AB FLEXFEE™ EMERGING MARKETS GROWTH PORTFOLIO

Advisor Class: FFEYX

MARKET REVIEW

Emerging-market (EM) equities rose in the third quarter, increasing 9.56%, as measured by the MSCI Emerging Markets Index. Improvement in investors' risk appetite and greater confidence in the economic rebound drove stocks higher.

Amid ongoing tensions, US and Chinese trade representatives cited progress with negotiations and reiterated a commitment to the success of the phase-one trade deal, further boosting investor sentiment. Successful containment of COVID-19, rising export levels, better-than-expected retail sales and strong industrial profits data bolstered returns and supported the outlook for a broader recovery in China.

South Korea's economic recovery continued to gain strength as its unemployment rate declined on increased demand for workers amid a rebound in production and trade activities. Taiwan also continued to recover, as evidenced by Purchasing Managers' Index data that showed an upward trend in manufacturing activity. India's equity market rebounded after a sharp sell-off in early September, driven by concerns of heightened border tensions with China and an ongoing increase in novel coronavirus cases.

Performance within the MSCI EM for the quarter was strongest in the consumer-discretionary and technology sectors, while utilities and real estate had the weakest returns. Year to date, the index declined 1.16%.

FUND PERFORMANCE

The FlexFee Emerging Markets Growth Fund rose in absolute terms and outperformed its benchmark, the MSCI EM, for both the third quarter and the year to date.

During the quarter, security selection was the main driver of relative outperformance, primarily due to our selection within healthcare and financials. Stock selection within consumer discretionary and technology detracted, offsetting some of the overall gains made during the period. In terms of country selection, our limited exposure versus the benchmark to Korea weighed on relative returns.

JD.com, a China-based e-commerce company, was the leading contributor to relative returns as shares rose on strong performance that included second-quarter profit and revenue that exceeded expectations. Results were motivated, in part, by strong customer growth due to the accelerating shift to online shopping. JD.com remains one of our highest-conviction holdings in the internet space.

Top Glove, the world's largest producer of medical gloves, was the second-largest contributor during the quarter. The company's disposable gloves have continued to be in high demand due to worldwide COVID-19-driven shortages, and the company was a leading contributor to overall performance during the quarter. Despite strong quarter results, we see lower risk/reward in the stock after its recent run-up, given the potential for positive vaccine news in the coming months.

Wuliangye Yibin, a Chinese liquor producer, contributed, as demand for its ultra-premium baijiu liquor has continued to recover and the wholesale price of its flagship product has been rising gradually. Investor confidence has also been boosted by new channel strategies, such as the launch of direct sales and group purchases.

China's leading e-commerce company Alibaba Group detracted as shares declined toward the end of the quarter amid a general pullback in technology stocks as US sanctions were expanded to include additional companies. Alibaba's expansion outside of its core e-commerce business, such as its cloud computing and logistics offerings, underscore its goal to diversify its exposure within the retail value chain. Furthermore, market expectations for the anticipated initial public offering of its subsidiary, Ant Financial, have remained high.

Petrobras, a Brazil-based state-controlled oil company, detracted, as energy stocks remained under pressure. The company's large low-cost oil reserves in offshore Brazil, as well as its increasing focus on free cash-flow generation, have positioned Petrobras well in an environment of lower oil prices. We are growing more constructive on a recovery in oil prices in 2021, as demand improves and supply from high-cost shale-oil producers declines over time.

The fund's overweight position in Jinxin Fertility was also a significant detractor from performance during the quarter. While the company has solid organic-growth and margin-expansion prospects, revenue in both China and the US declined due to the impact of COVID-19-related shutdowns. Patient volume and growth estimates are expected to rebound as restrictions are lifted.

FUND POSITIONING AND OUTLOOK

While we maintain a cautious fund positioning, we are also becoming more constructive on the fundamental outlook for a number of EMs. Economic activity appears to be recovering in countries like Brazil and India, despite the ongoing effects of the pandemic. The anticipated announcement of trial data from several potential COVID-19 vaccines

should also support an early stage economic recovery and lead to better performance for certain stocks in sectors such as financials—which have performed very poorly since the beginning of the year.

With this in mind, we are gradually adding to our holdings in stocks that we expect will offer large upside potential with limited downside risk as fundamentals recover in 2021. We will continue to concentrate on companies that have persevered during the pandemic as a result of strong balance sheets, as well as those that have gained market share despite the crisis.

We have also steadily reduced country risk in the fund by bringing our overweight to China close to market weight. While continuing to favor high-quality companies, we have increased our exposure to India and Brazil, again, moving closer to market weight, as their economies begin to improve.

As countries emerge from the pandemic, growth opportunities will become more visible. We will continue to focus on long-term fundamentals and to allocate capital where we have the most conviction. We are confident in our positioning and believe that our outperformance potential remains significant.

