



AB Sustainable Global Thematic Equities Fund

Market Overview

Global equity markets posted strong gains in 3Q:25, driven by investor optimism around AI innovation, resilient corporate earnings and shifting central bank policy. The MSCI All Country World Index (ACWI) rose 7.62% for the quarter and 18.44% for the year to date in US-dollar terms. Investor sentiment remained constructive throughout the quarter, with technology stocks leading gains amid strong earnings and sustained demand for AI infrastructure. In July, large-cap US tech firms such as Alphabet Inc., Meta Platforms and Microsoft reported robust 2Q:25 results, while NVIDIA rallied on news of a US-China agreement permitting advanced chip exports. Apple also experienced strong relative performance over 3Q:25 due to a combination of factors. The company successfully mitigated tariff risk via a commitment to invest in US manufacturing facilities and experienced stronger-than-expected demand for its newest iPhone device.

August saw mixed macro signals, with weak US employment data raising expectations for Federal Reserve rate cuts, even as inflation remained elevated. September capped the quarter with a rally following the Fed's decision to lower interest rates and signal further easing. Internationally, emerging markets outperformed developed peers, with Taiwan and China benefiting from AI momentum and improving trade dynamics.

Macro volatility in 2025 has underscored the importance of selectivity and valuation discipline. Inflation remained above central bank targets, and trade policy uncertainty persisted, particularly around tariffs and supply chain realignment. These dynamics created dispersion across sectors and regions, with growth-oriented areas outperforming while consumer staples and healthcare lagged. The Portfolio remains focused on identifying companies with durable competitive advantages and thematic alignment and that are capable of navigating cyclical headwinds while capturing structural tailwinds.

During the quarter, we continued to see accelerated AI adoption across industries. In turn, this is fueling demand for semiconductors, data infrastructure and electrification. Sovereign investment in AI capabilities, particularly in Asia, supported export growth and capital expenditure cycles, while corporate spending on cloud and compute infrastructure remained robust. The Portfolio's emphasis on digital transformation, energy transition and industrial automation was validated by strong performance in transmission infrastructure, auto technology and semiconductor manufacturing.

Despite some recent reprieve, the healthcare sector, as measured by the MSCI ACWI Health Care Index, now trades at its steepest discount relative to the overall MSCI ACWI in more than a decade. There have only been two instances in history where healthcare valuations relative to the index have been this depressed, and each time the sector has bounced back in a big way, with strong relative outperformance that was long duration in nature.

Portfolio Performance

The Sustainable Global Thematic Portfolio increased in absolute terms but underperformed the MSCI ACWI during the quarter and for the year to date, net of fees. Both security and sector selection detracted to relative performance during the quarter. Security selection within technology and financials detracted the most, while an overweight to technology and an underweight to consumer staples contributed.

Global financial markets infrastructure and data provider London Stock Exchange was the leading detractor during 3Q:25. Despite reporting strong top-line growth and margin expansion, the stock underperformed following concerns that AI could disrupt its data and analytics business. In addition

to a weak UK equity backdrop, slower annual subscription growth and competitive pressure weighed on sentiment, particularly following weak results from peer FactSet (unheld). London Stock Exchange's partnership with Microsoft offers strategic advantages, and—provided the company executes well—should provide insulation against future AI disruption.

Branded beverage company Primo Brands detracted following disappointing 2Q:25 earnings due to canceled orders and service disruptions in the direct delivery business. Despite operational missteps, management implemented a recovery plan that has seen service rates improve. Leadership changes within Primo Brands have also added to uncertainty. The bottled water segment showed resilience, and we are watching for improving execution for our thesis to stay on track.

Alcon, an eye-care company specialized in pharmaceutical and medical devices, detracted following weak contact lens demand and sluggish quarterly results. The Cooper Companies, a peer of Alcon, also saw weak results in its lens segment, which compounded concerns. Alcon's long-term innovation pipeline is attractive, but new product launches have struggled to gain traction. Management remains committed to delivering growth in 2H:25, but visibility remains limited. We continue to monitor adoption of new products and engage with the company.

Prysmian Group was the top contributor to performance during 3Q:25. The global cabling solutions provider benefited from strong secular demand in transmission and distribution infrastructure, winning major contracts during the quarter. Compared to peers, Prysmian is insulated from tariff risks due to its vertically integrated US operations, enhancing its competitive position. The stock remains attractive compared to historical averages, and management has raised full-year guidance, citing a robust backlog extending through 2028 that reinforces its role in the global energy transition.

