



ALLIANCEBERNSTEIN®

The SMARt Choice for SMAs

AB Separately Managed Accounts



Investment Products Offered • Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed

Why Are SMAs So Popular?

They Unlock Choice and Flexibility

Which clients should consider using Separately Managed Accounts (SMAs)?

- **“I want custom portfolio exposures and the experience of owning individual securities.”**
SMAs offer an alternative to “off the shelf” commingled products such as ETFs or mutual funds, with a variety of ways to personalize portfolios.
- **“I want access to a professional investment team and white glove service.”**
SMAs offer access to portfolio investment-management and research experts, as well as customized portfolio reports and analytics.
- **“I own positions with capital gains but want to make a change.”**
SMAs can be funded with existing securities and/or cash while accounting for tax liabilities, portfolio risk and other client-specific considerations.
- **“I’m in the highest tax bracket.”**
SMAs help investors manage tax-lot-level positions year-round, including gain deferral and loss harvesting, which can potentially reduce or eliminate the tax burdens that come with trading portfolios.
- **“My investments should align with my values.”**
SMAs offer a wide range of solutions that are tailored to individual clients’ values, including issuer or sector restrictions.

Case Study: A Prospect with Substantial Embedded Capital Gains



Challenge: For a prospective referral client, a financial advisor is preparing a proposal to transition the business from a brokerage account to their practice. The client has significant exposure to individual equities with large unrealized capital gains. The advisor wants to recommend an active manager and to reduce equity risk but is wary of a transition that could trigger a sizable tax bill.



Solution: The advisor details the equity holdings and AB analyzes them for a transition to an active large-cap equity strategy. AB provides a bespoke migration plan that would reduce tax costs. The advisor can use the transition proposal in their prospecting efforts, highlighting how the practice incorporates holistic tax planning to add alpha by managing and reducing taxes.



Result: The client avoids a large up-front tax bill that would be created by a full liquidation, transitioning over time to the actively managed equity portfolio.

The Global Reach of a Leading Active Manager



A Steadfast Commitment to Active Management

Active defines AB. It's in our DNA and drives how we build our teams. We dig deep into the fundamentals, assessing companies thoroughly from the bottom up, while our proprietary technology and tools enable us to analyze data, anomalies and patterns. We embrace active management as the means to address our clients' increasingly complex investing challenges.

The Long View and a Focus on Outcomes

The ultimate benchmark for success is whether we improve our clients' outcomes. That mindset is front and center as we design portfolios and analyze market risks and opportunities. Our platform of innovative solutions spans equity, fixed-income, alternative and multi-asset strategies—each built to help investors achieve their distinctive objectives.

50+

years of experience
delivering insights and
solutions

\$829 billion

in client assets under
management

154

portfolio managers

325

research analysts

Offices in

**52 cities and
26 countries**

and jurisdictions

As of June 30, 2025 | Source: AB

AB SMA Product Offerings

Our SMA platform has the ability to customize at scale, enabling us to deliver a comprehensive investment platform that empowers advisors to meet their clients at their point of need.

Equity SMAs



Active Quality Solutions for Staying Power

- High-conviction active management focused on quality—a vital ingredient that drives long-term performance
- Hand-picked stocks selected with a discerning view of company fundamentals, a hallmark of AB's approach
- A skilled team of investment experts with the experience to navigate dynamic equity markets with confidence
- A wide range of equity strategies spanning market capitalization, style and geography

Featured SMA: AB Large Cap Growth SMA

Taxable Fixed-Income SMAs



Solutions from an Active Fixed-Income Leader

- A natural extension of our strong fixed income brand and team, with 30+ years of investing history
- Research in every decision: consistent, efficient integration of fundamental and quantitative research to deliver investment alpha
- Cutting-edge technology that helps quantify and scale our research advantage
- Active and laddered solutions across the risk-return spectrum, investing in Treasuries, corporates and government/credit blends

Featured SMA: AB Corporate Investment Grade SMA

Municipal SMAs



Municipal Bond Solutions...Smart Thinking

- A seasoned partner that understands the complex, fragmented municipal bond market and how to tap its potential
- Harnessing innovative, proprietary technology across our investment process—generating efficiencies at every step
- Potential to invest faster, proactive tax optimization, customize portfolios and capture potential trading inefficiencies
- Our tailored solutions deliver what clients need—whether it's stability, income or another objective

