ALLIANCEBERNSTEIN®

Monthly Fact Sheet **Mar** 2024

Concentrated Global Growth

Portfolio Information

Top Ten Holdings[1]	Portfolio %
Microsoft	8.90
Amazon	7.53
Mastercard	6.92
Novo Nordisk	5.01
Eaton	4.94
ADP	4.38
Charles Schwab	4.29
ASML	4.14
Constellation Brands	3.90
SAP	3.36

Sector Weights[1]	Portfolio	MSCI World Index
Information technology	28.50	23.68
Consumer discretionary	19.43	10.73
Health care	13.56	11.99
Industrials	13.01	11.22
Financials	11.21	15.36
Consumer staples	5.90	6.52
Real estate	2.55	2.27
Materials	2.07	3.90
Communication services	1.15	7.44
Energy	-	4.46
Utilities	-	2.43

Top Five Equity Contributors (Held)	Top Five Equity Detractors (Held)
Lonza	Zoetis
Eaton	Abbott Lab.
Constellation Brands	Nike
Charles Schwab	Cap Gemini
Novo Nordisk	ADP

The MSCI World Index had a strong start to the year, returning 3.0% for March and 13.8%, in the first quarter (all returns in Australian-dollar terms). In the US, equity markets also rallied as investors cheered on a strong economic outlook, supported by better-than-expected earnings reports from companies (as detailed in our letter last month) and a resurgence of enthusiasm for artificial intelligence (AI). The US ISM Manufacturing Index for March rose back into expansionary territory, with a reading of 50.3, breaking a 16-month trend of sub-50 contractionary readings, giving hope that cyclical pressures may be abating and reaffirming the soft-landing narrative.

European bourses also saw robust returns, with the STOXX 600 appreciating 7.8%, in US-dollar terms, in the first quarter. Expectations were low, and share prices rose as macroeconomic growth showed signs of bottoming out. The Hamburg Commercial Bank Eurozone Composite PMI reached 49.9 in March, which beat expectations by 20 basis points (bps) and improved month over month by 70 bps. There are also rising expectations for rate cuts in the eurozone as inflation continued to ease sequentially, with the February reading coming in at 2.6%, compared with 2.8% in January. That should usher in easing financial conditions in the latter half of the year. Although growth remains lacklustre, barring exogenous events, the region appears poised for improving trends.

In Japan, the TOPIX gained 18.0% during the quarter, in local currency terms (or 9.9% in US-dollar terms). Corporate reforms, attractive valuations and expectations of a sustained improvement to gross domestic product growth were key drivers of the share price move. Japan's largest union group secured a 5.3% increase to annual wages in the recent spring wage negotiations, which is the largest pay hike in 33 years and increased the odds of stronger consumer spending and an end to persistent deflation. Consequently, the Bank of Japan also raised interest rates for the first time in 17 years. On the other hand, the China-exposed Hang Seng Index and the Shanghai Composite Index continued to lag, with the Hang Seng declining 2.5% and the Shanghai Composite rising 1.2% for the quarter. Sentiment on China remains sluggish, as there are no signs of a turnaround in the property market or consumer confidence and geopolitical risk continues to weigh amid the upcoming US election. We have noted incremental supportive measures, such as companies with robust free cash flow (e.g., Tencent) endeavouring to bolster their share prices through increased capital returns to shareholders (e.g., share repurchases and dividends) and the securities regulator announcing curbs on short selling. Nevertheless, these actions have had limited impact thus far. All in all, the global equity market as a whole enjoyed a strong quarter, but the dispersion between regional returns remains stark.

For both the month of March and the year to date, the Concentrated Global Growth Portfolio delivered a positive return in absolute terms but underperformed the MSCI World before fees and in Australian-dollar terms. Our relative underperformance for the year to date has been driven primarily by our US holdings, which have not kept pace with the wider US market, where technology stocks have mainly driven performance. Additionally, our Japanese holdings have lagged the TOPIX, where value stocks, particularly in the banking sector, outperformed meaningfully.

Markets continued to push higher during the period despite a higher-than-expected inflation print and ongoing strength in US employment data. The rally was partially driven by extremely positive results from NVIDIA, giving weight to the thesis that AI will be a widespread positive force across a broad range of industries, although we saw performance broaden out in the market at large and the Magnificent Seven specifically. The best-performing sectors in the quarter were communication services, technology and financials. Utilities, materials and consumer staples were among the weakest sectors for the quarter. Japan was the best-performing region geographically, with European markets trailing the US.

