



ALLIANCEBERNSTEIN®

January 29, 2020

ALLIANCEBERNSTEIN (LUXEMBOURG) S.À R.L.
REMUNERATION STATEMENT
EFFECTIVE FROM JANUARY 2020

This document has been prepared in accordance
with applicable UCITS, AIFMD rules and local rules.

*A paper copy of this document is available free of charge upon request at the registered office of
AllianceBernstein (Luxembourg) S.à r.l.*



Table of Contents

1. Introduction	3
1.1 Description of AB Lux activities	3
1.2 Scope and legal background	3
1.3 Definition of Identified Staff	4
2. AB Lux Board’s responsibilities	4
3. AB Compensation Committee	4
4. Performance and Compensation	5
4.1 Performance Review principles and Appraisal Process	5
4.2 Compensation Philosophy	6
4.2.1 General principles	6
4.2.2 Payment in non-cash instruments	6
4.2.3 Deferral and retention process	6
4.3 Overview of the Compensation Program	7
4.3.1 Salary benchmark	7
4.3.2 AB Lux Staff remuneration	7
4.3.3 Remuneration of Luxembourg-based employees	7
4.3.4 Remuneration of the Identified Staff	7
4.3.5 AB sales representatives employed in AB Lux EU entities	7
4.4 AB Incentive Compensation Award Program	8
4.5 Specific Compensation Rules	8
4.5.1 Welcome bonus	8
4.5.2 Golden parachutes	8
4.5.3 Malus and claw-back clauses	8
4.5.4 Personal hedging	9
5. Application of Remuneration Rules to delegates	9



1. Introduction

1.1 Description of AB Lux activities

AllianceBernstein (Luxembourg) S.à r.l. (“**AB Lux**” or the “**Company**”) is a management company, subject to the supervision of the *Commission de Surveillance du Secteur Financier* (“**CSSF**”), subject to Chapter 15 of the amended Law of December 17, 2010 relating to Undertakings for Collective Investment (hereafter the “**UCITS Law**”). The Company has been authorized by the CSSF as an Alternative Investment Fund Manager (“**AIFM**”) within the meaning of Article 16 of the Law of 12 July 2013 on alternative investment fund managers (the “**AIFM Law**”). In addition, AB Lux has been authorized to discretionary management, investment advice and reception and transmission of orders services (“**DPM services**”) to clients (“**AB Lux Discretionary Clients**”) in accordance with articles 101(3) and 101-1(3) of the UCITS Law and with article 5.(4) of the AIFM Law.

AB Lux is located at 2-4, rue Eugène Ruppert, L-2453 Luxembourg.

AB Lux is part of the AllianceBernstein group (the “**AB Group**”) and is indirectly 100% owned by AllianceBernstein L.P., a Delaware limited partnership (“**ABLP**” or the “**Partnership**”) and federally-registered investment adviser, with its primary place of business in New York City. AllianceBernstein Holding L.P. (“**AB Holding**”), also a Delaware limited partnership and federally-registered investment adviser, is publicly traded on the New York Stock Exchange under the ticker symbol “**AB**”. Each of these entities is subject to the consolidated prudential supervision of the U.S. Securities and Exchange Commission (“**SEC**”).

1.2 Scope and legal background

The purpose of this document (the “**Remuneration Statement**”) is to provide an up-to-date summary of the AB Lux remuneration policy (the “**Remuneration Policy**”) including a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee.

The Remuneration Policy, which has been established to ensure AB Lux employees do not take risks which could harm the interests of the AB Lux Funds, of their investors and the Company itself, has been drafted in accordance with the following rules:

- + CSSF Circular 10/437 related to “guidelines concerning the remuneration policies of the financial sector”;
- + AIFM Law;
- + UCITS Law;
- + ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575) and ESMA Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232 as amended by ESMA/2016/579) (both referred to as “**ESMA Guidelines**”);
- + Commission Recommendation 2009/384/EC of 30 April 2009 on remuneration policies in the financial services sector; and
- + ESMA Questions and Answers on the Application of the AIFMD (ESMA34-32-352) and ESMA Questions and Answers on the Application of the UCITS Directive (ESMA34-43-392) (both referred to as “**ESMA Q&A**”)
- + Commission Delegated Regulation (EU) 2017/565 adopted by Commission on 25 April 2016 (“**MiFID II Delegated Regulation**”);
- + ESMA Guidelines on Remuneration policies and practices (MiFID) (“**ESMA Guidelines on MiFID remuneration**”).

