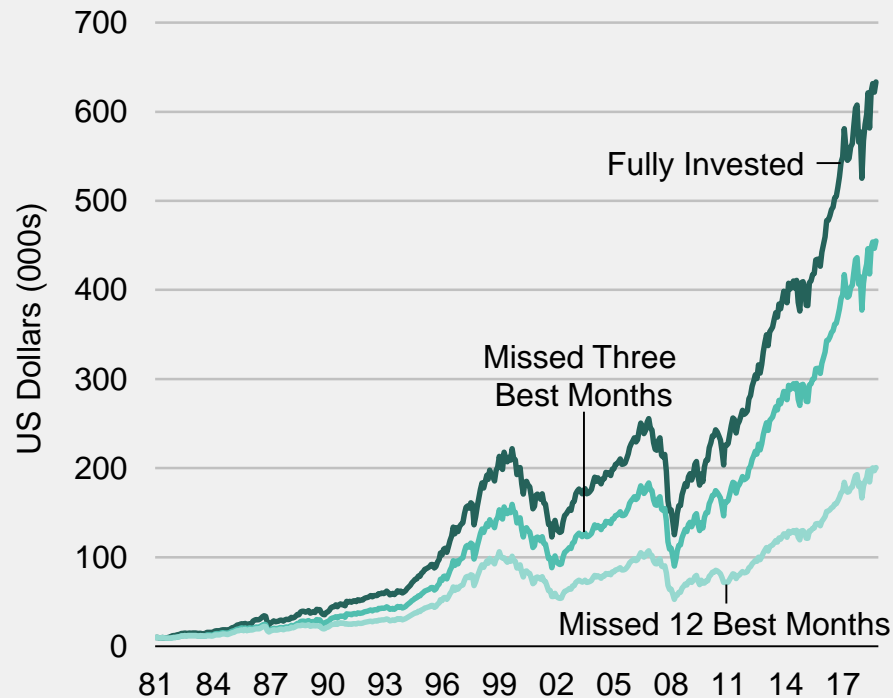
As of 30 September 2019

Source: Russell Investments and AB

Remain Invested and Focus on Downside Protection

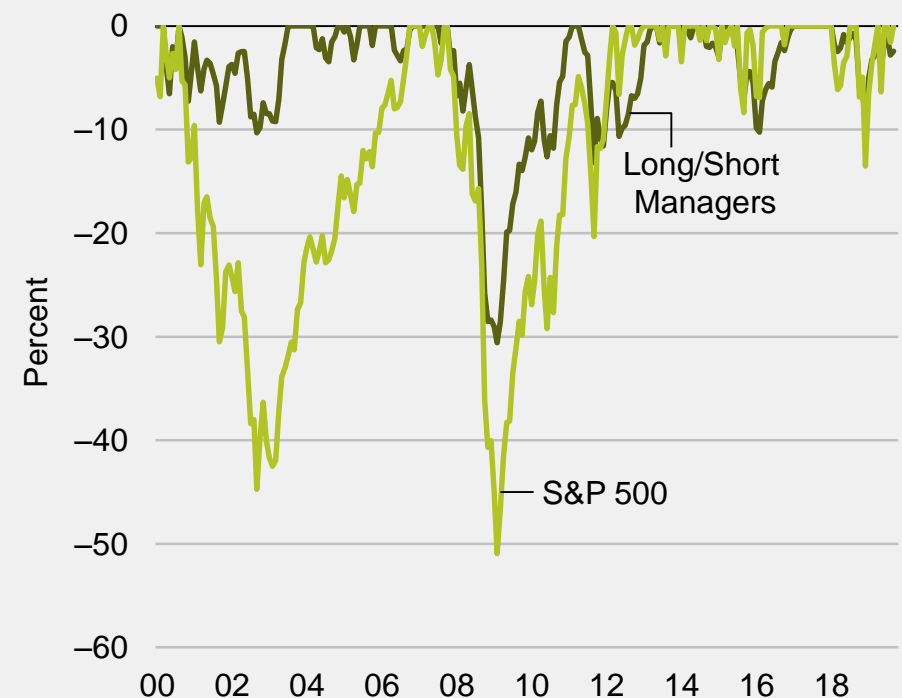
In It to Win It: A Proof Statement...