PORTFOLIO INFORMATION

Class	Ticker	Inception Date
Advisor	FFEYX	11/13/14

Portfolio Characteristics	Portfolio	Benchmark[1]
Total Number of Holdings	61	1379
P/E Ratio (Stock Price/Earnings: last 12 mo)	25.42x	18.58x~
Forward P/E Ratio (2020)	25.36x	17.66x
P/B (Stock Price to Book Ratio)	3.32x	1.75x~
Dividend Yield	1.59%	2.35%~
ROE (Return on Equity; next 12 mo)	18.10%	12.21%
Weighted Market Cap ($ Billions)	199.4	175.9
EPS (Earnings per Share) Growth Rate (2020/2019)	14.43%	5.76%

Portfolio Statistics	
Beta (3 yr)[2]	1.03
Sharpe Ratio (3 yr)[3]	0.02
Standard Deviation (3 yr)[4]	20.41
Alpha (3 yr)[5]	-0.26

Top Ten Holdings[6]	
Alibaba Group	9.76%
Taiwan Semiconductor	8.45
Tencent Holdings	7.31
Samsung Electronics	4.55
JD.com	3.56
Ping An Insurance	3.54
AIA Group	2.95
New Oriental Education & Technology	2.89
MediaTek	2.51
Sberbank of Russia	2.50

Sector Breakdown[6]	Portfolio	Benchmark[1]
Information Technology	25.79%	18.46%
Consumer Discretionary	22.67	20.21
Financials	18.64	17.15
Communication Services	13.48	12.71
Industrials	6.95	4.36
Energy	4.12	5.44
Healthcare	2.82	4.32
Real Estate	2.38	2.38
Utilities	1.63	1.95
Consumer Staples	1.12	6.09
Cash and Cash Equivalents	0.40	–
Materials	–	6.93

Country Breakdown[6]	
China	40.52%
Taiwan	14.70
India	9.21
South Korea	7.56
Brazil	4.47
Russia	3.98
Vietnam	3.76
Hong Kong	3.30
South Africa	2.92
Other	9.58

Top Five Contributors	Top Five Detractors
JD.com	Sunny Friend Envirn Tech
Top Glove	Alibaba Group
NetEase	Petrobras
Wuliangye Yibin	Jinxin Fertility
Taiwan Semiconductor	Naspers

1 MSCI Emerging Markets Index.
2 Beta measures a fund's volatility relative to its benchmark.
3 Sharpe Ratio is a measure of the fund's return relative to the investment risk it has taken. A higher Sharpe Ratio means the fund's returns have been better given the level of risk the fund has taken.
4 Standard Deviation is a measure of the dispersion of a portfolio's return from its mean.
5 Alpha is the risk-adjusted measurement of 'excess return' over the benchmark.
6 Holdings are expressed as a percentage of total fund assets and may vary over time. They are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned.

QUARTERLY AVERAGE ANNUAL TOTAL RETURNS AS OF 09/30/20: ADVISOR CLASS PERFORMANCE

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Expense Ratios*
FlexFee Emerging Markets Growth Portfolio†	11.41%	6.84%	17.35%	1.85%	9.02%	–	3.96%	as of 4/30/20 Gross 8.55% Net‡ 1.55% as of 9/30/20 Gross 6.23% Net‡ 1.55%
MSCI Emerging Markets Index	9.56	-1.16	10.54	2.42	8.97	–	3.92	
Morningstar Diversified Emerging Markets Category	8.87	-1.43	9.11	1.73	8.08	–	2.82	

The performance shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting www.abfunds.com. The investment return and principal value of an investment in the Portfolio will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Advisor Class shares have no front-end or contingent deferred sales charges, however when purchased through a financial advisor additional fees may apply. Performance assumes reinvestment of distributions, the deduction of all fund expenses, and does not account for taxes. If applicable, high double-digit returns are highly unusual and cannot be sustained; such returns are primarily achieved during favorable market conditions.

*** If applicable, this reflects the Adviser's contractual waiver of a portion of its advisory fee and/or reimbursement of a portion of the Fund's operating expenses. This waiver extends through April 30, 2021 and may be extended by the Adviser for additional one-year terms. Absent reimbursements or waivers, performance would have been lower.**

† The Fund's Advisor Class share inception date is 11/13/14 and is the date used to calculate since inception annualized performance. The performance information prior to July 1, 2017 does not reflect performance fee adjustments and would have been different if the Fund had been managed under a performance fee arrangement.

‡ Excludes expenses associated with acquired fund fees and expenses other than the advisory fees of any AB mutual funds in which the Fund may invest, interest expense, taxes, extraordinary expenses, and brokerage commissions and other transaction costs. Expenses are subject to change.

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Investors cannot invest directly in indices or averages, and their performance does not reflect fees and expenses or represent the performance of any AB fund.

Sources: FactSet, Morningstar Inc. and AB.

FEES LINKED TO OUTPERFORMANCE

	Fund Performance (assumes deduction of TER) vs Benchmark	Total Expense Ratio (TER)*
Min Fee	Index or lower	0.15%
	+0.35%	0.29%
	+0.70	0.43
	+1.05	0.57
	+1.40	0.71
Mid Fee	Index + 1.75%	0.85%
	+ 2.10%	0.99%
	+2.45	1.13
	+2.80	1.27
	+ 3.15	1.41
Max Fee	Index + 3.50% or higher	1.55%

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. **Derivatives Risk:** Investing in 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. **Sector/Industry Risk:** Investing a substantial amount of assets in fewer economic sectors may be more volatile than more diversified strategies. Economic or market conditions affecting a particular sector could have a major impact on the portfolio's value.

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