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ALLIANCEBERNSTEIN NATIONAL MUNICIPAL INCOME FUND CONFERENCE CALL TRANSCRIPT

November 21, 2022
4:30 p.m. ET

Operator: Good day and thank you for standing by. Welcome to AllianceBernstein's Conference Call. (Operator Instructions) I would now like to hand the conference over to your speaker today. Jason Mertz, please go ahead.

Jason Mertz: Thank you, and good afternoon, everyone. My name is Jason Mertz, and I am the Fixed Income Investment Strategist here at AllianceBernstein. A short while ago, we issued a press release that declared monthly dividends and advised of a dividend decrease for our municipal closed end fund. To restate the contents of that press release, the dividend of the AllianceBernstein National Municipal Income Fund has been decreased from 0.04479 cents to 0.03266 cents per share.

I am joined on the call with Terry Hults, Senior Vice President and Municipal Portfolio Manager at AllianceBernstein. As soon as I've concluded my prepared remarks, we will open up the line for questions for members of the analyst community. All other callers at this time will be in listen-only mode.

Statements or comments made on this conference call may be forward-looking statements. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these factors include, but are not limited to, the following, the performance of financial markets, general economic conditions, the interest rate environment, and government regulations.

Readers should carefully consider such factors. Further, such forward-looking statements speak only as of the date on which such statements are made. Neither the fund nor the advisor undertakes any of the obligations to update any forward-looking statement to reflect events or circumstances after the date of such statement.

For the AllianceBernstein National Municipal Income Fund, the dividend rate is set to reflect as closely as possible our assessment of the portfolio's current and projected earning power. The portfolio's position, based upon what we believe, is consistent with the appropriate level of risk and valuations in the municipal marketplace.

There are two major drivers of the fund's earning power. The first is the short-term interest rates associated with the fund's cost of leverage, and the second is the level of yields for the longer maturity bonds owned and purchased by the fund.

Short-term interest rates have risen significantly this year as the Federal Reserve has embarked on an aggressive monetary-tightening path. As a result, the fund's cost of leverage has increased. The index of short-term municipal rates that relates to our cost of leverage has risen from roughly 0.5% this spring to nearly 2.4% in October. Current market levels of bonds and other observable market instruments suggest short-term rates will increase further over the next 12 months.

Though the yields for longer maturity bonds have also risen, the fund's earnings have not risen sufficiently to offset the higher effective cost of borrowing. Consistent with the assessment of the fund's future earning power, a dividend reduction is necessary at this time. At this time, I will open up the line to questions from the analyst community.

Operator: (Operator Instructions) I'm showing no further questions. I would now like to turn it back over to the speakers for their closing remarks.

Jason Mertz: Thank you. In addition, a written summary of today's call will be available on our website www.alliancebernstein.com within 24 hours. Once again, I would like to thank you for joining us today and for your continued support for us. This concludes our call today.

Operator: And this concludes today's conference call. Thank you all for participating. You may now disconnect.

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AllianceBernstein National Municipal Income Fund is a registered closed-end management investment company managed by AllianceBernstein L.P.

This communication is not a prospectus, circular or representation intended for use in the purchase or sale of Fund shares. Shares of the Fund are not FDIC-insured and are not deposits or other obligations of, or guaranteed by, any bank. Shares of the Fund involve investment risk, including possible loss of principal. For more complete information about the Fund, including risks, charges, and expenses, please see the Fund's annual and semi-annual shareholder reports. ANMIF is a closed-end U.S.-registered management investment company advised by AllianceBernstein L.P.