



ALLIANCEBERNSTEIN®

Third Quarter 2021

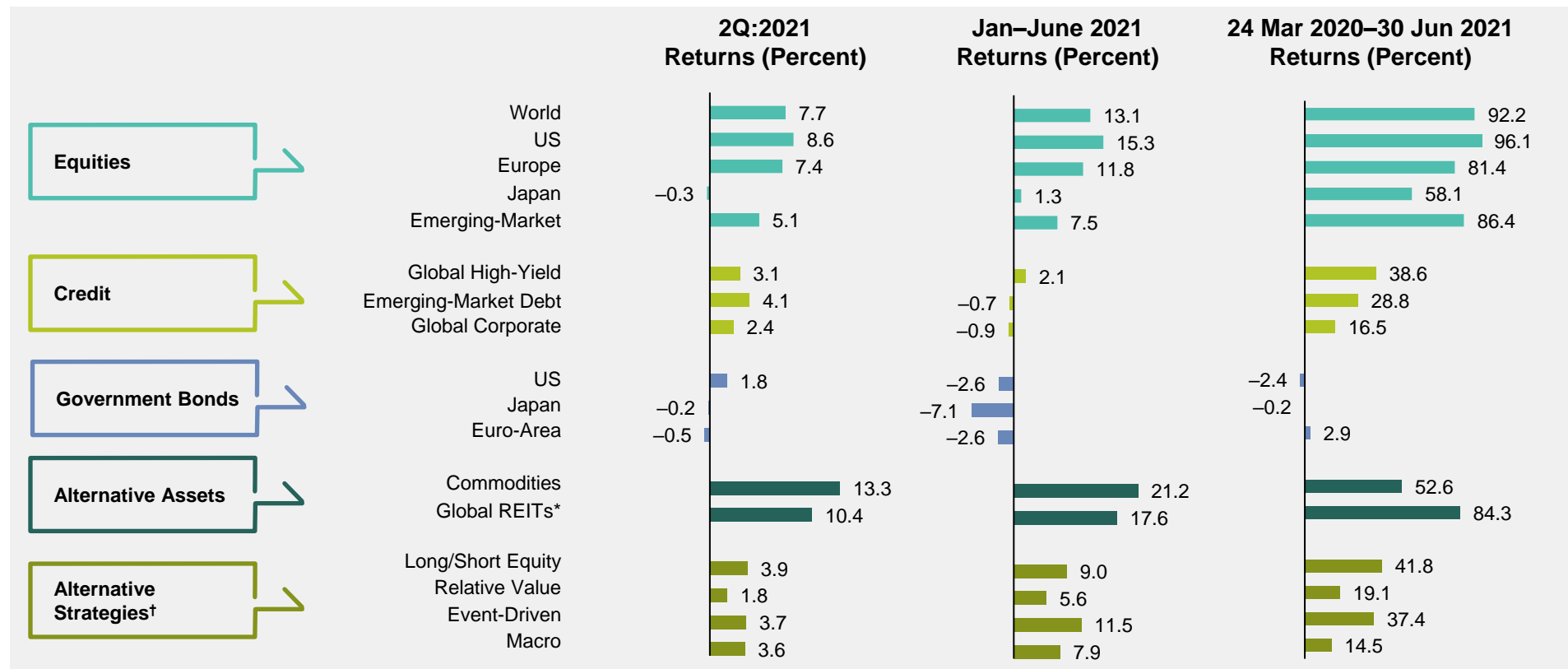
GLOBAL CAPITAL MARKETS OUTLOOK

GROWING THROUGH REOPENING PAINS

The information herein reflects prevailing market conditions and our judgments, which are subject to change, as of the date of this document. In preparing this document, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Opinions and estimates may be changed without notice and involve a number of assumptions that may not prove valid. There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice.

2Q 2021 Returns Recap

Returns in US Dollars



Past performance does not guarantee future results.

