AllianceBernstein®

Targeting Better Portfolio Up/Down Capture

Rising volatility and yields. Toppy valuations. Global policy uncertainty. To handle these bumps in the road, investors need to build a better return path—one that seeks to capture more of a market's upside than its downside.

Three Key Areas That Can Help Define the Effectiveness of Portfolio Up/Down Capture

Aspect	Approach
Market Exposure	**Better Beta:** Some markets and market factors have better up/down capture than other, similar markets or market factors—we refer to them as better beta. A good example? Currency-hedged global bonds versus US bonds.
Portfolio Assembly	**Efficient Structure:** Combining certain betas in a portfolio may create more efficient up/down capture. For example, a combination of 50% high-yield securities and 50% Treasuries has historically had a better up/down capture than either investment on its own.
Manager Skill	**Targeted Alpha:** Outperformance through active management, or "alpha," can further enhance up/down capture. But it's important to pick your spots. Look for: 1) long-term opportunities created by postcrisis market conditions, 2) areas where investors can gain an information advantage and 3) inefficient indices that are easier to beat.

Past performance and historical analysis do not guarantee future results. Examples are presented using indices to illustrate the application of an investment philosophy and are used for comparison purposes only. An investor cannot invest directly in an index. Beta is a measure of an investment's volatility in comparison to the market as a whole. Alpha is the risk-adjusted measurement of "excess return" over a benchmark.
Source: Bloomberg, Morningstar and AB

- A portfolio with a high up/down capture ratio can improve the return sequence and investors' experience—resulting in higher returns with lower volatility and losses.
- To pursue a better up/down capture, investors first need to specify their goals and preferences, matching them with a portfolio design that creates a more appropriate return path.
- To fully benefit from a portfolio with effective up/down capture, we believe investors have to invest across the market cycle—that includes both the ups and downs.

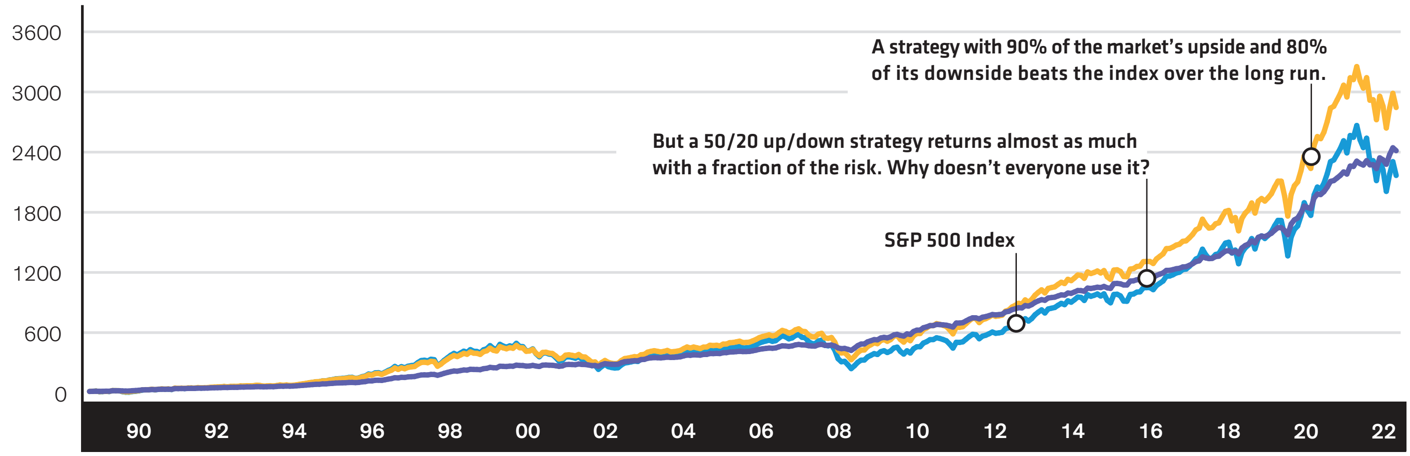
Up capture is a portfolio's return as a percentage of the market's return when markets are rising.
Down capture is a portfolio's return as a percentage of the market's return when markets are falling.
Up/down capture is the ratio of a portfolio's up-capture percentage to its down-capture percentage.

Time Frame Matters in Up/Down Capture Experience

To fully benefit from up/down capture, we believe investors must stay the course through market cycles—even in periods when they don't capture the full upside of a market that's trending upward over time.