Featured SMA: AB Tax Aware SMA

Multi-Asset SMAs



Engineering Solutions Across Asset Classes

- A longtime multi-asset manager with leading-edge capabilities and worldwide resources, tracing our experience back to 1971
- Designing and managing innovative portfolios for clients ranging from individual investors to the world's largest institutions
- Seeks to deliver improved after-tax returns through loss harvesting across stocks and bonds as well as tax smart multi-asset rebalancing
- SMA solutions customized from growth to income allocations

Featured SMA: AB Tax Advantaged Balanced Direct Index SMA



Why AB Is the SMArt Choice for Separately Managed Accounts

A Thriving SMA Solutions Platform

- \$42.9 billion in Retail separately managed account assets
- More than 76,000 Retail SMAs
- The power of a global investment manager with a deep, experienced roster of talent
- Ability to customize SMA portfolios at scale, designed and managed for tax efficiency
- Tech-empowered approach with innovative tools, including AbbieOptimizer¹ and Portfolio Builder Tool
- Long-term focus on the ultimate benchmark: improving outcomes for clients
- Support for advisors throughout the client cycle, from prospecting to personalized reporting

As of June 30, 2025

¹ AbbieOptimizer (Pat. No. 11,550,824) is AB's proprietary and patented portfolio-construction engine.

Advisor Support at Every Stage of the Client Relationship

01 Client Prospecting & Acquisition with Support from AB

We empower financial advisors with the tools to help turn prospects into clients. Our custom, client-ready portfolio proposals, weekly Muniland market commentary and practice management tools help them engage more deeply and deliver distinctive value.

- Custom SMA Proposal: AB's Portfolio Builder
- Differentiated Market Insights
- Practice Management Tools



Confidence & Clarity in Transition 02



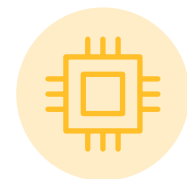
Our transition analysis tools allow advisors and their clients to preview portfolio transitions with a detailed look at personalized SMA portfolios before investing. We tailor each client's transition to their unique investment objectives and focus on tax efficiency, seeking to minimize tax liabilities and maximize tax-loss opportunities.

- Comprehensive Portfolio Review and Tax-Efficient Transition Analysis
- Access to Dedicated SMA Onboarding Team

03 Portfolio Funding Powered by AbbieOptimizer®

AB's patented portfolio-construction and trading technology accelerates funding and improves trading efficiency beyond typical SMAs. This results in measurable benefits, like speed alpha and trading alpha. Our transparent funding scorecard quantifies these benefits, making client conversations more impactful.

- Portfolio Funding Scorecard
- Post-Transition Portfolio Snapshot



Personalized Portfolio Servicing & Reporting 04



We partner with advisors throughout their clients' lifecycles to provide reporting across any number of accounts. Trade rationales provide transparent transaction details to deepen client conversations, while tax scorecards quantify the benefit of year-round tax-loss harvesting.

- SMA Portfolio Snapshot and Performance Summary
- Access to Market Experts and Analysis
- Account Transaction and Trade Rationale Summary
- Tax-Loss Harvesting Scorecard

AB SMAs: Helping Investors Unlock Tax Efficiency

Tax-loss harvesting shouldn't be based on a calendar. It takes a year-round effort to optimize portfolios and enhance after-tax returns. That's where AB's tech-empowered approach comes in. We manage tax-advantaged separate account solutions to help clients keep more of what they earn.

- Effortless Tax Optimization
 - Year-round tax-loss harvesting opportunities that enhance potential tax benefits
 - Innovative, deeply researched tax overlays tailored to AB's active and index-based strategies
 - On-demand tax-advantaged portfolio transitions
- Simplified Implementation
 - Available across asset classes, including active index and balanced implementations
 - Dedicated service—from onboarding to portfolio analysis and ongoing management
 - Direct access to portfolio managers and tax experts

- Innovative Technology

- A full suite of servicing tools, including portfolio analytics and tax-benefit reporting
- The ability to combine asset classes in one account
- An intelligent approach that helps reduce rebalancing-related tax expenses

Implementing Tax-Advantaged Solutions with Direct Indexing

- Direct indexing is an equity strategy that enables investors to own individual stocks that seek to replicate the pretax performance of an index—with the potential for enhanced after-tax returns.
- This approach provides the flexibility to customize portfolios and manage taxes efficiently. By using AB's tax-advantaged solutions, investors can access tailored portfolios with effortless tax management—across an entire account—which helps improve outcomes.

