



What You Need to Know About Interval Funds

The popularity of interval funds continues to grow as an avenue to broaden investors' access to the opportunities and diversification potential of less-liquid market segments. Here are the key things you need to know about these vehicles.

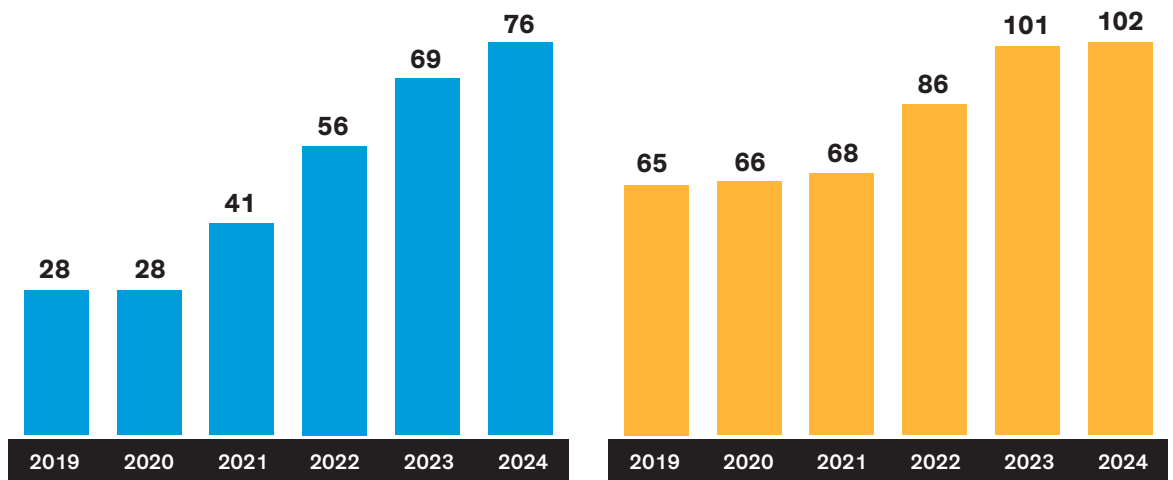
Demand for interval funds has surged in recent years as investors seek to enhance their portfolio diversification through private-market strategies and assets that are less correlated with broad markets. Legislative and

regulatory changes have also helped increase demand by providing greater access to these strategies. By 2023, interval-fund assets had more than doubled as the number of products continued to expand.

STRONG RECENT GROWTH IN INTERVAL FUNDS

Assets (USD Billions)

Number of Products



For illustrative purposes only

As of August 6, 2024

Source: Morningstar Direct and Strategic Insight Simfund

Manager Flexibility and Democratized Access for Investors

Interval funds are considered a flexible investment structure. They have the ability to own a variety of investments with no limits on the allocation to private investments (as long as funds have enough liquidity to cover redemptions).

This design gives investment managers the flexibility to invest in less-liquid and illiquid market segments, including high yield, private loans and structured credit. Because interval funds often have lower minimum investment amounts, they democratize access for retail investors by making market segments historically limited to institutions and high-net-worth investors more available.

How Does an Interval Fund Work?

Interval funds are closed-end investment companies registered under the Investment Company Act of 1940 that don't trade on an exchange, so they're not subject to a discount (or premium) to their net asset value (NAV). While they're continuously offered, investors can only request to redeem shares through set, periodic "intervals." Redemptions are typically offered quarterly and limited to a certain percentage of outstanding

shares—generally up to 5% of the fund. Investors should be aware that the limited ability to redeem funds will reduce the ability to liquidate their account quickly.

How Interval Funds Stack Up Against Other Vehicles

Interval funds have more flexibility than traditional mutual funds to invest across illiquid sectors and asset classes. At the same time, interval funds maintain the investor protection of registration with the US Securities and Exchange Commission, which has rigorous reporting requirements, transparency through public filings and an independent board designed to represent shareholders' interests.

While interval-fund strategies are open to all investors, others may be structured as private funds suitable for only accredited investors or qualified clients. This is the same suitability threshold that often applies to non-traded real estate investment trusts (REITs) or non-traded business development companies (BDCs), which have also grown in popularity in recent years. For example, REITs are largely restricted to real estate investments and BDCs to middle market lending.