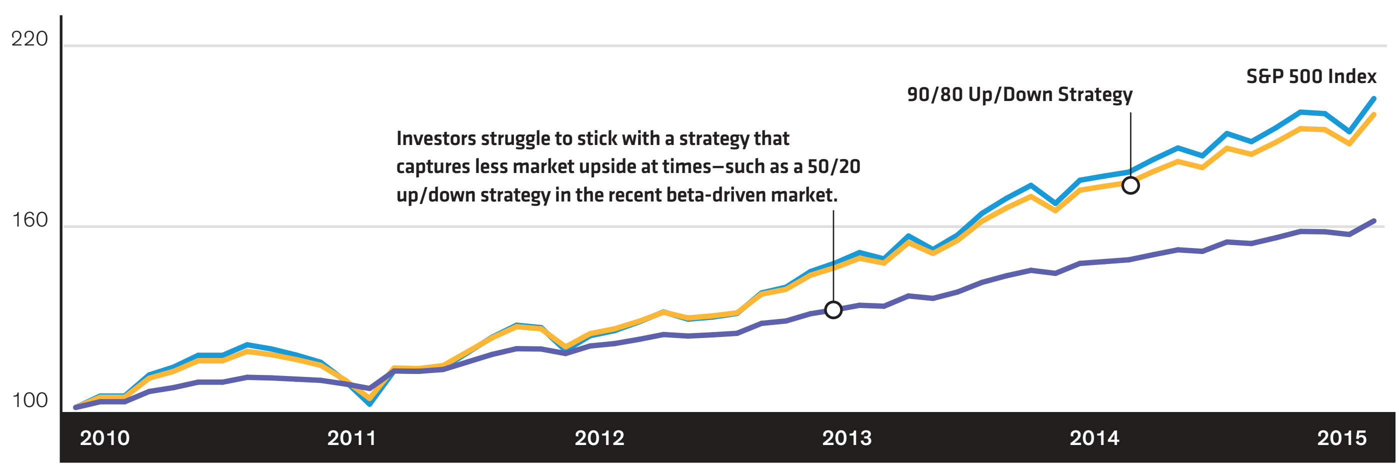
UP/DOWN CAPTURE HAS BEEN EFFECTIVE OVER THE LONG RUN...

Hypothetical Growth of $100*



...BUT CAN STRUGGLE IN BETA-DRIVEN MARKETS

Hypothetical Growth of $100†



Past performance does not guarantee future results. An investor cannot invest in an index.
***** Data are from October 31, 1989, through December 31, 2022.
† Data are from September 30, 2010, through February 28, 2015.
The 90/80 portfolio returns were calculated from monthly returns of the S&P 500 Index. For months where the S&P 500 had positive returns, 90% of the return was captured. For months where the S&P 500 had negative returns, 80% of the return was captured. The 50/20 portfolio returns were calculated from monthly returns of the S&P 500. For months where the S&P 500 had positive returns, 50% of the return was captured. For months where the S&P 500 had negative returns, 20% of the return was captured. Performance in the two graphs above does not represent an actual account or portfolio, and as such, the performance is hypothetical. This illustration is not intended to provide a complete analysis regarding any or all of the variables that could affect any particular portfolio. **There can be no assurance that an actual portfolio based on the hypothetical portfolio underlying the above illustration could be created or, if created, that it would achieve the results implied above or be profitable.**
Source: S&P and AB