Case Study: A Client Looking for Customized, Tax-Efficient Income



Challenge: An advisor's 50-year-old high-tax-bracket client, a New York resident, plans to retire within five years and wants tax-efficient income both during the approach to and in retirement. The existing portfolio distributes capital gains each year; the advisor wants to minimize capital gains and offset them with realized losses.



Solution: The advisor engages AB to run a portfolio of individual New York municipal bonds, with tax-efficient income that meets the client's needs. Individual tax-lot ownership provides control over deferring gains and enables systematic tax-loss harvesting to offset gains in the overall portfolio, further enhancing tax efficiency.



Result: The client ends up with a diversified, professionally managed portfolio of individual municipal bonds that generate tax-efficient income.

Looking Under the Hood at SMAs

What is an SMA?

An SMA is a portfolio managed by a professional investment firm for an individual investor. They're different from mutual funds or ETFs, where investors own shares in a collective pooled vehicle that invests in securities. With an SMA, investors are direct owners of the individual securities in their portfolios. With this structure, the portfolio can be customized and tailored to be tax efficient based on an investor's specific needs.

What are the advantages of SMAs?

Separately managed accounts provide investors with several key advantages. Customization allows SMAs to align with individual

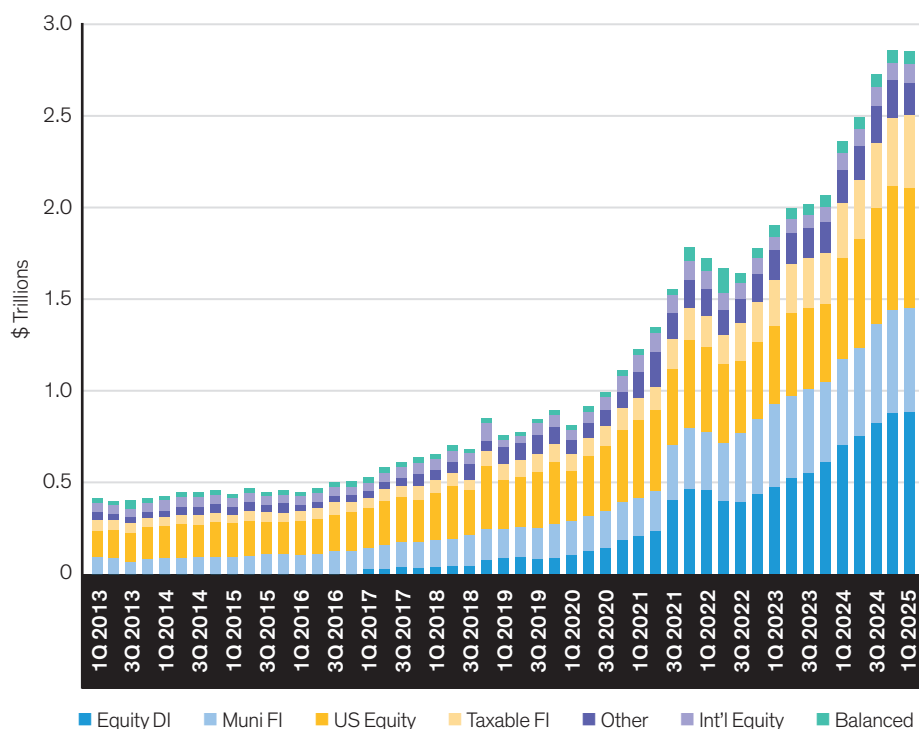
risk profiles and goals while direct security ownership ensures transparency and allows for the added benefit of tax-loss harvesting. Additionally, SMAs are often available for lower fees than mutual funds. SMAs suit investors seeking personalized, long-term investment solutions for effective wealth management.

Who should consider using an SMA?