Global high yield, global corporates, and Japan and euro-area government bonds in hedged USD terms. All other non-US returns in unhedged USD terms. Emerging-market debt returns are for dollar-denominated bonds as represented by the J.P. Morgan Emerging Markets Bond Index Global Diversified. An investor cannot invest directly in an index, and its performance does not reflect the performance of any AllianceBernstein (AB) portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio.

Relative value, event-driven and macro returns for the RHS column are from 1 April 2020 to 30 June 2021

*Real estate investment trusts. †Returns reflect HFRI index returns (see Index Definitions in the Appendix).

As of 30 June 2021

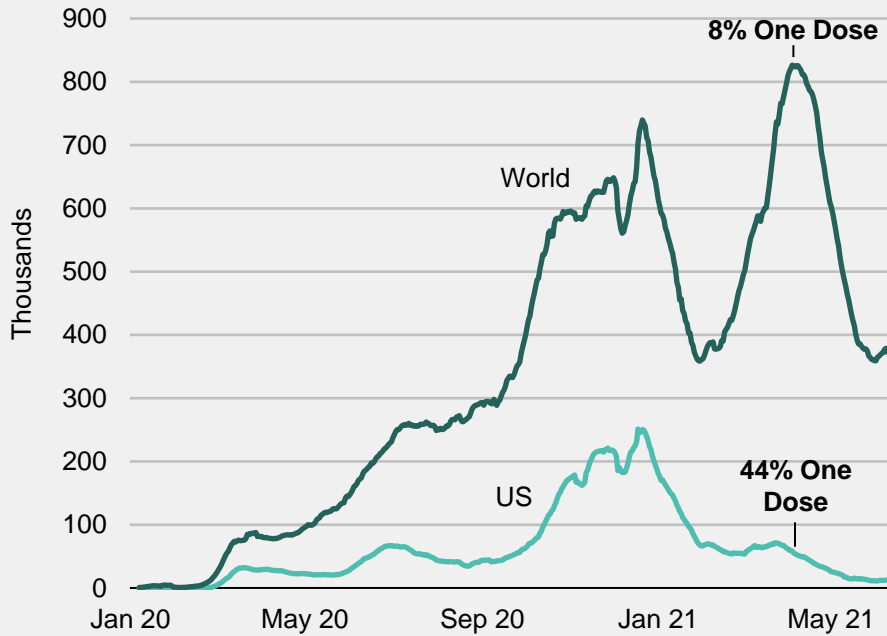
Source: Bloomberg Barclays, Hedge Fund Research, J.P. Morgan, Morningstar, MSCI, Standard & Poor's (S&P) Dow Jones and AB



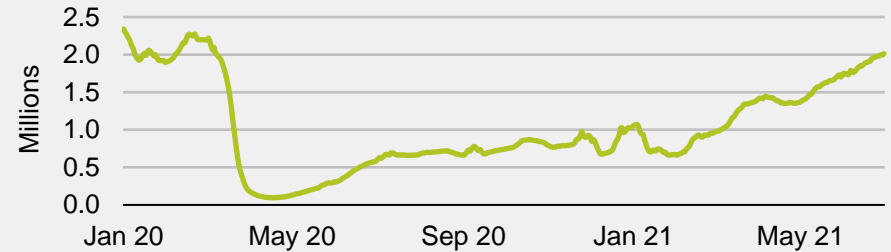
Successful Nationwide Vaccination Program Drives Economic Reopening

New Case Count Continues to Lower Even as World Sees Fourth Wave

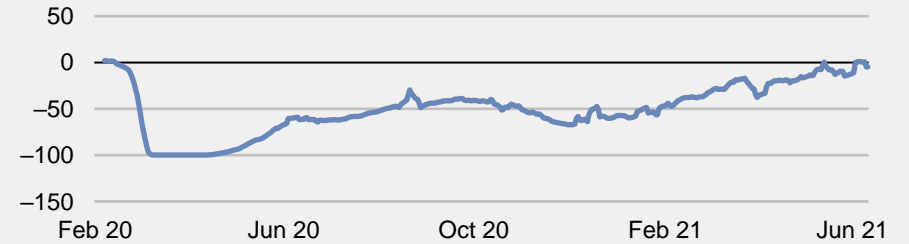
US Has Largely Escaped Global Surge in New Cases Seven-Day Moving Average



TSA Airport Security Daily Travelers Screened Seven-Day Moving Average



Restaurant Activity Normalizing Seven-Day Moving Average



Historical analysis and current forecasts do not guarantee future results.