Leading detractors from absolute performance in March included Zoetis, Nike and AIA Group, while top detractors for the quarter were HDFC Bank, Daikin Industries and Zoetis. HDFC, a leading Indian banking and financial-services company, reported a mixed set of numbers, but investors focused mainly on the lower liquidity coverage ratio, which may imply some constraints on future growth opportunities. Daikin, a Japan-based leader in industrial air cooling units across residential and commercial sectors globally, has an exciting and nascent heat pump business, but operating profit for its third-quarter results underwhelmed because of sluggish residential demand for air conditioning units in the US and delayed recovery of heat pumps in Europe. Zoetis, a US-based animal health company, posted a disappointing gross margin outlook for 2024. The company is also facing concerns about its future growth due to competition for its two largest franchises (dermatology and flea/tick) and the possibility that innovation may not be able to fill the growth void.

Leading contributors to absolute performance in March included Eaton, Constellation Brands and Novo Nordisk, while first-quarter contributors were all based in and listed in the US: Eaton, Amazon and Microsoft. The 2024 outlook for Eaton, which manufactures power-management products and has a substantial electrical growth opportunity in front of it, supports a continuation in this growth, with electrical orders inflecting positively in the quarter. Amazon, an online retailer and provider of cloud computing infrastructure, reported fourth-quarter results that beat expectations, with sustained growth in retail and an acceleration at its Amazon Web Services subsidiary. Software giant Microsoft reported strong quarterly results powered by a reacceleration in Azure cloud computing revenue and guided to continued good performance with a significant boost from margins.

We made two additions to the Portfolio within the quarter: Fast Retailing and Fair Isaac Corporation (FICO). Fast Retailing, a Japan-based apparel manufacturer and retailer, is the world's third-largest retailer of own-brand apparel. Our investment thesis is built around the overseas expansion of its brands through store growth, particularly in North America and China. US-based FICO licenses credit scoring models to credit bureaus and has more than 95% market share in asset-backed securitization risk management. FICO's combination of pricing power and the potential for higher mortgage originations in 2024–2026 creates an asymmetric earnings growth opportunity within the firm's credit scores segment.

We exited our positions in Abbott Laboratories, AIA Group, Genmab and HDFC. US-based Abbott Laboratories faces a legal overhang, with pending lawsuits against its infant formula business. Although the current facts suggest the ultimate liability to Abbott will likely be limited, the range of outcomes is wide, and it will likely take a long time for this overhang to be resolved. Furthermore, the looming liability handicaps Abbott's ability to allocate future capital and free cash flow, thereby impairing future earnings capacity. We therefore decided to exit the position, as we deemed our capital would be more effectively deployed elsewhere. In a similar vein, we decided to exit China-based insurance company AIA, despite its solid execution and sound long-term fundamentals, as a slowdown in growth in 2024 and low confidence in Chinese equities mean the stock will likely remain a laggard for some time. Denmark-based healthcare company Genmab is facing uncertainty due to the upcoming clinical data for its follow-on drug to Darzalex, which goes off-patent in 2030. Johnson & Johnson, the drug's partner, will decide whether to develop and market the product based on this data. We believe that this binary risk is unnecessary and will reassess the stock once the outcome is known. HDFC continues to face scrutiny over its ability to go after future growth opportunities in the face of regulatory requirements around the cost of funding, and we have exited the stock because we believe that the risk/reward at the current share price is unfavourable.

Equity markets continued to broaden out modestly in the first quarter, although the main themes that outperformed last year, such as large-cap and AI-related names, continued to be top performers within the quarter. We did see dispersion within the Magnificent Seven; NVIDIA and Meta Platforms were clear winners, and both Amazon and Microsoft posted returns ahead of the S&P 500. But what was different this quarter was how investors differentiated among the companies, with Tesla down close to 30% and Apple down approximately 11%. We believe that this is positive as the market becomes more discerning and stops treating this group as one entity. As we have written before, we anticipate that market concentration will gradually ease, and our Portfolio will benefit from this trend.