SMAs are typically suited for high-income earners or individuals with a substantial amount of investable assets. They're looking for a professionally managed portfolio that offers personalization, transparency and potential tax advantages.

THE SMA INDUSTRY: A DECADE OF 20% ANNUALIZED GROWTH

SMA Industry Assets Under Management



Key Facts About the SMA Industry

- Over \$2.8 trillion in SMA AUM as of 4Q24
- Estimated to reach over \$4 trillion in the next three to five years
- 45% of advisors use SMAs and more than a third plan to use them more over the next 12 months
- Advisors' top two SMA benefits: tax management and portfolio customization
- Largest SMA categories:
 - Equity Direct Index
 - US Equity
 - Municipal Fixed Income
 - Taxable Fixed Income

SMA industry data begins in 1Q13; "other" category includes strategies such as convertibles, REITs and multi-asset.

As of June 30, 2025 | Source: Cerulli Associates and AB

Frequently Asked Questions

Can I customize an SMA, such as excluding specific stocks or sectors I don't want in my account?

- A.** Yes. As an SMA accountholder, you own the underlying portfolio securities, so you can personalize it by excluding specific securities or social sectors. Just request—through your financial advisor—to have these customizations applied to your SMA. Note: The customization can't change the underlying portfolio by more than 10% of its market value based on when the restriction starts.

Why would I want to customize an SMA?

- A.** Some investors inherit stocks or receive them as part of their compensation, so they don't want more exposure to those issuers in the SMA holdings. Other investors may choose to exclude specific stocks or social sectors that conflict with their personal values or religious views.

What are completion funds and why are they in my SMA?

- A.** AB started using completion funds in 2010 as a way to provide the flexibility to make strategic and tactical shifts in less liquid bond market segments. They have the potential to enhance diversification and provide access to opportunities that would be hard to tap into using individual bonds. The general public can't invest in completion funds—also known as income shares of commingled vehicles. They're exclusive to SMAs.

What exactly is tax-loss harvesting and how do I know when to do it?

- A.** Tax-loss harvesting is selectively selling investments that carry capital losses so they can offset capital gains on other securities or vice versa. This strategy can help manage the capital gains in your overall investment portfolio. You can work with your investment advisor to identify capital gains or losses that can be offset through tax-loss harvesting.

What kind of SMA statements will I receive?

- A.** You'll receive account statements from your sponsor or custodian that show the securities and number of shares you own. You'll also receive other details that will help you better understand your investment returns.

How long has AB been managing SMAs?

- A.** AB has been managing SMAs since 1980, so we have more than 45 years of experience in this type of vehicle.

Appendix: AB SMA Product Offerings

Tax-Exempt Fixed-Income SMA Solutions

	Holdings	Account Minimums (\$)	Additional Customization	SMA Delivery
Municipal Ladders				
1–5 Year Municipal Ladder 1–10 Year Municipal Ladder 1–15 Year Municipal Ladder	6–25	125,000	• State Optionality • Credit Quality Customization	• Discretionary
Municipal High Quality				
High Quality Short High Quality Intermediate High Quality Long	15–40	125,000	• State Optionality • Credit Quality Customization	• Discretionary
Municipal Income				
Limited Duration Corporate Bond Intermediate Duration Corporate Bond Long Duration Corporate Bond	15–40+ Completion Fund	250,000	• State Optionality • Credit Quality Customization	• Discretionary
Municipal Tax Aware				
Limited Duration Gov/Credit Intermediate Duration Gov/Credit Long Duration Gov/Credit	15–40+ Completion Fund	250,000	• State Optionality • Credit Quality Customization • Tax Bracket	• Discretionary

Taxable Fixed-Income SMA Solutions

	Holdings	Account Minimums (\$)	Credit Customization	Additional Customization	SMA Delivery
Treasury Ladders					
0–2 Year Treasury Ladder 1–5 Year Treasury Ladder 1–10 Year Treasury Ladder 1–15 Year Treasury Ladder	6–15	125,000		• Credit Quality Customization	• Discretionary
Corporate Ladders					
1–5 Year Corporate Ladder 1–10 Year Corporate Ladder	20–40	125,000	BBB– or Higher, A– or Higher	• Sector Exclusions • Issuer Exclusions • Credit Quality Customization	• Discretionary
Corporate Bond					
Short Duration Corporate Bond Limited Duration Corporate Bond Intermediate Duration Corporate Bond Long Duration Corporate Bond	40–80	250,000		• Sector Exclusions • Issuer Exclusions • Credit Quality Customization	• Discretionary
Government/Credit					
Short Duration Gov/Credit Limited Duration Gov/Credit Intermediate Duration Gov/Credit Long Duration Gov/Credit	40–80	250,000		• Sector Exclusions • Issuer Exclusions • Credit Quality Customization	• Discretionary