As of 30 June 2021

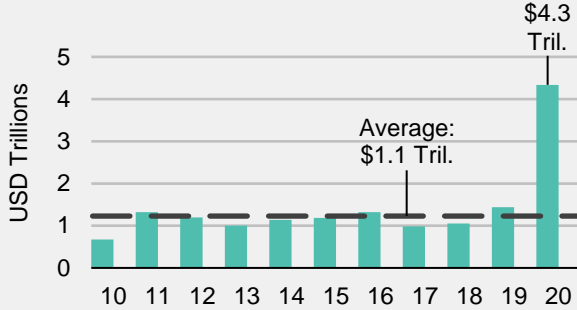
Source: Bloomberg Barclays and Our World in Data



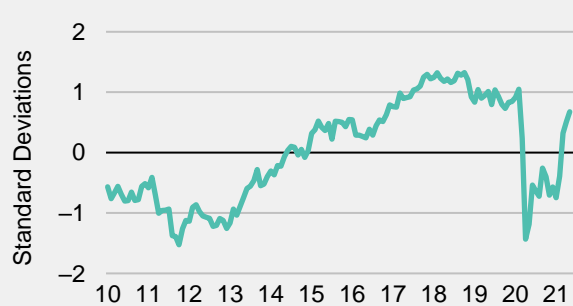
Great Expectations

More Cash, More Confidence as Earnings Forecasts Continue to Rise

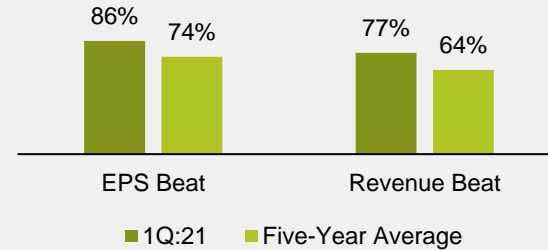
Annual Change in DM Household Holdings of Money*



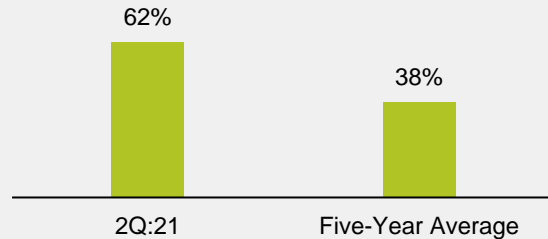
G7 Consumer Confidence†



1Q Earnings Season Surpassed Expectations

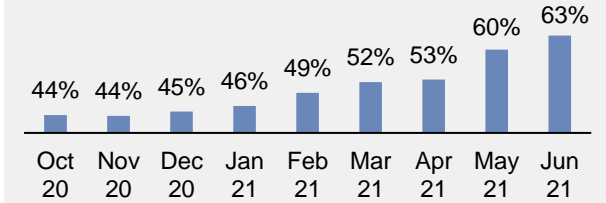


Coupled with Strong 2Q Earnings Guidance

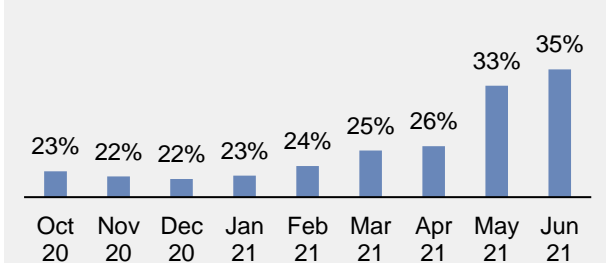


Increasingly Stronger Earnings Expectations for Both 2Q and CY21

2Q Expected YoY EPS Growth



CY21 Expected YoY EPS Growth



Historical analysis and current forecasts do not guarantee future results.