As we approach the first-quarter reporting season in April, we are monitoring valuations closely. Multiple expansion was the primary driver of share price performance in the first quarter, with the next 12 months price/earnings (P/E) ratio of the MSCI World expanding 7%, accounting for the majority of the year-to-date gain of 8.9%. The rerating of the market occurred despite rate-cut expectations being pushed out once more; against robust macroeconomic data and slightly hotter-than-expected inflation data, market expectations of rate cuts from the Federal Reserve in 2024 have moderated, with three cuts this year now priced in, compared with six cuts at the beginning of the year. The US 10-year Treasury yield has also moved up from 3.9% at the start of the quarter to 4.3% by the end. Nevertheless, equity markets grinded higher, fuelled by optimism around the strength of the economy and an absence of major negative shocks. Today, the MSCI World's valuation appears relatively full, at 18.9 times next 12 months P/E, sitting around 12% above the 10-year average of 16.8 times. Though we continue to believe that a soft landing is the most likely outcome, at the current valuation we could see some volatility in the market should earnings and deflation trends disappoint.

Please don't hesitate to reach out to us should you have questions about your Portfolio.

Portfolio Characteristics	Portfolio	MSCI World Index
Number of Holdings	31	1,463
P/E Ratio (Stock Price/Earnings; last 12 mo)3	35.17x	21.97x~
Forward P/E Ratio (2024)3	28.93x	19.35x
ROE (Return on Equity; next 12 mo)3	28.88%	17.90%
Median Market Cap ($ Billions)	151.9	29.4
EPS (Earnings per Share) Growth Rate	10.77%	13.74%
(2024/2023)3	15.29%	13.18%
EPS Growth (5 yr history)3	10.45%	11.26%

	Pure Gross of Fee[2]	MSCI World Index
Month	1.70%	3.02%
1 Year	17.69%	28.44%
3 Years	6.69%	14.36%
5 Years	11.31%	14.00%
7 Years	13.65%	13.61%
10 Years	14.62%	13.30%

You should not assume that these securities or investments we make in the future were or will be profitable or will equal the performance of the securities discussed in this document.

Market Risk: The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value.

1 Based on a representative account as of 03/31/2024. Portfolio holdings, characteristics and weightings (which are equity only weightings and excluding cash) will vary over time. These are not recommendations to buy or sell any security.

2 Based on the Concentrated Global Growth Composite ("Composite") in AUD. Pure gross-of-fees do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to net returns. Each client's returns will vary, based on the client's actual portfolio holdings and the actual fees charged to the account. Performance results are shown pure gross of all fees and net of a maximum 3.0% managed account fee, which includes transaction costs, custodial service fees and investment advisory fees. Please see the Concentrated Global Growth Composite Performance Disclosure below. **Past performance does not guarantee future results.**

3 Current analysis and estimates do not guarantee future results. Based on calendar year earnings. Sources: MSCI and AB.

This is supplemental information to the Concentrated Global Growth Managed Account Composite Performance Disclosure which can be found on the next page.

The MSCI World Index (free float-adjusted market capitalization weighted) represents the equity market performance of developed markets. Net index reflects the reinvestment of dividends. 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. Any index or benchmark cited herein is for comparison purposes only.

Please refer to the following legal disclosures.

Concentrated Global Growth Composite (in Australian Dollar)

Period	Composite Assets (AUD millions)	Composite Accounts at End of Period	Gross Return (%)	Net Return (%)	Internal Composite Dispersion (%)	Composite 3 Year Ann. Ex Post Standard Deviation (%)	Benchmark 3 Year Ann. Ex Post Standard Deviation (%)	Total Firm Assets (AUD billions)	MSCI World (Net) Index Return (%)
2023	5,596.1	13	10.78	9.79	0.44	13.37	11.46	901.5	23.03
2022	5,878.4	16	(19.56)	(20.28)	0.34	14.76	13.35	804.2	(12.24)
2021	7,640.2	16	27.01	25.87	0.28	11.57	11.29	941.9	29.29
2020	5,278.2	14	13.26	12.24	0.37	12.47	11.83	791.9	5.58
2019	1,742.7	9	37.63	36.41	0.78	11.14	9.58	817.2	27.86
2018	489.4	7	5.50	4.56	0.28	11.72	9.60	672.6	1.42
2017	401.2	4	21.73	20.65	0.16	12.40	10.63	655.8	13.32
2016	305.4	4	3.78	2.86	0.16	12.16	10.44	613.9	8.02
2015	240.3	4	16.29	15.25	0.06	10.63	10.73	593.9	11.50
2014	100.2	3	22.35	21.25	0.18	9.98	9.16	538.5	14.72
3 Years*			4.21	3.28					11.76
5 Years*			12.02	11.02					13.51
10 Years*			12.84	11.83					11.58

*annualized through most recent year-end

PRESENTATION OF THE FIRM—AllianceBernstein L.P. (“ABLP”) is a registered investment advisor with the US Securities and Exchange Commission. AB Institutional Investments and AB Investments (collectively, the “Firm”) are the institutional and retail sales, marketing and client service units of ABLP. In February 2006, Alliance Capital Management L.P. changed its name to ABLP.