AB Funds Have Historically Produced Attractive Up/Down Capture Ratios

Fund	Symbol	Index	Up Capture	Down Capture	Ratio	Average Annual Total Returns (%)			Overall Morningstar Rating	Inception Date	Total Expense Ratio (%)	
						1-Year	5-Year	10-Year			Gross/ Net*	As of Date
AB Large Cap Growth Fund	APGYX	Russell 1000 Growth	95	88	1.08	−28.77	11.07	14.79	★★★★★	10/1/96	0.58/0.58	10/31/22
AB Concentrated Growth Fund	WPSGX	S&P 500	105	105	1.00	−24.61	11.24	13.19	★★★★	2/28/94	0.75	10/31/22
AB Sustainable Global Thematic Fund[†]	ATEYX	MSCI ACWI	111	97	1.14	−26.99	7.97	10.64	★★★★★	10/1/96	0.77	10/31/22
AB Discovery Value Fund	ABYSX	Russell 2500 Value	104	104	0.99	−16.14	3.73	9.12	★★★★	3/29/01	0.83	2/28/22
AB Emerging Markets Multi-Asset Portfolio	ABYEX	MSCI EM	80	84	0.95	−22.50	−2.31	0.38	★★★	8/31/11	1.23/0.99	7/29/22
AB High Income Municipal Portfolio	ABTYX	ICE BofA Muni HY	95	99	0.96	−15.17	1.24	3.01	★★★★	1/26/10	0.60	9/30/22
AB Income Fund[‡]	ACGYX	Bloomberg US Agg	126	118	1.07	−15.18	−0.22	1.70	★★★	8/28/87	0.55/0.54	1/31/22
AB Global Bond Fund	ANAYX	Bloomberg US Agg	96	89	1.09	−11.92	−0.18	1.38	★★★	11/5/07	0.55	1/31/22
AB High Income Fund	AGDYX	Bloomberg US HY	95	104	0.92	−11.59	0.64	3.23	★★	1/28/08	0.59/0.59	1/31/22

The performance shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting ABfunds.com. The investment return and principal value of an investment in the Fund will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Advisor Class shares have no front-end or contingent deferred sales charges, however when purchased through a financial advisor additional fees may apply. Returns for other share classes will vary due to different charges and expenses. If applicable, please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

Up/down capture calculated using monthly returns over 10-year period ending December 31, 2022, or since the fund/manager inception. Advisor Class shares used for all Funds. Specific references to the AB Funds shown above are for illustrative purposes only and are not to be considered recommendations by AllianceBernstein. It should not be assumed that any of the AB Funds were or will be profitable. Indices are used for comparison purposes only, and the comparison should not be understood to mean there would necessarily be a correlation between the respective AB Fund's returns and any index. An investor cannot invest directly in an index.

See last page for complete Morningstar Rating details.

***** If applicable, net expense ratio reflects the Adviser's contractual waiver of a portion of its advisory fee and/or reimbursement of a portion of the Fund's operating expenses. This waiver extends through the Fund's current fiscal year and may be extended by the Adviser for additional one-year terms. Absent reimbursements or waivers, performance would have been lower. For Emerging Markets Multi-Asset Portfolio, expenses are capped at 0.99%, which excludes expenses associated with acquired fund fees and expenses other than the advisory fees of any AB mutual funds in which the Fund may invest, interest expense, and extraordinary expenses. For Income Fund, expenses are capped at 0.52%, which excludes expenses associated with acquired fund fees and expenses other than the advisory fees of any AB mutual funds in which the Fund may invest, interest expense, taxes, extraordinary expenses, and brokerage commissions and other transaction costs. Net expense is actual cost paid by investor, displayed as a percentage of the Fund's net assets.

† Up/down capture for Sustainable Global Thematic Fund is calculated since manager inception on June 1, 2013.

‡ Effective April 18, 2016, Income Fund ceased trading as a closed-end fund and began operations as an open-end fund on April 25, 2016. While the investment guidelines of the open-end fund are similar to the guidelines of the closed-end fund, a closed-end fund does not have to manage to liquidity in the same fashion as an open-end fund, and the closed-end fund had the ability for greater leverage than an open-end fund. Additionally, the investment universe was broadened from 65% in US government bonds to 65% in bonds of US and foreign governments and at least 65% in US dollar-denominated bonds. We believe the structure of the Fund maintains a balanced exposure to high-quality government bonds as well as credit, and will lead to diversification and new investment opportunities.

As of December 31, 2022

Source: Bank of America, Bloomberg, Morningstar Direct, MSCI, Russell Investments, S&P and AB

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Past performance does not guarantee future results. Morningstar ratings are specific metrics of performance and do not represent absolute performance of any fund. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Morningstar rating is for the Advisor Share class only; other share classes may have different performance characteristics.