S&P 500: Hypothetical Growth of \$10,000



...but Beware of Drawdowns

Underwater Drawdown



Historical analysis and current forecasts do not guarantee future results.

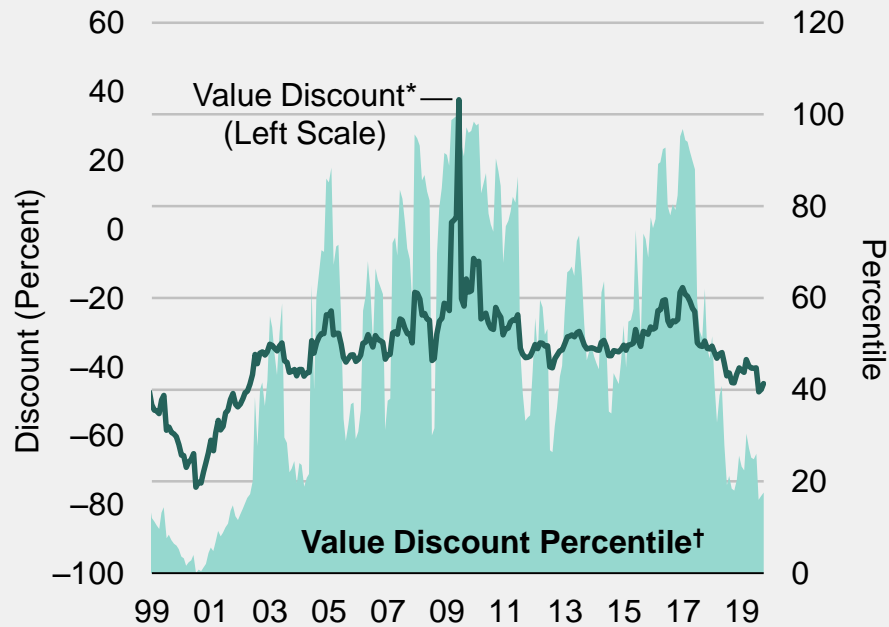
Long/short managers represented by the HFRI Equity Hedge, which represents the performance of fundamental growth, fundamental value, energy/basic materials, equity-market neutral, technology/healthcare, quantitative directional, short-bias and other hedge-fund managers. An index does not reflect fees and expenses associated with active management and an investor generally cannot invest in an index.

Left display through 30 September 2019; right display through 30 September 2019

Source: Hedge Fund Research, S&P and AB

Value Stocks at Provocative Lows; Focus on Strong Business Models

Russell 1000 Value vs. Russell 1000 Growth
Value Discount



Companies in Control of Their Own Destinies Through Management Actions, Not Economic Cycles



- + Attractively valued: e.g., high free-cash-flow yield
- + Financially strong: ability to endure unexpected headwinds
- + Signs of success: e.g., improving sales and earnings

Historical analysis and current forecasts do not guarantee future results.

*Based on the equal-weighted average of price/forward earnings, price/sales and price/cash flow

†Historical percentile ranks based on data from 1 January 1999, through 30 September 2019