CY: calendar year; DM: developed markets; EPS: earnings per share; YoY: year-over-year

Earnings universe is S&P 500

*Currency and bank deposits

†Excludes Canada

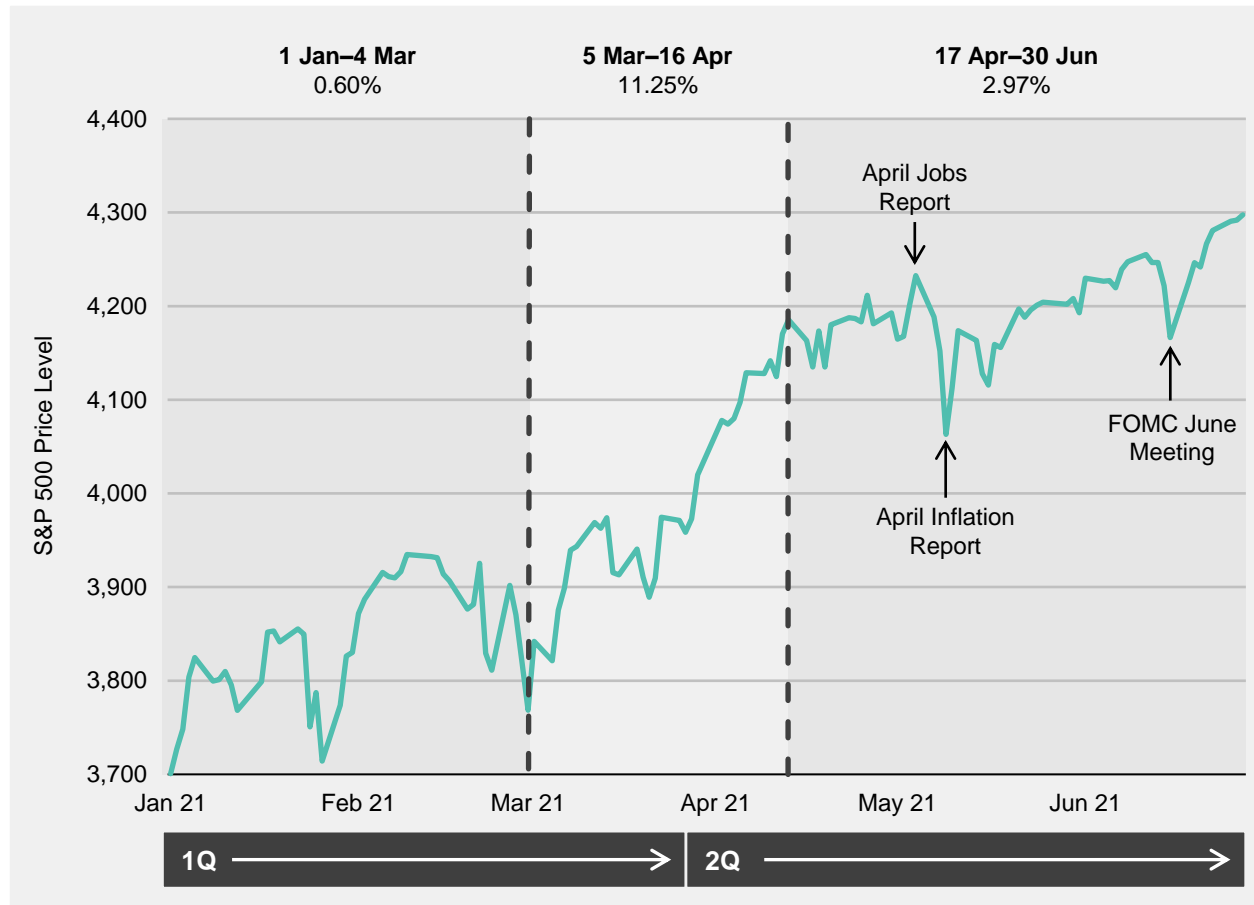
As of 30 June 2021

Source: Bloomberg Barclays, FactSet, Haver Analytics and S&P



And Yet: S&P Price Movement Underscores Market Questions/Concerns

Inflation, the Fed and the Key Question: Has All the Good Gettin' Been Gotten?



Fed Dot Plot: More Members Projecting Rate Hikes in 2022 & 2023