Equity and Multi-Asset SMA Solutions

	Benchmark	Holdings	Account Minimums (\$)	Customization	SMA Delivery
US Strategies					
Large Cap Growth	Russell 1000 Growth	50–70	100,000	• Sector Exclusions • Issuer Exclusions	• Model Delivery • Discretionary
Concentrated US Growth	S&P 500	20–30			
Strategic Research Equity	S&P 500	30–60			
Large Cap Value	Russell 1000 Value	50–80			
Equity Income	S&P 500	50–80			
Small/Mid Cap Value	Russell 2500 Value	75–100			
US Strategic Core	S&P 500	70-90			
Mid-Cap Value	Russell Mid-Cap Value	40-60			
Relative Value	Russell 100 Value	60-90			
Global and International Strategies					
Sustainable Global Thematic (ADR)	MSCI All Country World Index (ACWI)	30–60	100,000	• Sector Exclusions • Issuer Exclusions	• Model Delivery • Discretionary
Sustainable International Thematic (ADR)	MSCI All Country World Index (ACWI) ex US	30–60			
International Strategic Core (ADR)	MSCI EAFE (Net)	70-90			
Multi-Asset Strategies					
AB Strategic Research Balanced	60% S&P 500/ 40% Bloomberg Gov/Credit	30–60 Stocks, 10–20 Bonds	100,000	• Sector Exclusions • Issuer Exclusions	• Discretionary

Tax-Advantaged SMA Solutions

	Benchmark	Holdings	Account Minimums (\$)	Customization	SMA Delivery
Direct Index Strategies					
Tax Advantaged US Direct Index Large Cap	S&P 500	25–350	250,000	• Sector Exclusions • Issuer Exclusions • Tax-Efficient Transitions	• Discretionary
Tax Advantaged Direct Index Large-Mid Cap	Russell 1000	600–800			
Tax Advantaged Direct Index Large-Mid Cap Growth	Russell 1000 Growth	230–350			
Tax Advantaged Direct Index Large-Mid Cap Value	Russell 1000 Value	550–700			
Multi-Asset Direct Index Strategies					
AB Tax Advantaged Balanced Direct Index	Varies	300–400 Stocks, 20–30 Bonds	500,000	• Sector Exclusions • Issuer Exclusions • Tax-Efficient Transitions	• Discretionary
Active Strategies					
Tax Advantaged Strategic Research	S&P 500	30–60 Stocks	125,000	• Sector Exclusions • Issuer Exclusions • Tax-Efficient Transitions	• Discretionary
Tax Advantaged Strategic Research Balanced with Municipals	60% S&P 500/ 40% Bloomberg Gov/Credit	30–60 Stocks, 20–30 Bonds	500,000		

Learn More

(800) 247 4154
abfunds.com

A WORD ABOUT RISK

Market Risk: The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value. **Diversification 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. **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. **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. **Foreign (Non-US) Risk:** Non-US securities may be more volatile because of the 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. **Interest-Rate Risk:** Fixed-income securities may lose value if interest rates rise or fall—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. **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. **Inflation Risk:** Prices for goods and services tend to rise over time, which may erode the purchasing power of investments. **Leverage Risk:** Trying to enhance investment returns by borrowing money or using other leverage tools magnifies both gains and losses, resulting in greater volatility. **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 strategy may forgo some market opportunities available to strategies that do not use ESG or sustainability criteria.

There is no assurance that a separately managed account will achieve its investment objective. Separately managed accounts are subject to market risk. The market values of securities owned will fluctuate so that your investment, when redeemed, may be worth more or less than its original cost. AB does not provide tax, legal or accounting advice.

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