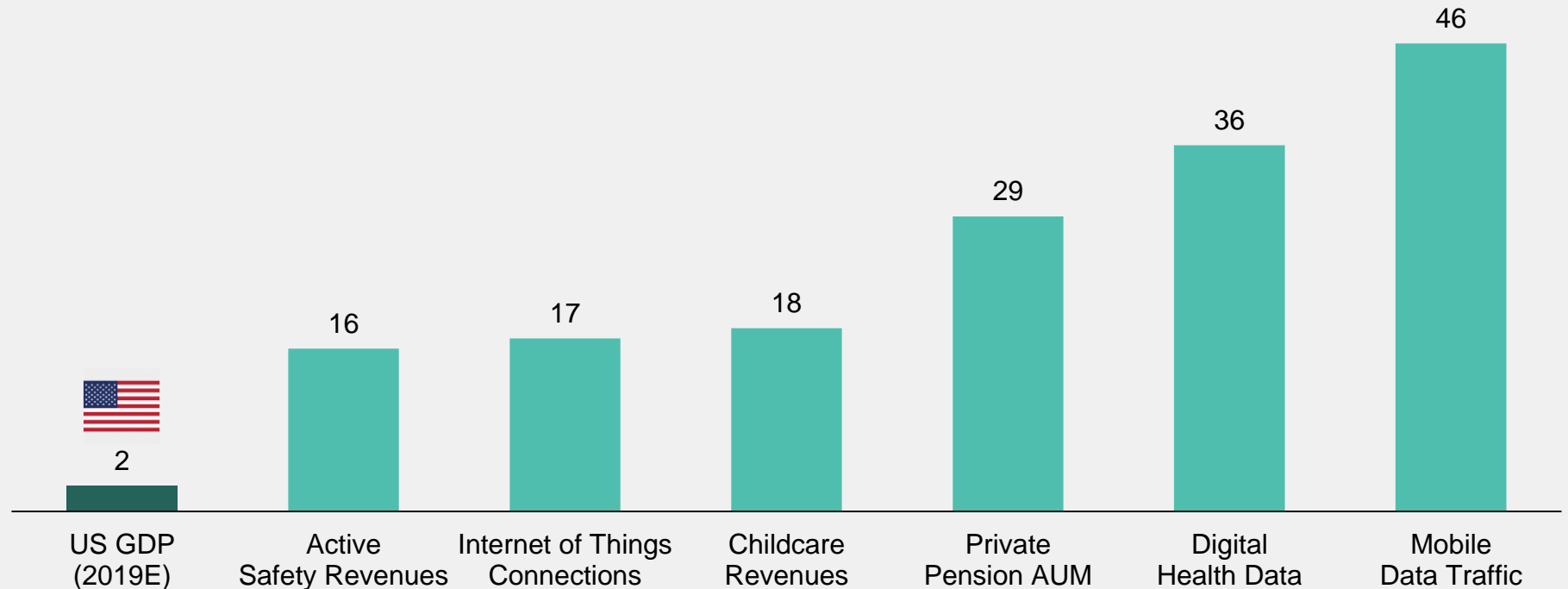
As of 30 September 2019

Source: CRSP, FactSet, Russell Investments, S&P Compustat and AB

Growth Isn't Always About the Economy

A Thematic Approach Can Uncover Compelling Opportunities

Forecast Compounded Annual Growth Rates (Percent)



Historical analysis and current forecasts do not guarantee future results.

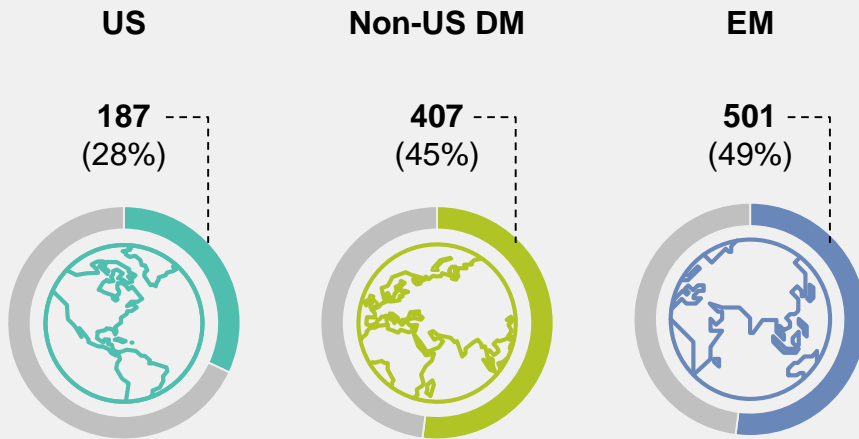
US GDP estimate from AB economists as of 31 December 2018. Theme growth uses a representative holding. Forecast dates: Active safety revenues 2017–2025, Internet of Things connections 2018–2024, childcare revenues 2018–2022, private pension AUM 2017–2025, digital health data 2018–2025 and mobile data traffic 2017–2025