Large Cap Growth Fund was rated 4, 5 and 5 stars against 1131, 1054 and 804 funds in the Large Growth category for the three-, five- and 10-year periods, respectively. Concentrated Growth Fund was rated 3, 4 and 4 stars against 1131, 1054 and 804 funds in the Large Growth category for the three-, five- and 10-year periods, respectively. Sustainable Global Thematic Fund was rated 5, 4 and 5 stars against 309, 272 and 179 funds in the Global Large-Stock Growth category for the three-, five- and 10-year periods, respectively. Discovery Value Fund was rated 3, 3 and 4 stars against 453, 426 and 322 funds in the Small Value category for the three-, five- and 10-year periods, respectively. Emerging Markets Multi-Asset Portfolio was rated 3, 3 and 3 stars against 732, 650 and 394 funds in the Diversified Emerging Markets category for the three-, five- and 10-year periods, respectively. High Income Municipal Portfolio was rated 3, 4 and 4 stars against 188, 166 and 103 funds in the High Yield Muni category for the three-, five- and 10-year periods, respectively. Income Fund was rated 1, 2 and 4 stars against 563, 511 and 368 funds in the Intermediate Core-Plus Bond category for the three-, five- and 10-year periods, respectively. Global Bond Fund was rated 3, 3 and 3 stars against 112, 98 and 59 funds in the Global Bond-USD Hedged category for the three-, five- and 10-year periods, respectively. High Income Fund was rated 1, 1 and 3 stars against 625, 579 and 414 funds in the High Yield Bond category for the three-, five- and 10-year periods, respectively.

Investors should consider the investment objectives, risks, charges and expenses of the Fund/Portfolio carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at ABfunds.com or contact your AB representative. Please read the prospectus and/or summary prospectus carefully before investing.

S&P 500 Index: includes a representative sample of 500 leading companies in leading industries of the US economy. **Russell 1000 Growth Index:** represents the performance of large-cap growth companies within the US. **MSCI All Country World Index:** (net, free float-adjusted, market capitalization weighted) represents the equity market performance of developed and emerging markets. **Russell 2500 Value Index:** represents the performance of small to mid-cap value companies within the US. **MSCI Emerging Markets Index:** (net, free float-adjusted, market capitalization weighted) represents the equity market performance of emerging markets. **ICE BofA Muni High Yield Index:** represents the performance of US dollar-denominated below investment-grade rated corporate debt publicly issued in the US domestic market. **Bloomberg US Aggregate Bond Index:** represents the performance of securities within the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities and commercial mortgage-backed securities. **Bloomberg US Corporate High Yield Index:** represents the corporate component of the Bloomberg US High Yield Index.

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RISKS TO CONSIDER

Market Risk: The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value. **Foreign (Non-US) Risk:** Non-US securities may be more volatile because of political, regulatory, market and economic uncertainties associated with such securities. Fluctuations in currency exchange rates may negatively affect the value of the investment or reduce returns. These risks are magnified in emerging or developing markets. **Derivatives Risk:** Investing in derivative instruments such as options, futures, forwards or swaps can be riskier than traditional investments, and may be more volatile, especially in a down market. **Diversification/Focused Portfolio Risk:** Portfolios that hold a smaller number of securities may be more volatile than more diversified portfolios, since gains or losses from each security will have a greater impact on the portfolio's overall value. **Capitalization Size Risk (Small/Mid):** Small- and mid-cap stocks are often more volatile than large-cap stocks—smaller companies generally face higher risks due to their limited product lines, markets and financial resources. **Leverage Risk:** Trying to enhance investment returns by borrowing money or using other leverage tools magnifies both gains and losses, resulting in greater volatility. **Liquidity Risk:** The difficulty of purchasing or selling a security at an advantageous time or price. **Below Investment-Grade Securities Risk:** Investments in fixed-income securities with lower ratings (commonly known as "junk bonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. **Credit Risk:** A bond's credit rating reflects the issuer's ability to make timely payments of interest or principal—the lower the rating, the higher the risk of default. If the issuer's financial strength deteriorates, the issuer's rating may be lowered and the bond's value may decline. **Interest-Rate Risk:** As interest rates rise, bond prices fall and vice versa—long-term securities tend to rise and fall more than short-term securities. The values of mortgage-related and asset-backed securities are particularly sensitive to changes in interest rates due to prepayment risk. **Inflation Risk:** Prices for goods and services tend to rise over time, which may erode the purchasing power of investments. **Municipal Market Risk:** Debt securities issued by state or local governments may be subject to special political, legal, economic and market factors that can have a significant effect on the portfolio's yield or value. **ESG Risk:** Applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for nonfinancial reasons and, therefore, the Fund may forgo some market opportunities available to funds that do not use ESG or sustainability criteria. **Active Trading Risk:** A higher rate of portfolio turnover increases transaction costs, which may negatively affect portfolio returns and may also result in substantial short-term gains, which may result in adverse tax consequences for shareholders.

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