Annex II of the AIFM Law and Article 111^{ter} of the UCITS Law contain a detailed list of the remuneration principles AB Lux is required to comply with.



1.3 Definition of Identified Staff

Rules contained in this policy apply to all AB Lux employees, including the following categories of employees (“**Identified Staff**”):

- + Members of the AB Lux Board of Directors (“**AB Lux Board**”), insofar as they are paid remuneration by AB Lux;
- + AB Lux Conducting Officers, insofar as their remuneration is paid by AB Lux;
- + AB Lux control functions (“**Control Functions**”), insofar as they are paid remuneration by AB Lux, such as:
 - + the person responsible for the risk management function,
 - + the person responsible for the internal audit function,
 - + the person responsible for the compliance function, and
 - + the chief financial officer, to the extent that he/she is responsible for the preparation of the AB Lux financial statements.
- + AB Lux employees responsible for heading the investment management, administration, marketing and human resources of the Company;
- + AB Lux employees whose professional activities can exert material influence on the risk profile of AB Lux or AB Lux Funds (“**AB Lux risk takers**”);
- + Other AB Lux employees receiving total remuneration that falls into the *remuneration bracket* of the AB Lux Managing Directors and AB Lux risk takers.

2. AB Lux Board’s responsibilities

The AB Lux Board is responsible for approving, maintaining and overseeing the implementation of the Remuneration Policy.

In particular, AB Lux Board has established the Remuneration Policy in a way to:

- + align with the business strategy, objectives, values and interests of AB Lux;
- + discourage excessive risk taking as compared to the investment policy of the AB Lux Funds; and
- + enable AB Lux to align the interests of AB Lux Funds and of their investors with those of the Identified Staff that manages such funds, and to achieve and maintain a sound financial situation.

3. AB Compensation Committee

AB Lux – being part of the AB Group – has decided to not establish a separate remuneration committee but rather to rely on the Compensation Committee (“**AB Compensation Committee**”) of the Board of Directors of AllianceBernstein Corporation¹ (“**AB Corp Board**”) which has the general oversight of compensation and compensation-related matters for all employees of ABLP and of its subsidiaries (including AB Lux).

The AB Compensation Committee currently consists of six members of the AB Corp Board, four of whom (among them the chairperson) satisfy the independence requirements established by the AB Corp Board in compliance with local legislation and serves as President and Chief executive Officer of AXA Equitable Holdings, Inc., a parent company of AB.

No member of the AB Compensation Committee serves as a member of the AB Lux Board. The AB Compensation Committee is therefore independent from the AB Lux Board.

The AB Compensation Committee usually holds one regularly-scheduled meeting during the month of December each year, and such additional meetings as circumstances dictate. The

¹ AllianceBernstein Corporation, a Delaware corporation and indirect wholly-owned subsidiary of AXA, is the general partner of both ABLP and AB Holding.



chairperson of AB Compensation Committee (or her designee) reports the activities of the committee at the next scheduled AB Corp Board meeting, and the other directors shall be afforded the opportunity to ask questions regarding decisions or actions taken by the AB Compensation Committee.

4. Performance and Compensation

AB Lux, in accordance with AB Compensation Committee guidelines, determines the amount of variable remuneration an AB Lux employee is eligible for based on the following criteria:

- + Qualitative criteria:
 - (i) AB Lux employee individual performance;
- + Quantitative criteria:
 - (ii) the performance of AB Lux employee business line, and
 - (iii) the performance (e.g. relating to long term AUM variation perspective) of the Company and of the AB Group.

No AB Lux employee is paid based on the investment performance of the AB Lux Funds or AB Lux Discretionary Clients.

AB Lux Board and the AB Compensation Committee have established *ex ante* and *ex post* risk adjustment measures in order to ensure variable remuneration does not incentive staff to take risks and to ensure a continuous risk alignment between the interests of the Company and of those of AB Lux Funds.

4.1 Performance Review principles and Appraisal Process

At the beginning of each year, SMART (**S**pecific, **M**easurable, **A**chievable, **R**elevant and **T**imely) goal setting ensures that AB Group and all its employees are driving towards accomplishing business objectives. Through a productive dialogue, managers and staff members establish clear SMART goals.

