AllianceBernstein®

August 2023

AB Dynamic Multi-Asset Income Model Portfolios

The AB Dynamic Multi-Asset Income Model Portfolios are four globally diversified portfolios to satisfy two key investor needs: income generation and investment growth. These AB portfolios will constantly adapt to evolving market conditions using a flexible and dynamic approach.

Portfolio Update

Global stocks finished lower in August, declining 2.79%, as measured by the MSCI All-Country World Index (ACWI). The direction of US Federal Reserve monetary policy weighed on equity markets throughout much of the month. Mostly resilient economic data and disinflation traction strengthened the likelihood of a soft landing but also added support to the Fed's higher-for-longer narrative. Stocks regained some ground at the end of the month as cooler economic data suggested further tightening might be avoided. Year to date, the MSCI ACWI has gained 14.80%.

Early in the month, the Fitch US debt downgrade sent stocks lower, and overall sentiment remained subdued ahead of Fed Chair Powell's much-anticipated annual speech at the Jackson Hole Symposium. Although Powell's comments largely reiterated previous warnings that inflation was still too high and additional rate hikes would occur if deemed necessary to reach the 2% target, investors interpreted his remarks as more dovish than hawkish. European Central Bank President Christine Lagarde largely echoed Powell's remarks. At the end of the month, global equity markets rallied as US economic data indicated that job openings declined for a third consecutive month and consumer confidence had cooled significantly, bolstering optimism that the Fed's rate-hike cycle may have reached its conclusion. Although eurozone inflation has dropped significantly, it remained persistently high in August, increasing the possibility of an additional ECB rate hike in September.

Both growth- and value-oriented stocks declined in absolute terms for the month but rose for the year to date (as measured by the MSCI ACWI Growth and Value indices). Growth stocks outperformed value stocks slightly during the month but have outperformed significantly for the year to date, led by a technology-sector rally—especially among companies closely related to artificial intelligence technologies. During the month, sector performance within the MSCI ACWI was mostly negative. The utilities and materials sectors led underperformance, while the energy and healthcare sectors rose in absolute terms and outperformed on a relative basis.

The global economy remains resilient. Economic activity appears to have picked up in the US. We do not expect the recent economic uptick to last, since financial conditions are tightening and the benefits of the summer travel season will begin to fade, particularly in Europe and the US. Although it is obvious that inflation is decelerating in DM countries, it is less clear when inflation will fall back to central bank inflation targets. It is likely that investors will have to brace for an extended period of elevated monetary policy rates that are higher for longer, even as DM central banks reach the end of their tightening cycles as economic growth slows.

Based on our assessment of risk conditions and return across asset classes, the AB Dynamic Multi-Asset Income Model Portfolios maintained a modest overweight allocation to Global equities and underweight to Global fixed income through the end of August. Our outlook for equities remains constructive over the medium term. Cyclical indicators are broadly consistent with positive performance for risk assets. PMI data indicate continued normalization with services rolling over from highs while manufacturing is still subdued with ongoing destocking. Distressed areas such as low-income consumers, durables, and financials showed further improvement. The US recession fears abating, investor positioning has started to shift less defensive, and fears of an overheating have resurfaced, pushing sovereign yields higher. We continue to see room for further progress on multiple fronts on inflation including shelter, food services, and travel. However, we feel we have yet to feel the initial sting of tighter credit standards, rising small business bankruptcies, student loan repayments, structural changes to the regional banking model, and softening conditions in Europe. As a result, we believe our exposure to duration will be additive.

Asset Allocation Views

SEC Yields as of August 31, 2023

AB Model Portfolios	SEC Yield
AB Dynamic Multi-Asset Income 60/40	4.12%
AB Dynamic Multi-Asset Income 40/60	4.67%
AB Dynamic Multi-Asset Income 20/80	5.16%
AB Dynamic Multi-Asset Income 0/100	5.89%

○ Previous Month
● Current

	Dynamic Position –			+		Key Views
Global Equity*	○	○	○	●	○	• Portfolios maintain a modestly higher allocation to global equities in both developed and emerging markets relative to the strategic asset allocation.
Developed-Market	○	○	○	●	○	
Emerging-Market	○	○	○	●	○	
Global Fixed Income	○	●	○	○	○	• Portfolios maintained an underweight to global fixed-income • Overall, portfolios modestly increased the underweight to Credit and remained overweight Rates
Global High-Yield Bonds†	○	●	○	○	○	
Emerging-Market Bonds	○	●	○	○	○	
Investment-Grade Bonds	○	○	○	●	○	
Diversifiers	○	○	●	○	○	• Portfolios maintain a neutral allocation to Real-Estate • Portfolios modestly increased some of its overweight to Treasuries/Cash/Other
Real Estate	○	○	●	○	○	
Treasuries/Cash/ Other‡	○	○	○	●	○	

*AB Dynamic Multi-Asset Income 0/100 does not allocate to equities.
†Global High Yield Bonds include bank loans and securitized assets.
‡Treasuries / Cash / Other include options

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A WORD ABOUT RISK

Alternative Investment Risk: An alternative investment is subject to several 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 an investment. **Asset Allocation Risk:** Diversification and asset allocation may not protect against market risk. All investments have inherent risks, and investors may experience a loss. **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. **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. **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, then the issuer's rating may be lowered, and the bond's value may decline. **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. **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. **ETF Risk:** Investments in ETFs bear the share of the ETF's expenses and run the risk that the ETF may not achieve its investment objective. **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. **Leverage Risk:** Trying to enhance investment returns by borrowing money or using other leverage tools magnifies both gains and losses, resulting in greater volatility. **Market Risk:** The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value. **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. **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 are the target of increased competition.

Investors should consider the investment objectives, risks, charges and expenses of the Fund/Portfolio carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.abfunds.com or contact your AB representative. Please read the prospectus and/or summary prospectus carefully before investing.