As of 31 December 2018

Source: Cisco Systems, Citigroup, Ericsson, IDC, OECD, Roland Berger, Statista and AB

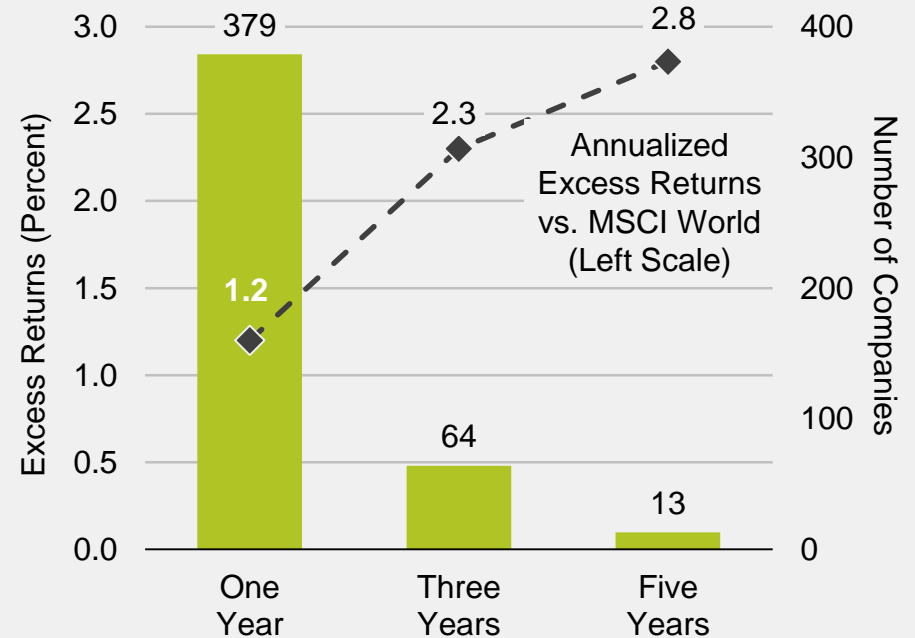
International Stocks: A Broader View Opens Higher Earning Opportunities

Stocks with Earnings Yield Greater than 7%: Number and Percentage of Index



An Active and Focused Approach Is Vital

Companies Persisting with $\geq 10\%$ YoY Earnings Growth Rates: Top 1,000 Global Companies (1979–2018)*



Historical analysis and current forecasts do not guarantee future results

Earnings yield calculated using reciprocal of P/FE (2020). Data are for S&P 500, MSCI EAFE and MSCI Emerging Markets. Individual stocks for which price/forward earnings (2020E) data were not available are excluded from these figures.

