AB MUNICIPAL IMPACT PORTFOLIO

Separately Managed Accounts

Market Overview

The third quarter was a tale of two halves—with municipals continuing to perform well during the first half of the quarter, but taking a breather toward the end as the US Federal Reserve (the Fed) indicated the tapering of its asset purchase program is imminent. Also, the dot plot revisions pointed to an increase in the number of Federal Open Market Committee members who expect that it may be appropriate to raise short-term rates next year. Municipals posted negative returns as 10-year AAA-rated municipal yields rose 15 basis points. For the quarter, the Bloomberg Municipal Index returned –0.27%, bringing the index's year-to-date returns to 0.79%.

Inflows into the municipal market remained very strong for the quarter with investors adding $31 billion in new money to the market. The tailwind of strong demand has been a consistent theme all year, with 2021's $92 billion of net flows on pace to shatter the prior calendar year record set back in 2019. While this tailwind has driven sizable municipal outperformance year to date, it has also driven certain parts of the market, particularly AAA/AA-rated bonds, to become expensive. In response to these valuations, municipal buyers became more selective, causing municipals to cheapen as the quarter progressed. As a result, 10-year municipal/Treasury ratios increased from 68% to 74% during the quarter.

However, a trend that remained during the third quarter was the continued outperformance in municipal credit. Once again, the additional income of lower-rated bonds proved beneficial, with BBB-rated and high-yield indices returning 0.11% and 0.38%—outperforming the AAA-rated index, which returned –0.41%. To be fair, the market did experience some modest spread widening in certain idiosyncratic issuers, like the New York Metropolitan Transit Authority, and sectors, including Higher Education, toward the end of the quarter. Most importantly, we view this spread widening as a reflection of spreads being too tight in certain sectors and not reflective of weakening fundamentals—which continue to be strong across the asset class.

Portfolio Performance

The AB Municipal Impact Portfolio performed in line with its benchmark, the Bloomberg Municipal Index, for the quarter. The Strategy's overweight to municipal credit, which continues to outperform higher-rated bonds, contributed to performance. Yield-curve positioning and security selection both detracted from performance for the quarter, with selections within mass transit detracting the most. Within that sector, the Portfolio's allocation to the New York Metropolitan Transit Authority was an idiosyncratic detractor, as spreads widened modestly from tight valuations toward the end of the quarter. This position is a contributor to year-to-date returns. Additionally, the Portfolio's allocation to inflation protection via tax-efficient Consumer Price Index (CPI) swaps and taxable duration exposure via Federal Agency Low Income Housing bonds contributed to performance.

Outlook

Two primary concerns on the mind of fixed-income investors are inflation and rising rates. With Core CPI rising 4.0% for the year ending August 2021, investors are understandably concerned. However, we believe this jump in inflation is transitory and expect price increases to decelerate as pandemic-induced supply constraints gradually ease, allowing supply to catch up to demand and taking the pressure off prices. While inflation has the potential to drive yields higher, so too does the unwinding of easy monetary policy. Once again, fears around rising rates center on the rapidly recovering US economy, which, as soon as November, may warrant the tapering of purchases in the Fed's quantitative-easing (QE) program. However, we don't foresee a "taper tantrum," for two reasons. First, the Fed has learned from its mistake in 2013 when it surprised the markets with a change in monetary policy, triggering a dramatic spike in yields. This time, the central bank has laid the groundwork well in advance to avoid surprises. Second, as the Fed steps back from the bond-market buying, US banks are likely to increase their bond purchases to meet their increased need for income.

Tapering will be the first step on a long path toward the normalization of monetary policy. The Fed will likely slow the pace of its asset purchases gradually and still be buying bonds well into 2022. Once QE purchases stop entirely, the Fed will continue reinvesting coupons and maturing bonds, making it a major player in bond markets for years to come. Once it reaches this steady state, we expect the Fed to keep the policy rate at zero for several months before eventually embarking on rate hikes. The result over the next year or two should be a gradual rise in US bond yields, with 10-year US Treasury yields climbing modestly higher by year-end 2022.

As a result, we continue to position our portfolios to protect and defend as rates push higher, while also being opportunistic as opportunities present themselves. While the anticipated strong growth and higher inflation should continue to drive interest rates higher, we do anticipate a continued strong technical environment in

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municipals that should help mitigate the price impact of rising rates. The market is forecasted to experience a net-supply decline of $10 billion during the fourth quarter, which should continue to provide a positive tailwind. Furthermore, with a plethora of cash still on the sidelines, a rise in yields would be welcomed by many, and used as a buying opportunity. To take advantage of any dislocation, we have built more liquidity in portfolios today through a combination of shorter-term high-grade municipals and taxable bonds. We are maintaining our short duration position versus our benchmark and remain overweight municipal credit, which we would expect to outperform over a prolonged rising-rate environment. Municipal default rates have not strayed from their long-term averages during the COVID-19 pandemic. In fact, many issuers have experienced credit-rating upgrades in 2021. The long-term cumulative default rate of municipals remains extremely low at just 0.2%.