Formal performance reviews based on goals and objectives are conducted at year-end and may be conducted during the year as well. Additionally, employees are continuously evaluated and provided with feedback.

Evaluations are based on employee performance relative to position, their success profiles, as well as department and corporate standards and agreed-upon goals and objectives set at the beginning of the year.

The year-end performance appraisal is a formal opportunity for managers to have an in-depth conversation with their team members on their performance over the past year and help them plan for the year ahead.

The appraisal has three areas of focus:

- + assessment of progress against goals;
- + assessment of strengths; and
- + assessment of development areas.

A performance review usually identifies one or more development areas for the employee. Under these circumstances, employees benefit from coaching in development areas in order to help employees achieve their goals.



4.2 Compensation Philosophy

4.2.1 General principles

The intellectual capital of AB's employees is collectively the most important asset of AB group. AB Group invests in people, hires qualified people, trains them, encourages them to give their best thinking to the Company and its clients, and compensates them in a manner designed to motivate and retain them.

AB Group believes that the quality, skill, and dedication of its staff are critical to enhancing the long-term value of the group. Its key compensation goals are to attract and retain highly-qualified talent, provide rewards for the past year's performance, and, where applicable, provide incentives for future performance that align an individual's long-term interests with those of AB's unitholders and clients. AB Group senior management believes that the ability to produce strong financial performance for the firm directly flows from achieving solid investment returns for its clients.

4.2.2 Payment in non-cash instruments

AB Group utilizes a variety of compensation elements to achieve the goals described above, including base salary, annual short-term incentive compensation awards (cash bonuses), and – under certain conditions - a long-term incentive compensation award program under which awards of AB Holding Units (the “**Restricted Holding Units**”) are made.

AB Lux employees do not receive variable remuneration in AB Lux Funds' instruments (i.e. units, shares or interests).

4.2.3 Deferral and retention process

In general, AB Group believes that key employees should be well-compensated for their performance, but that a significant portion of their incentive compensation should be deferred, which provides an incentive for key employees to remain with the Company.

Long-term incentive compensation awards generally are denominated in Restricted Holding Units, which generally vest in equal installments over four years. Employees, except certain members of ABLP and AB Holding senior management, can elect to diversify their long-term incentive compensation awards by allocating up to 50% of their awards to cash, up to a maximum of \$250,000 (“**Deferred Cash**”). The portion of an award allocated to Deferred Cash is subject to the same multi-year vesting periods (generally, four years) as the portion of the award allocated to Restricted Holding Units.

With respect to both Restricted Holding Units and Deferred Cash, award recipients who resign or are terminated without cause continue to vest in their long-term incentive compensation awards if the award recipients comply with certain agreements and restrictive covenants set forth in the applicable award agreement, including restrictions on competition, restrictions on employee and client solicitation, and a claw-back for failing to follow existing risk management policies.

Additionally, the Partnership's approach to long-term incentive compensation is designed to reflect the overall performance of the firm and the specific performance of each individual employee. By generally denominating long-term incentive compensation in Restricted Holding Units and deferring receipt, employees are sensitized to risk outcomes and disinclined to embrace excessive risks as the value of a significant portion of the compensation they receive fluctuates with the price of a Holding Unit.



4.3 Overview of the Compensation Program

4.3.1 Salary benchmark

In determining the appropriate level of compensation for AB Group staff, compensation is benchmarked against market survey information provided by leading external market survey firms such as McLagan and KPMG Luxembourg (for AB Lux employees only).

4.3.2 AB Lux Staff remuneration

AB Lux has decided to apply the principle of appropriate balance between fixed and variable remuneration to Identified Staff only.

4.3.3 Remuneration of Luxembourg-based employees

For AB Lux employees based in Luxembourg, the main portion of their compensation is represented by a fixed salary.

Incentive compensation consists of annual cash bonuses, which generally reflect individual performance, business unit performance and the financial performance of the Company.

When performance criteria are not fully met by an individual, the bonus allocation is adjusted accordingly.

For AB Lux employees, the variable portion of the compensation should normally not exceed 40% and in no case should exceed 50% of the total compensation.

In case where total compensation of an AB Lux employee is more than the Euro equivalent of USD 200,000, rules described under section 4.4.3 below are applicable.