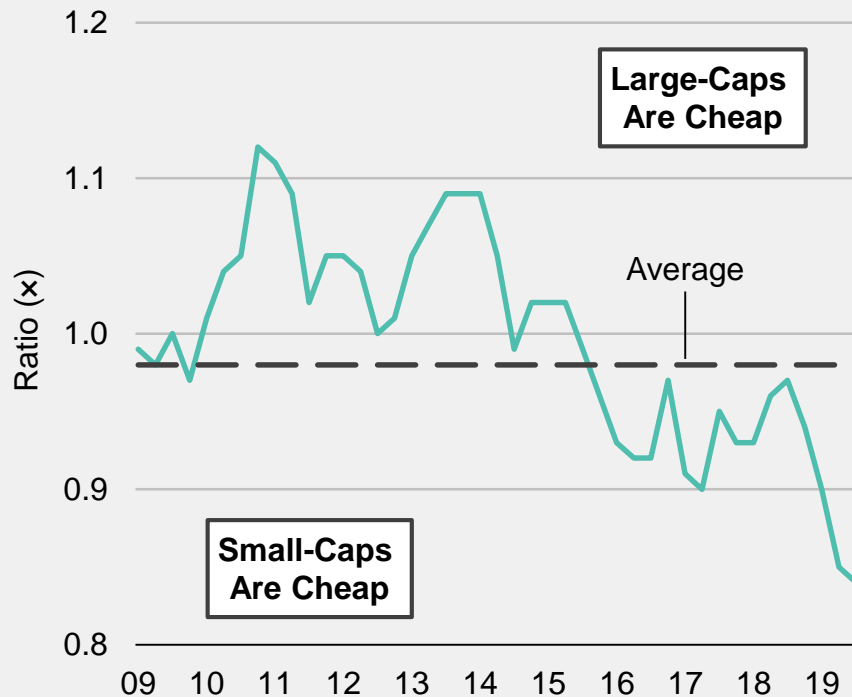
*Universe consists of the top 1,000 companies by market cap each year through 2018 with annual rebalancing.

Left display as of 30 September 2019; right display as of 31 December 2018

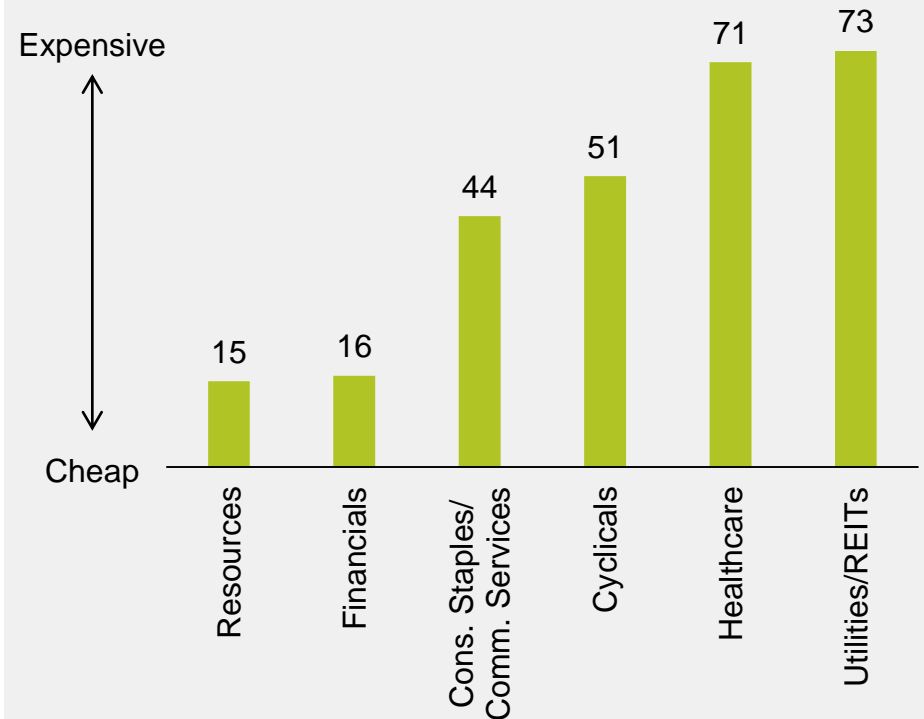
Source: MSCI, S&P and AB

Smaller-Cap Stocks Remain Attractively Valued, but Be Selective

Smaller-Cap Stocks Are Attractive vs. Large-Caps
Relative Valuations (Russell 2000 vs. Russell 1000)*



Valuation Percentile Relative to Russell 2000†
Historical Percentiles (Jan 1990–Jun 2019)



