Sept 2021

MONTHLY UPDATE

AB GROWTH & VALUE BALANCED INDEX℠

The AB Growth & Value Balanced Index℠ combines a dynamic equity strategy with duration managed fixed income to deliver diversification and consistent returns. The Index dynamically adapts exposures using a rules-based approach to help navigate changing market environments.

UPDATE

After reaching an all-time high early in the month, US equities, as measured by the S&P 500, experienced increased volatility in September amid renewed concerns over persistent inflation, the imminent tightening of monetary policy and the continued spread of the coronavirus delta variant. A convergence of events in the US and China added to the uncertainty. The index ended the month in negative territory, falling 4.65%; year to date, the index has returned 15.92% (in US-dollar terms).

The US economic recovery has shown signs of slowing as mixed economic data, persistent supply-chain issues and delta-variant-driven labor shortages have increased worries of stagflation. Investor sentiment fluctuated as coronavirus-related effects were compounded by politically divisive negotiations around two massive spending bills, the expiring US budget and a stalemate over the suspension of the debt ceiling. The likelihood of contagion from the collapse of the heavily indebted Chinese real estate developer Evergrande and a slowdown in China's economy also weighed on global risk sentiment.

Equity markets recovered slightly midmonth, before once again coming under pressure after the Fed turned more hawkish regarding the timing of tapering and interest-rate liftoff, and after Fed Chair Jerome Powell and Treasury Secretary Janet Yellen warned about catastrophic consequences should Congress fail to suspend the debt ceiling. Surging oil and commodity prices stoked inflationary fears, driving bond yields higher and equities sharply lower. Oil prices and US Treasury yields eased, but investors remained focused on the negative effects inflation and supply-chain issues might have on corporate earnings.

Value- and growth-style stocks declined, but value stocks ultimately outperformed growth stocks on a relative basis. For the year to date, value-style stocks have outperformed growth-style stocks. Small-cap stocks outperformed large-cap stocks on a relative basis in September, although both categories declined in absolute terms. Large-cap stocks have outperformed small-cap stocks for the year to date (as measured by the Russell 1000 and Russell 2000 indices). Overall sector performance was negative, with the exception of the energy sector, which outperformed as depleted oil and natural gas inventories continued to drive a surge in prices.

INDEX POSITIONING

The AB Growth & Value Balanced Index℠ entered the month with approximate allocations of 41.4% and 46.4% to equities and bonds, respectively. Within equities, the index had a 35.8% and 5.6% allocation to growth and value, respectively. Within fixed income, the index had a 46.4% allocation to 10-year US Treasuries. The index finished the month with weightings of 27.1% in growth and 3.1% in value equities. The fixed income allocation was 57.4% to 10-year US Treasuries. The index had no exposure to 2-year US Treasuries.

ALLIANCEBERNSTEIN®

Sept 2021

INDEX PERFORMANCE

	MTD	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
AB Growth & Value Balanced Index	-3.12%	0.22%	1.64%	4.74%	6.13%	5.85%	4.45%

As of September 30, 2021

Past performance does not guarantee future results. The AB Growth and Value Balanced Index℠ was launched on October 22, 2020. Levels
for the Index before October 22, 2020 represent hypothetical data determined by retroactive application of a back-tested model, itself designed with the benefit of hindsight. The above hypothetical chart only reflects the performance of the AB Growth and Value Balanced IndexSM, which seeks to provide excess returns reflecting the performance of the weighted components minus a specific benchmark. Dividends may or may not be included. The benchmark used by the Index is the Fed Funds rate. Individuals cannot invest directly in an index. The AB Growth and Value Balanced IndexSM (the "Index") embeds an annual index cost in the calculations of the change in index value. This embedded index cost will reduce any change in index value, and it funds certain operational and licensing costs for the Index.
The performance for the index prior to 10/22/2020, the index's inception date, reflects an inception date of 7/1/1992 and is the date used to calculate max range annualized performance.

Source: AB

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. **Foreign (non-US) Risk:** Non-US securities may be more volatile because of 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:** As interest rates rise, bond prices fall and vice versa—long-term securities tend to rise and fall more than short-term securities. **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. **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. **Leverage Risk:** Trying to enhance investment returns by borrowing money or using other leverage tools can magnify both gains and losses, resulting in greater volatility. **Derivatives Risk:** 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. **Below-Investment-Grade Securities Risk:** Investments in fixed-income securities with lower ratings (commonly known as "junk bonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. **Real Estate Risk:** Investments in real estate can decline due to a variety of factors affecting the real estate market, such as economic conditions, mortgage rates and availability. REITs may have additional risks due to limited diversification and the impact of tax law changes.
Commodity Risk: Commodity-linked investments may experience greater volatility than investments in traditional securities. The value of commodity- linked investments may be affected by financial factors, political developments and natural disasters. **ETF Risk:** Investments in an ETF bear the share of the ETF's expenses and run the risk that the ETF may not achieve its investment objective. **Asset Allocation Risk:** Diversification and asset allocation may not protect against market risk. All investments have inherent risks and investors may experience a loss. **Sector Risk:** Investing a significant portion of assets in any one sector may cause a fund to be more volatile, as securities within a specific sector can be prone to regulatory action, be more sensitive to interest-rate fluctuations, and be the target of increased competition. **Alternative Investment Risk:** An alternative investment is subject to a number of risks and is not suitable for all investors. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risk associated with such investments.
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