4.3.4 Remuneration of the Identified Staff

As for other Lux-based employees, the main portion of the Identified Staff's compensation is represented by a fixed salary.

For Identified Staff, the variable portion of the compensation (including Restricted Holding Units and Deferred Cash) should generally not exceed 40% and in no case it should exceed 50% of the total compensation.

Variable remuneration of Control Functions is mainly based on function-specific objectives and are not directly determined by AB Lux's or AB Group's performance criteria. For this reason, the remuneration of the AB Lux Risk Management and of the AB Lux Compliance functions have been designed in a way that avoids conflict of interests related to the business units they are overseeing.

4.3.5 AB sales representatives employed in AB Lux EU entities

The compensation of AB sales representatives employed in AB Lux EU entities consists of a fixed remuneration and a variable remuneration.

Variable part of the compensation may consist of quarterly earned commissions, annual cash bonuses and long-term incentive compensation, including Restricted Holding Units and Deferred Cash. Such variable compensation generally reflects individual performance, department performance, business unit performance and the financial performance of the Company and of the AB Group.

Similarly, to the other AB Lux employees, when performance criteria are not fully met by AB sales representatives, the bonus allocation is adjusted accordingly.



Additional guidelines may also apply to AB sales representatives based on their locations and local regulations.

4.4 AB Incentive Compensation Award Program

Variable part of the compensation may consist of annual cash bonuses and long-term incentive compensation, including Restricted Holding Units and Deferred Cash. Such variable compensation generally reflects individual performance, department performance, business unit performance and the financial performance of the Company and of the AB Group.

Employees with total compensation in excess of a certain amount, receive a portion of their incentive compensation in the form of a cash bonus and a portion in the form of deferred long-term incentive compensation, which may be denominated in Restricted Holding Units or Deferred Cash. Such employees are required to participate in the AB Incentive Compensation Award Program (“ICAP”), a deferred incentive compensation program the AB Group has put in place.

The split between cash bonus and long-term incentive compensation varies depending on the employee’s total compensation, with lower-paid employees receiving a greater percentage of their incentive compensation as cash bonuses in comparison with more highly-paid employees.

When performance criteria are not fully met and/or goals set out at the beginning of the year are not achieved, an individual’s incentive compensation is adjusted accordingly.

4.5 Specific Compensation Rules

4.5.1 Welcome bonus

For new hires at a senior/executive management level, guaranteed variable compensation arrangements are offered only on an exceptional basis and they are limited to the first year for employees joining where it is deemed necessary to ‘buy-out’ their current variable arrangements. Evidence is required for any deferred remuneration buy-out arrangements prior to any commitment.

4.5.2 Golden parachutes

The AB Lux Board generally considers that “golden parachutes” arrangement for staff members who are leaving the Company and which generate large payouts without any performance and risk adjustment are not allowed. In particular, such payment should always be related to performance achieved over time and it should not reward failure.

The above however does not preclude termination payments in situations such as early termination of the employment contract due to changes in the Company’s strategy or in case of merger and/or takeover of activities.

4.5.3 Malus and claw-back clauses

The AB Compensation Committee may require any AB Lux employee to repay all or part of the bonuses that have been awarded for performance based on data which was subsequently proven to be fraudulent.

In addition, generally all outstanding long-term incentive compensation awards include a provision permitting AB Group to claw-back the unvested portion of an employee’s long-term incentive compensation award (whether denominated in Restricted Holding Units or Deferred Cash) if the AB Compensation Committee determines that (i) the employee failed to follow existing risk management policies and (ii) as a result of the employee’s failure, there has been or reasonably could be expected to be a material adverse impact on the Company, AB Lux Funds, AB Group or the employee’s business unit.



4.5.4 Personal hedging

AB Lux employees should commit to not buy any insurance contract to compensate a downward adjustment in the deferred and retained variable remuneration. This however does not prohibit insurance designed to cover personal payments such as healthcare and mortgage installments.

5. Application of Remuneration Rules to delegates

AB Lux is prohibited to delegate its portfolio management or risk management activities in order to circumvent the application of the Remuneration Rules and ESMA Guidelines.

In accordance with ESMA Q&A, neither AB Lux nor any other AB Lux Fund directly remunerate the identified staff of delegated portfolio management entities.