Historical analysis and current forecasts do not guarantee future results. An investor cannot invest directly in an index, and its performance does not reflect the performance of any AB portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio. Real estate sector adjusted for mortgage REITs post-GICS sector reconstitution to make it comparable with historical data. Financials consists of financials; resources consists of energy and materials; cyclicals consists of technology, consumer discretionary and industrials; consumer staples/communication services consists of staples and telecom; utilities/REITs consists of utilities and real estate investment trusts; healthcare consists of healthcare. *Valuation composite is one-third price/forward earnings, one-third price/book and one-third price/sales. †Valuation percentiles are based on 50% weighting on price/book and 50% weighting on price to FY1 relative to benchmark and relative to their own history. As of 30 June 2019
Source: Bloomberg, FactSet, Jefferies, Morningstar Direct, Russell Investments, S&P, Thomson Reuters I/B/E/S and AB

A Word About Risk

Note to All Readers: The information contained here reflects the views of AllianceBernstein L.P. or its affiliates and sources it believes are reliable as of the date of this publication. AllianceBernstein L.P. makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized. Past performance does not guarantee future results. The views expressed here may change at any time after the date of this publication. This document is for informational purposes only and does not constitute investment advice. AllianceBernstein L.P. does not provide tax, legal or accounting advice. It does not take an investor's personal investment objectives or financial situation into account; investors should discuss their individual circumstances with appropriate professionals before making any decisions. This information should not be construed as sales or marketing material or an offer or solicitation for the purchase or sale of any financial instrument, product or service sponsored by AB or its affiliates. **Note to Canadian Readers:** This publication has been provided by AB Canada, Inc. or Sanford C. Bernstein & Co., LLC and is for general information purposes only. It should not be construed as advice as to the investing in or the buying or selling of securities, or as an activity in furtherance of a trade in securities. Neither AB Institutional Investments nor AB L.P. provides investment advice or deals in securities in Canada. **Note to European Readers:** This information is issued by AllianceBernstein Limited, a company registered in England under company number 2551144. AllianceBernstein Limited is authorised and regulated in the UK by the Financial Conduct Authority (FCA - Reference Number 147956). **Note to Readers in Japan:** This document has been provided by AllianceBernstein Japan Ltd. AllianceBernstein Japan Ltd. is a registered investment-management company (registration number: Kanto Local Financial Bureau no. 303). It is also a member of the Japan Investment Advisers Association; the Investment Trusts Association, Japan; the Japan Securities Dealers Association; and the Type II Financial Instruments Firms Association. The product/service may not be offered or sold in Japan; this document is not made to solicit investment. **Note to Australian Readers:** This document has been issued by AllianceBernstein Australia Limited (ABN 53 095 022 718 and AFSL 230698). Information in this document is intended only for persons who qualify as "wholesale clients," as defined in the Corporations Act 2001 (Cth of Australia), and should not be construed as advice. **Note to Singapore Readers:** This document has been issued by AllianceBernstein (Singapore) Ltd. ("ABSL", Company Registration No. 199703364C). AllianceBernstein (Luxembourg) S.à r.l. is the management company of the portfolio and has appointed ABSL as its agent for service of process and as its Singapore representative. AllianceBernstein (Singapore) Ltd. is regulated by the Monetary Authority of Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore. **Note to Hong Kong Readers:** This document is issued in Hong Kong by AllianceBernstein Hong Kong Limited (聯博香港有限公司), a licensed entity regulated by the Hong Kong Securities and Futures Commission. This document has not been reviewed by the Hong Kong Securities and Futures Commission. **Note to Readers in Vietnam, the Philippines, Brunei, Thailand, Indonesia, China, Taiwan and India:** This document is provided solely for the informational purposes of institutional investors and is not investment advice, nor is it intended to be an offer or solicitation, and does not pertain to the specific investment objectives, financial situation or particular needs of any person to whom it is sent. This document is not an advertisement and is not intended for public use or additional distribution. AB is not licensed to, and does not purport to, conduct any business or offer any services in any of the above countries. **Note to Readers in Malaysia:** Nothing in this document should be construed as an invitation or offer to subscribe to or purchase any securities, nor is it an offering of fund-management services, advice, analysis or a report concerning securities. AB is not licensed to, and does not purport to, conduct any business or offer any services in Malaysia. Without prejudice to the generality of the foregoing, AB does not hold a capital-markets services license under the Capital Markets & Services Act 2007 of Malaysia, and does not, nor does it purport to, deal in securities, trade in futures contracts, manage funds, offer corporate finance or investment advice, or provide financial-planning services in Malaysia. **Important Note For UK and EU Readers:** For Professional Client or Investment Professional use only. Not for inspection by distribution or quotation to, the general public.