Aptiv contributed as the automotive technology supplier raised guidance following strong 2Q:25 earnings, noting resilient US auto sales despite tariff concerns. The market responded positively as Aptiv explored a potential spin-off of its Electrical Distribution Services business, which could unlock significant shareholder value. During the quarter, the stock began to recover from prior lows supported by margin expansion and factors mentioned previously. Aptiv's positioning for higher growth in 2H:25 reinforced its investment case, particularly as electrification and autonomous driving trends gain momentum.

The world's largest contract manufacturer of semiconductor chips, Taiwan Semiconductor Manufacturing (TSMC) contributed in 3Q:25 due to sustained AI demand and robust revenue. The company reported 38% year-over-year revenue growth in 2Q:25 and raised full-year guidance to approximately 30%, driven by strength in high-performance computing and sovereign AI demand. The company's pricing power remained intact, with blended average sales prices rising for the 31st consecutive quarter. TSMC's long-term expansion plans, including 11 new fabs in Taiwan and eight overseas, highlight its central role in global chip manufacturing. The company's scale and innovation position it as a key enabler of digital transformation across industries.

Outlook

So far this year, key uncertainties such as geopolitical upheaval, tariff uncertainty and momentum-driven investing have weighed on relative performance. Recently, we have seen some of these pressures abate while others have grown stronger. For example, on the tariff front, further clarity on US pharma-specific tariffs was provided. Healthcare, a key thematic exposure of the Portfolio, has seen some relief as a result. This development should enable investors to pay more attention to other dynamics, such as the medium- and long-term thematic trends (demographics, innovation) underway.

The market remains uneven, with manufacturing softness offset by services resilience and AI-driven momentum in the tech sector leading to lofty valuations and high expectations from investors. Our Portfolio, which is anchored in diversified themes driven by long-term secular trends rather than cyclical fluctuations, combined with attractive relative valuations, offers a compelling path forward, in our view.

We're encouraged that our themes continue to demonstrate fundamental resilience and deliver earnings growth that consistently outpaces the broader market. As the uncertainties continue to fade, there are clear catalysts for unlocking the Portfolio's relative value. In the meantime, we remain focused on our core strengths: identifying secular growth themes, investing in quality businesses and maintaining disciplined portfolio management.

As always, thank you for your continued support.

Dan Roarty and Ben Ruegsegger

Please refer to the following legal disclosures.

AllianceBernstein Investment Management Australia Limited (ABN 58 007 212 606, AFSL 230 683) ("ABIMAL") is the responsible entity of the AB Sustainable Global Thematic Equities Fund (ARSN 659 443 320) ("Fund") and is the issuer of units in the Fund. ABIMAL has appointed AllianceBernstein Australia Limited (ABN 53 095 022 718, AFSL 230 698) ("ABAL") as the investment manager of the Fund. ABAL in turn has delegated a portion of the investment manager function to AllianceBernstein L.P. The Fund's Product Disclosure Statement ("PDS") is available by contacting the client services team at AllianceBernstein Australia Limited at (02) 9255 1299 or at www.alliancebernstein.com.au. Investors should consider the PDS in deciding to acquire, or continue to hold, units in the Fund.

This information is for exclusive use of the wholesale person to whom it is provided and is not to be relied upon by any other person. It is not intended for retail or public use and may not be further distributed without the prior written consent of ABAL.

A Target Market Determination ("TMD") for the AB Sustainable Global Thematic Equities Fund is available free of charge from our website www.alliancebernstein.com.au. The TMD sets out the class of persons who comprise the target market for the AB Sustainable Global Thematic Equities Fund and the distribution conditions that are applicable, together with a number of other matters which should be considered by retail investors and their advisers.

Information, forecasts and opinions set out in this document are not personal advice and have not been prepared for any recipient's specific investment objectives, financial situation or particular needs. Neither this document nor the information contained in it are intended to take the place of professional advice. Please note that past performance is not indicative of future performance and projections, although based on current information, may not be realised. Information, forecasts and opinions can change without notice, and neither ABIMAL or ABAL guarantees the accuracy of the information at any particular time. Although care has been exercised in compiling the information contained in this report, neither ABIMAL or ABAL warrants that this document is free from errors, inaccuracies or omissions. Any reference to a specific security does not constitute research or a recommendation to buy, hold or dispose of the security and is provided in the context of the investment strategy for the portfolio.

This document is released by AllianceBernstein Australia Limited ABN 53 095 022 718, AFSL 230 698

The [A/B] logo and AllianceBernstein® are registered trademarks used by permission of the owner, AllianceBernstein L.P.

Level 32, Aurora Place, 88 Phillip Street, Sydney NSW 2000 +612 9255 1299 Email: aust_clientservice@alliancebernstein.com www.alliancebernstein.com

© 2025 AllianceBernstein L.P.

AM/B-820618-2025-10-15