%	2021	2022	2023	Longer Run
4.00				
3.75				
3.50				
3.25				
3.00				••
2.75				•
2.50				••••••••
2.25				••••
2.00				•
1.75				
1.50			••	
1.25				
1.00			•••	
0.75			•••	
0.50		••	•••	
0.25		•••••	••	
0.00	•••••••• •••••••• ••••	•••••••• ••••	•••••	

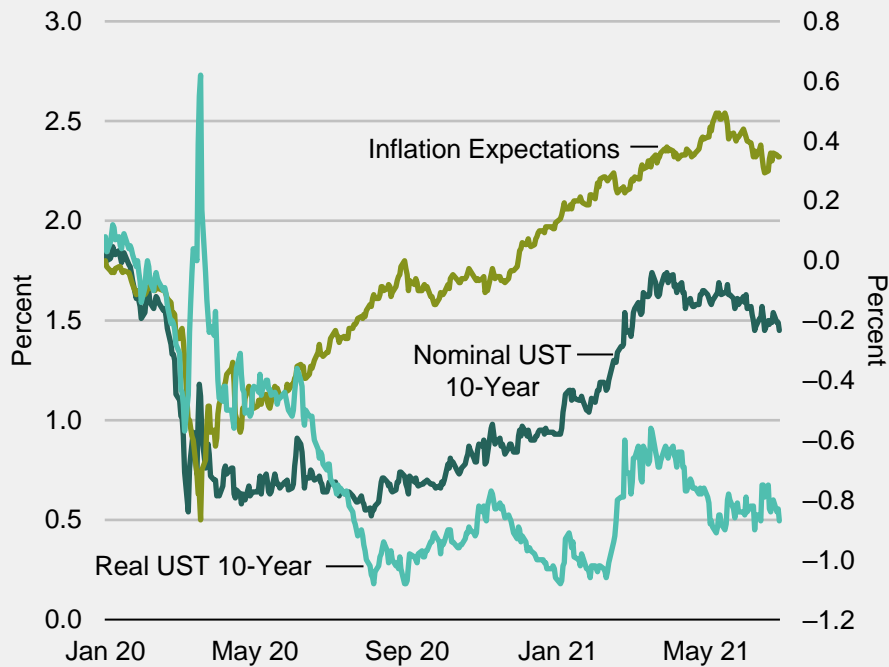
Historical analysis and current forecasts do not guarantee future results.

FOMC: Federal Open Market Committee
As of 30 June 2021
Source: Bloomberg Barclays and FactSet