A Word About Risk

The information contained here reflects the views of AllianceBernstein L.P. or its affiliates and sources it believes are reliable as of the date of this publication. AllianceBernstein L.P. makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized. Past performance does not guarantee future results. The views expressed here may change at any time after the date of this publication. This document is for informational purposes only and does not constitute investment advice. AllianceBernstein L.P. does not provide tax, legal or accounting advice. It does not take an investor's personal investment objectives or financial situation into account; investors should discuss their individual circumstances with appropriate professionals before making any decisions. This information should not be construed as sales or marketing material or an offer or solicitation for the purchase or sale of any financial instrument, product or service sponsored by AllianceBernstein L.P. or its affiliates.

Important Risk Information Related to Investing in Equity and Short Strategies

All investments involve risk. Equity securities may rise and decline in value due to both real and perceived market and economic factors as well as general industry conditions.

A short strategy may not always be able to close out a short position on favorable terms. Short sales involve the risk of loss by subsequently buying a security at a higher price than the price at which it sold the security short. The amount of such loss is theoretically unlimited (since it is limited only by the increase in value of the security sold short). In contrast, the risk of loss from a long position is limited to the investment in the long position, since its value cannot fall below zero. Short selling is a form of leverage. To mitigate leverage risk, a strategy will always hold liquid assets (including its long positions) at least equal to its short position exposure, marked to market daily.

Important Risk Information Related to Investing in Emerging Markets and Foreign Currencies

Investing in emerging-market debt poses risks, including those generally associated with fixed-income investments. Fixed-income securities may lose value due to market fluctuations or changes in interest rates. Longer-maturity bonds are more vulnerable to rising interest rates. A bond issuer's credit rating may be lowered due to deteriorating financial condition; this may result in losses and potentially default, or failure to meet payment obligations. The default probability is higher in bonds with lower, noninvestment-grade ratings (commonly known as "junk bonds").

There are other potential risks when investing in emerging-market debt. Non-US securities may be more volatile because of the associated political, regulatory, market and economic uncertainties; these risks can be magnified in emerging-market securities. Emerging-market bonds may also be exposed to fluctuating currency values. If a bond's currency weakens against the US dollar, this can negatively affect its value when translated back into US-dollar terms.

Bond Ratings Definition

A measure of the quality and safety of a bond or portfolio, based on the issuer's financial condition, and not based on the financial condition of the fund itself. AAA is highest (best) and D is lowest (worst). Ratings are subject to change. Investment-grade securities are those rated BBB and above. If applicable, the Pre-Refunded category includes bonds which are secured by US government securities and therefore are deemed high-quality investment grade by the advisor.

Index Definitions

Following are definitions of the indices referred to in this presentation. It is important to recognize that all indices are unmanaged and do not reflect fees and expenses associated with the active management of a mutual fund portfolio. Investors cannot invest directly in an index, and its performance does not reflect the performance of any AB mutual fund.

