




ALLIANCEBERNSTEIN®

AB Sustainable Global Thematic Equities Fund



Dedicated to pursuing strong financial returns while investing in companies that may contribute to positive environmental and social outcomes.

AB Sustainable Global Thematic Equities Fund (SGT) is an actively managed portfolio of global equity securities with potential for long-term capital growth and a fundamental bias towards quality.

How it Works

The AB Sustainable Global Thematic Equities Fund is dedicated to pursuing strong financial returns while investing in companies that may contribute to positive environmental and social outcomes.

We've developed a clear investment process that begins with the United Nations (UN) Sustainable Development Goals (SDGs) and integrates ESG factors into all investment decisions. Through this process, we have created a high-conviction global equity fund that we believe represents the most compelling sustainable thematic opportunities in the market.

1 Sustainable themes

In 2015, the United Nations released the Sustainable Development Goals (SDGs), which AB has leveraged as a roadmap for thematic investing.

The SDGs represent a powerful consensus of 193 countries committed to solving a set of global challenges that will require an estimated US\$90 trillion¹ investment from both the public and private sectors.

In order to build the Fund, the investment manager derives themes from the SDGs. Currently these include health, climate and empowerment. These three primary themes are supported by dynamic, narrow and definable sub-themes. The investment manager believes the primary and sub-themes offer compelling investment opportunities and represent long-term trends that are expected to persist for decades, irrespective of changing geopolitical or economic factors.

2 SDG-Aligned Investment Universe

We begin with the UN SDGs as our framework for finding sustainable thematic opportunities and building the investible universe.

The SDGs are made up of 17 goals and 169 underlying targets that address challenges relating to economic prosperity, environmental sustainability, and social inclusion.

Inclusions:

We work through each of the goals and identify products and services that may contribute to their advancement.² To be included, companies must derive at least 25% of their revenues from a product or service which is contributing to the achievement of one or more of the UN SDGs, each of which is linked to a sustainable theme.

Exclusions:

Companies considered "misaligned" with the UN SDGs are excluded. This includes those directly involved in production, ownership, or operation of the following: adult entertainment; alcohol; coal; controversial weapons; firearms; gambling; genetically modified organisms; military contracting; prisons; tobacco.

Companies with no direct involvement, yet still distribute or retail these products, will be excluded if distribution represents 5% or more of their [gross] revenue.

This top-down process generates our sustainable investment universe.

3 Stock selection

Alignment with the SDGs is not enough for a company to make it into the Fund. The investment manager conducts detailed bottom-up research including an assessment of material ESG factors and a stringent valuation process to assess risks and returns. They approach each investment decision from the perspective of a private equity buyer by considering a takeout of the entire business and a multiyear holding period, rather than that of a short-term trader of the stock. The investment manager also engages with company management teams and builds extensive proprietary financial forecasts, identifies and quantifies material risks, and provides disciplined valuation assessments.

Please see Section 5 of the [Additional Information](#) for further details.

¹ Source: United Nations and AllianceBernstein (AB) as of 31 December 2022.

² Not all of the 17 SDGs are represented in the universe. In evaluating the sub-targets, we look for opportunities for private sector investment only, whilst the remainder may be more appropriately addressed by policymakers.

What makes SGT different?

We are active investors

Our focus is on generating strong financial returns, and we believe that integrating a top-down and bottom-up approach allows us to construct a portfolio of SDG-aligned investments that improve our ability to generate attractive financial returns.

Top down:

- Sustainable themes
- Companies aligned with SDGs
- Attractive long-term growth optionality

Bottom-up stock analysis:

- Comprehensive assessment of material ESG factors
- Stringent valuation process
- Balanced portfolio construction

We are forward-looking thematic investors

We have chosen themes that focus on where we believe the world is going in order to create a portfolio designed for long-term growth.

- Climate
- Health
- Empowerment

We believe these themes are long-term in nature and encapsulate secular growth trends that we expect to persist for decades to come.

We are shareholders and active owners

We engage with management teams on material financial and social issues.

Broadly speaking, engagement can be broken into two categories:

1. Engagement for research – the goal of this engagement is to better understand the operational and cultural nuances of a company in order to draw informed research conclusions.
2. Engagement for impact – this involves us developing meaningful relationships with the company so that over time we may foster positive change, often on controversial issues, from a position of mutual respect.

We are sustainable thematic equity investors

We have found that identifying forward-looking sustainable themes requires an additional dimension of insight.

To develop such insight, our investment process incorporates what we call “grassroots research.” This involves the investment team travelling to various local markets (typically emerging markets) to engage individuals, business owners, and government officials on a broad range of topics including healthcare, financial inclusion, education, gender, and economic opportunity. Through this research, our team aims to deepen our understanding of key sustainability trends. In addition, the differentiated perspectives that we gain help us spot opportunities and sensitise us to risks that may not always be evident from a ‘financial-only’ perspective.

An Experienced Team



Daniel C. Roarty, CFA
Chief Investment Officer—Sustainable
Thematic Equities

12 years at AB
30 years of experience

Daniel is supported by a dedicated team of fundamentals and quantitative research analysts offering deep experience and global perspectives.

Investor Profile

The AB Sustainable Global Thematic Equities Fund is designed for equity investors with high-risk tolerances who want the potential for long-term growth of capital by investing in global equity securities in companies that may contribute to positive environmental and social outcomes.

For more information on the fund, please visit
AllianceBernstein.com/go/ABSGT



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