Vehicle Comparison

	Mutual Funds	Interval Funds	Listed Closed-End Funds
Opportunities to Invest	Continuous	Continuous	IPO and Secondary Market
Valuation	NAV	NAV	Exchange Trading
Redemption Frequency	Daily	Typically Every 3 Months*	Exchange Traded
Tax Reporting	1099	1099	1099

*Generally expected to be at 5% of outstanding shares, at the investment manager's discretion. Full redemption may not happen each period. Investors should consider the vehicle illiquid.

IPO: initial public offering

Source: AllianceBernstein (AB)

What to Expect from the Redemption (Tender) Process

Periodically (typically every three months), an interval fund notifies shareholders of upcoming redemption dates when it will buy back shares at a price based on the NAV. If there are more repurchase requests in a given quarter than the percentage of shares allotted for repurchase, shares will generally be repurchased pro rata. You can see a sample repurchase timeline for an interval fund in the display below.

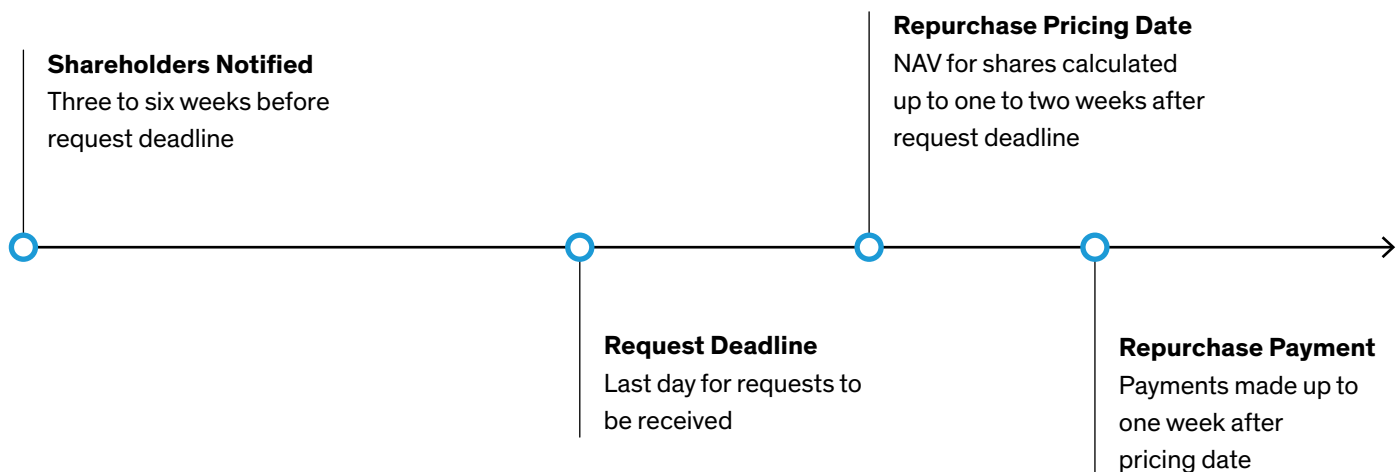
Are Interval Funds Right for an Investor?

When considering investing in any strategy or vehicle, including interval funds, financial professionals and their

clients should carefully review all financial objectives and constraints. These considerations can include liquidity requirements, investment time horizons and level of risk tolerance.

Investors considering interval funds should understand that they have limited liquidity, which will restrict access to that portion of their portfolio capital. The interval structure is an intentional design feature to protect funds from excessive redemptions in exchange for providing investors access to less-liquid investments that might otherwise be out of reach. Given that the underlying investments are less liquid, protection from excessive tender activity is required to ensure appropriate time to exit investments.

REPURCHASE TIMELINE EXAMPLE



For illustrative purposes only. Please refer to specific funds for their timelines.

Source: AB

For More Information

abfunds.com/go/alts

An investment in an interval fund is not suitable for all investors. Unlike typical closed-end funds, an interval fund's shares are not listed on a stock exchange. Although interval funds provide limited liquidity rights to investors by offering to repurchase a limited amount of shares on a periodic basis, investors should consider shares of the interval fund to be an illiquid investment. Investments in interval funds are therefore subject to liquidity risk as an investor may not be able to sell the shares at an advantageous time or price. There is also no secondary market for the interval fund's shares and none is expected to develop. There is no guarantee that an investor will be able to redeem all or any of their requested Fund shares in a quarterly repurchase offer.

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.

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HFOPO-589730-2024-08-08
GEN-8462-0824
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