- + **Bloomberg Barclays Global Aggregate Corporate Bond Index:** Tracks the performance of investment-grade corporate bonds publicly issued in the global market and found in the Global Aggregate. (Represents global corporate on slide 2.)
- + **Bloomberg Barclays Global High-Yield Bond Index:** Provides a broad-based measure of the global high-yield fixed-income markets. It represents the union of the US High-Yield, Pan-European High Yield, US Emerging Markets High-Yield, CMBS High Yield and Pan-European Emerging Markets High-Yield indices.
- + **Bloomberg Barclays Global Treasury Index:** Tracks fixed-rate local currency government debt of investment-grade countries. The index represents the Treasury sector of the Global Aggregate Bond Index.
- + **Bloomberg Barclays Global Treasury: Euro Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the Euro Area Treasury sector of the Global Aggregate Bond Index. (Represents euro-area government bonds on slide 2.)
- + **Bloomberg Barclays Global Treasury: Japan Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the Japanese Treasury sector of the Global Aggregate Bond Index. (Represents Japan government bonds on slide 2.)
- + **Bloomberg Barclays US Aggregate Bond Index:** A broad-based benchmark that measures the investment-grade, US dollar–denominated, fixed-rate, taxable bond market, including US Treasuries, government-related and corporate securities, mortgage-backed securities (MBS [agency fixed-rate and hybrid ARM pass-throughs]), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS).
- + **Bloomberg Barclays US Corporate High-Yield Bond Index:** Represents the corporate component of the Bloomberg Barclays US High-Yield Index. (Represents US high yield on slide 2.)
- + **Bloomberg Barclays US Treasury Index:** Includes fixed-rate, local-currency sovereign debt that makes up the US Treasury sector of the Global Aggregate Index. (Represents US government bonds on slide 2.)
- + **Credit Suisse Leveraged Loan Index:** Tracks the investable market of the US dollar–denominated leveraged loan market. It consists of issues rated 5B or lower, meaning that the highest-rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

Index Definitions (cont.)

- + **HFR Equity Hedge Index:** Investment managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. Equity Hedge managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.
- + **HFR Event Driven Index:** Investment managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company-specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.
- + **HFR Fund Weighted Composite Index:** A global, equal-weighted index of more than 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly performance net of all fees in US dollars and have a minimum of \$50 million under management or 12-month track record of active performance.
- + **HFR Macro:** Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both Macro and equity hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposed to EH, in which the fundamental characteristics on the company are the most significant are integral to investment thesis.
- + **HFR Relative Value:** Investment Managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. RV position may be involved in corporate transactions also, but as opposed to ED exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.
- + **J.P. Morgan Emerging Market Bond Index Global:** A benchmark index for measuring the total return performance of government bonds issued by emerging-market countries that are considered sovereign (issued in something other than local currency) and that meet specific liquidity and structural requirements. In order to qualify for index membership, the debt must be more than one year to maturity, have more than \$500 million outstanding, and meet stringent trading guidelines to ensure that pricing inefficiencies don't affect the index. (Represents emerging-market debt on slide 2.)

Index Definitions (cont.)

- + **MSCI Emerging Markets Index:** A free float–adjusted, market capitalization–weighted index designed to measure equity market performance in the global emerging markets. It consists of 21 emerging-market country indices. (Represents emerging markets on slide 2.)
- + **MSCI Europe ex UK Index:** Captures large- and mid-cap representation across 14 developed markets countries in Europe. With 345 constituents, the index covers approximately 85% of the free float–adjusted market capitalization across European developed markets, excluding the UK.
- + **MSCI Japan Index:** Designed to measure the performance of the large- and mid-cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float–adjusted market capitalization in Japan.
- + **MSCI United Kingdom Index:** Designed to measure the performance of the large- and mid-cap segments of the UK market. With 97 constituents, the index covers approximately 85% of the free float–adjusted market capitalization in the UK.
- + **MSCI World Index:** A market capitalization–weighted index that measures the performance of stock markets in 24 countries. (Represents world on slide 2.)
- + **Russell 1000 Index:** A stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, representing about 90% of the total market capitalization of that index.
- + **Russell 2000 Index:** Measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000 Index, representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.
- + **S&P 500 Index:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US on slide 2.)

MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI.



ALLIANCEBERNSTEIN[®]

The [A/B] logo is a registered service mark of AllianceBernstein and AllianceBernstein[®] is a registered service mark used by permission of the owner, AllianceBernstein L.P.

© 2019 AllianceBernstein L.P. www.AllianceBernstein.com

UMF-82556-2019-10-15