



# Product Update

## Q&A | Upcoming ETF Conversions

On November 2, 2023, the AB Funds Board of Directors approved a proposal to convert the following three mutual funds into newly formed exchange-traded funds (ETFs): AB Short Duration Income Portfolio (the Fund), AB Short Duration High Yield Portfolio (the Fund) and AB International Low Volatility Equity Portfolio (the Fund), (collectively, the Funds). In an effort to provide more transparency for our partners, we have provided a brief Q&A below:

- **What is happening?**

We are planning to convert the **AB Short Duration Income Portfolio** into the newly formed **AB Short Duration Income ETF**, the **AB Short Duration High Yield Portfolio** into the newly formed **AB Short Duration High Yield ETF** and the **AB International Low Volatility Equity Portfolio** into the newly formed **AB International Low Volatility Equity ETF**. After the conversion date, the Funds will cease to exist, having transferred the interests of all their remaining shareholders to their respective ETFs. The conversion date for the AB Short Duration Income and AB Short Duration High Yield Portfolios is planned for June 7, 2024. The conversion date for the AB International Low Volatility Equity Portfolio is planned for July 12, 2024.

- **Why is this change being made?**

We believe that the active ETF structure may offer our shareholders lower net expenses, additional trading flexibility, increased transparency and enhanced tax efficiency. Broadly speaking, we believe that actively managed fixed-income and equity ETFs can offer more alpha opportunities and additional diversification opportunities than passive ETFs. There is a nascent opportunity within actively managed ETFs, and we believe our approach offers notable potential for becoming a market leader in the space.

- **Are shareholders being asked to vote on the conversion?**

No, this action does not require shareholder approval.

- **How does this impact my shares held in the above-mentioned AB mutual fund portfolios?**

Shares of your AB Short Duration Income, AB Short Duration High Yield and/or AB International Low Volatility Equity Portfolios will be transferred to your brokerage account or, if you do not have a brokerage account, they will be redeemed and you will receive a cash payment for their redemption. The newly formed ETFs do not issue fractional shares. As a result, some shareholders who hold fractional shares of the respective Fund may have such fractional shares redeemed at net asset value immediately prior to the conversion, resulting in a small cash payment, which will be taxable.

- **Will the conversion affect the way my investments are managed?**

No. The portfolio-management team, philosophy and process will remain unchanged. The new ETFs will retain the performance track record of the respective Fund.



- **What is the timeline?**

**AB Short Duration Income and AB Short Duration High Yield Conversion Timeline**

Consolidation of Class A and Class C Shares into Advisor Class	March 18, 2024
Last Day to Purchase Portfolio Shares	May 30, 2024
Last Day to Redeem or Exchange out of Portfolio	June 6, 2024
Conversion Date	June 7, 2024

**AB International Low Volatility Equity Conversion Timeline**

Consolidation of Class A, Class C and Class Z Shares into Advisor Class	March 18, 2024
Last Day to Purchase Portfolio Shares	July 5, 2024
Last Day to Redeem or Exchange out of Portfolio	July 11, 2024
Conversion Date	July 12, 2024

Any shares not redeemed before the date of the conversion will be exchanged for shares of the AB Short Duration Income ETF, AB Short Duration High Yield ETF or AB International Low Volatility Equity ETF, based on your current investment, unless they are not held in a brokerage account that can hold ETF shares. If you do not hold your shares in a brokerage account, your shares will be redeemed immediately before the conversion, which could be a taxable event for you.

**If you have any further questions, please contact your AB representative.**

**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 [www.abfunds.com](http://www.abfunds.com) or contact your AB representative. Please read the prospectus and/or summary prospectus carefully before investing.**

**Investment Products Offered: Are Not FDIC Insured | May Lose Value | Are Not Bank Guaranteed**

Future allocations are subject to change. Diversification does not ensure against risk of loss. Past performance does not guarantee future results. There can be no assurance that any investment objectives will be achieved.

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

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