When rates are moving higher, excess yield tends to win. Investors should look to bonds that come with excess spread or yield to provide protection as rates tick higher. Additionally, we are maintaining a modest weight in tax-efficient CPI swaps to give the Portfolio further insulation against rising inflation and interest-rate fears.

Current forecasts and performance are no guarantee of future results. References to specific securities are presented to illustrate our investment philosophy and are not to be considered advice or recommendations. This information reflects prevailing market conditions and our judgments as of the date indicated, which are subject to change. In preparing this presentation, we have relied upon and assumed without independent verification, the accuracy and completeness of all information available from third-party sources. It should not be assumed that any investments made in the future will be profitable or will equal the performance of the selected investments referenced herein.

PORTFOLIO INFORMATION

Sector Weights[1]	
Education	26.6%
Water/Wastewater	19.6
Mass Transit	18.7
Health Care	15.4
Economic Development	7.3
Energy	5.6
Affordable Housing	4.1
Other	2.7

Ratings Allocation[1,2]	
Highest of S&P/Moody's/Fitch	
AAA	15.5%
AA	50.8
A	18.2
BBB	10.2
BB & below	2.4
Not rated	2.9

Portfolio Statistics[1]	
Modified Duration	4.6 - 4.8 years
Average Maturity	11.4 - 11.6 years
Average Coupon	4.4 - 4.6%
Current Yield	3.7 - 3.9%
Yield to Worst	1.1 - 1.3%

You should not assume that these securities or investments we make in the future were or will be profitable or will equal the performance of the securities discussed in this document.

Market Risk: The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value.

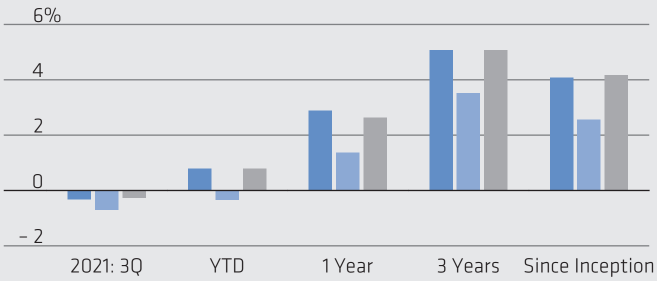
1 Based on a representative account as of 9/30/21. Portfolio holdings, characteristics and weightings will vary over time. Contact your financial advisor for a complete list of portfolio holdings. These are not recommendations to buy or sell any security.

2 A measure of the quality and safety of a bond or portfolio, based on the issuer's financial condition, and not based on the financial condition of the portfolio itself. AAA is highest (best) and D is lowest (worst). Ratings are subject to change. Investment-grade securities are those rated BBB and above. If applicable, the Pre-Refunded category includes bonds which are secured by US Government Securities and therefore are deemed high-quality investment grade by the Adviser. If applicable, the Not Applicable category includes non credit worthy investments; such as equity securities, currency contracts, futures and options. If applicable, the Not Rated category includes bonds that are not rated by a Nationally Recognized Statistical Rating Organization.

Source: AB.

This is supplemental information to the Municipal Impact Managed Accounts Composite Performance Disclosure which can be found on the next page.

ANNUALIZED RETURNS (Preliminary)



	Pure Gross of Fee[3]	Net of Managed Account Fee	Bloomberg Muni Bond
2021: 3Q	-0.32%	-0.70%	-0.27%
YTD	0.79	-0.33	0.79
1 Year	2.88	1.36	2.63
3 Years	5.06	3.51	5.06
Since Inception	4.08	2.55	4.17

3 Pure gross-of-fees do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to net returns. Returns will vary, based on the client's actual portfolio holdings and the actual fees charged to the account.

Performance results are shown pure gross of all fees and net of a maximum 1.5% managed account fee, which includes transaction costs, custodial service fees and investment advisory fees. Please see the Composite Performance Disclosure below.

Past performance does not guarantee future results.

COMPOSITE PERFORMANCE DISCLOSURE

Period	Composite Assets (USD millions)	Composite Accounts at End of Period	Net Return (%)	Pure Gross Return (%)[4]	Internal Composite Dispersion (%)	Composite 3-Yr Ann ex Post Std Deviation (%)	Benchmark 3-Yr Ann ex Post Std Deviation (%)	Total Firm Assets (USD billions)	Bloomberg Muni Bond (Gross) Unhedged to USD Return (%)	% of Managed Accounts
2020	35.9	34	3.26	4.81	0.45	4.26	3.96	611.5	5.21	100
2019	9.4	20	6.25	7.85	0.20	NA	NA	574.4	7.54	100
2018	4.4	12	-0.26	1.24	NM	NA	NA	473.5	1.28	100
2/1 - 12/31/2017	0.3	1	3.09	4.51	NA	NA	NA	512.9	4.76	100
3 Years[5]			3.05	4.60					4.64	
Since Inception[5] (2/1/2017)			3.13	4.67					4.77	

NM Not Meaningful, fewer than two accounts were included in the Composite for the full period. NA Not Applicable, less than minimum time period.
4 Pure Gross Return is supplemental information. 5 Annualized through most recent year-end.