COMPLIANCE STATEMENT— The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods from January 1, 1993 through December 31, 2021. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

COMPOSITE DESCRIPTION—The performance results displayed herein represents the investment performance record for the Concentrated Global Growth Composite (the “Composite”). The Composite includes all fee-paying discretionary accounts and, when applicable, pooled investment vehicles. The Concentrated Growth investment team seeks to build a concentrated portfolio of mid- and large- capitalization companies with attractive long-term earnings growth prospects. Acquired firm performance has been linked to Firm's performance effective December 12, 2013 with the acquisition of W.P. Stewart & Co., Ltd. The investment management process has remained substantially the same. Due to GIPS Firm definition and monthly composite inclusion policy, private client accounts have been removed from the acquired accounts in the Composite effective December 31, 2013. Returns may have lower correlation with benchmark return than a fully diversified strategy. In times of increased market volatility, the Composite characteristics may change significantly, and stock liquidity could be reduced. Because of strategy's concentrated nature, portfolios tend to have more stock specific risk than a more diversified strategy. The creation date of this Composite is December 2013 and the inception date is March 31, 2005.

For the performance period presented, investment professionals may have changed or departed, none of which in the Firm's view have altered the composite's strategy.

Accounts in the Composite may utilize derivative contracts, including but not limited to, swaps, swaptions, options, futures, options on futures and currency transactions for risk-management purposes or for enhancing expected returns by adjusting exposure to the markets, sectors, countries, currencies or specific securities permitted by these guidelines. The impact of all derivatives is fully incorporated into the calculation of risk and return and the use of derivatives shall not violate the investment guidelines that limit exposure to markets, sectors, countries, currencies or specific securities. Investment in non-exchange-traded (over-the-counter) derivatives exposes the accounts within the Composite to counterparty risk.

A complete list including composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution funds managed by the Firm is available upon request. Additional information regarding policies for valuing accounts, calculating performance, and preparing GIPS reports is also available upon request via email to CompositeRequests@alliancebernstein.com.

TOTAL RETURN METHODOLOGY AND FEE STRUCTURE—Performance figures in this presentation have been presented gross and net of model investment-management fees. Net performance figures have been calculated by deducting the highest fee payable by a separately managed institutional account; 0.90% of assets, annually. The Composite may contain mutual funds with share classes that incur higher management fees. Prior to 2014, the Composite's net-of-fee return is calculated by deducting the actual fees charged to each account in the Composite. The current investment advisory fee schedule applicable for this Composite is as follows:

0.900% on the first 50 million in US Dollars

0.750% on the next 50 million in US Dollars

0.650% on the balance

RATE OF RETURN—No representation is made that the performance shown in this presentation is indicative of future performance. An account could incur losses as well as generate gains. Performance figures for each account are calculated monthly on a trade-date basis using a total rate-of-return calculation. Investment transactions are recorded on a trade date basis, and interests and dividends are recorded on accrual basis, net of withholding taxes, if applicable. Investments in securities are valued in accordance with the Firm's Valuation Policies and reflect a good faith estimate of fair value levels for all investments, which may not be realized upon liquidation. The fair valuation process requires judgment and estimation by the Firm. The gross-of-fee returns reflect the deduction of trading costs. The Composite returns are calculated based on the asset-weighted monthly composite constituent account returns where the weight is the beginning fair value of the accounts.

DISPERSION—Internal dispersion is calculated using the asset-weighted standard deviation of gross of fee return for all accounts included in the Composite for the entire year; it is not presented for periods less than one year or when there were fewer than two accounts in the Composite for the entire year. The three-year annualized ex post standard deviation measures the variability of the Composite's gross of fee return and the benchmark returns over the preceding 36-month period; it is not presented for periods of less than three years.

The benchmark is the MSCI World (Net) Index.

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