PRESENTATION OF THE FIRM-AllianceBernstein L.P. ("ABLP") is a registered investment advisor with the US Securities and Exchange Commission. AB Institutional Investments and AB Investments (collectively, the "Firm") are the institutional and retail sales, marketing and client service units of ABLP. In February 2006, Alliance Capital Management L.P. changed its name to ABLP. COMPLIANCE STATEMENT-The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods from 1993 through 2019. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. COMPOSITE DESCRIPTION-The performance results displayed herein represent the investment performance record for the Municipal Impact Managed Account Composite (the "Composite"). The Composite includes all fee-paying discretionary accounts. The Composite consists of accounts managed in an active fixed income strategy which primarily invests in a municipal bond strategy that builds on AB's credit expertise to invest in issues whose proceeds have a positive impact from an environmental, social and/or governance perspective as well as pooled-vehicles designed to provide exposure to a diversified pool of municipal impact bonds. The strategy will typically have an intermediate duration profile and an investment-grade average credit quality. The strategy seeks to specifically promote and favor investment in underserved communities or those with a lower socioeconomic status. Accounts over $10 million in market value may elect to use individual bonds, rather than pooled-vehicles, to invest in these sectors. The Composite seeks to maximize after-tax return with limited volatility. For the period prior to 9/30/17, the Composite has been linked to the firm's Municipal Impact Strategy Composite. From October 2017 to December 2017, 100% of the Composite assets were in a non-fee paying proprietary account. As of 12/31/18, 12/31/19 and 12/31/20, 6%, 3% and 1% of the Composite assets were in a non-fee paying proprietary account. The creation date of this Composite is October 2017 and the inception date is 1/31/17. For the performance period presented, investment professionals may have changed or departed, none of which in the Firm's view have altered the composite's strategy. Accounts in the Composite may utilize long or short derivative contracts, including but not limited to, swaps, swaptions, options, futures, options on futures and currency transactions (including forward currency contracts) for risk management purposes, duration management, yield-curve management or for enhancing expected returns by adjusting exposure to the markets, sectors, countries, currencies or specific securities permitted by these guidelines. The impact of all derivatives is fully incorporated into the calculation of risk and return and these positions would not be implemented if doing so would violate investment guidelines that limit exposure to markets, sectors, countries, currencies or specific securities. Investment in non-exchange-traded (over-the-counter) derivatives exposes the accounts within the Composite to counterparty risk. A complete list including composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution funds managed by the Firm is available upon request. Additional information regarding policies for valuing accounts, calculating performance, and preparing GIPS reports is also available upon request via email to CompositeRequests@alliancebernstein.com. TOTAL RETURN METHODOLOGY AND FEE STRUCTURE- Performance results are shown in two formats. Pure gross returns do not reflect the deduction of any trading costs, fees or expenses. Pure gross-of-fees returns are supplemental to net returns. Net returns are calculated by subtracting the highest applicable Managed Account fee (1.5% on an annual basis, or 0.125% on a monthly basis) on a monthly basis from the pure gross Composite monthly return. The Managed Account fee includes transaction costs, custodial service fees and investment advisory fees. RATE OF RETURN-No representation is made that the performance shown in this presentation is indicative of future performance. An account could incur losses as well as generate gains. Performance figures for each account are calculated monthly on a trade-date basis using a total rate-of-return calculation. Investment transactions are recorded on a trade date basis, and interests and dividends are recorded on accrual basis, net of withholding taxes, if applicable. Investments in securities are valued in accordance with the Firm's Valuation Policies and reflect a good faith estimate of fair value levels for all investments, which may not be realized upon liquidation. The fair valuation process requires judgment and estimation by the Firm. The gross-of-fee returns reflect the deduction of trading costs. The Composite returns are calculated based on the asset-weighted monthly composite constituent account returns where the weight is the beginning fair value of the accounts. DISPERSION-Internal dispersion is calculated using the asset-weighted standard deviation of all accounts included in the Composite for the entire year; it is not presented for periods less than one year or when there were fewer than two accounts in the Composite for the entire year. The three-year annualized ex post standard deviation measures the variability of the Composite and the benchmark returns over the preceding 36-month period; it is not presented for periods of less than three years. The benchmark, which is not covered by the report of independent verifiers, is the Bloomberg Municipal Bond (Gross) Unhedged to USD. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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