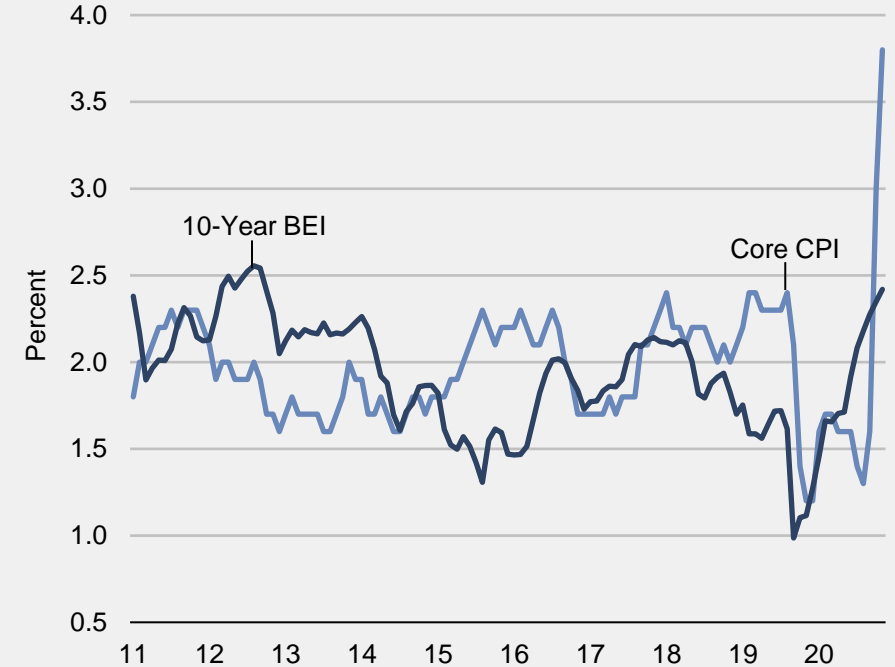


Yield Curve Slightly Lower as Inflation Expectations Cool and Real Yields Stay Grounded...but for How Long?

Market Has Largely Shrugged Off Fed's More Hawkish Outlook...



...While Remaining in Agreement About Transitory Nature of Inflation



Historical analysis and current forecasts do not guarantee future results.

BEI: break-even inflation; UST: US Treasury

As of 30 June 2021

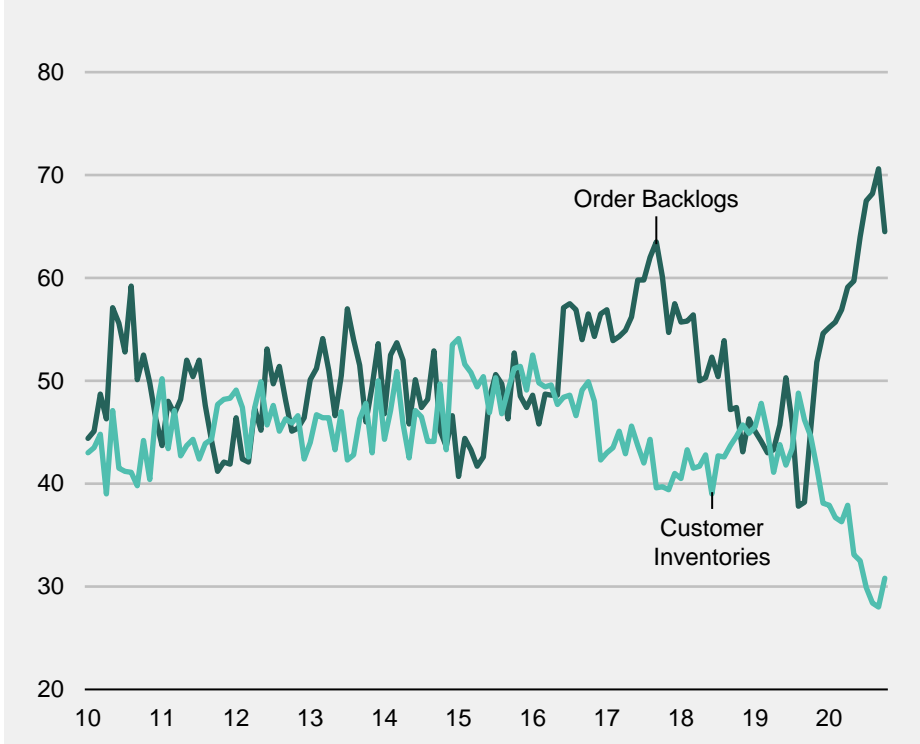
Source: Bloomberg Barclays, US Department of the Treasury and AB



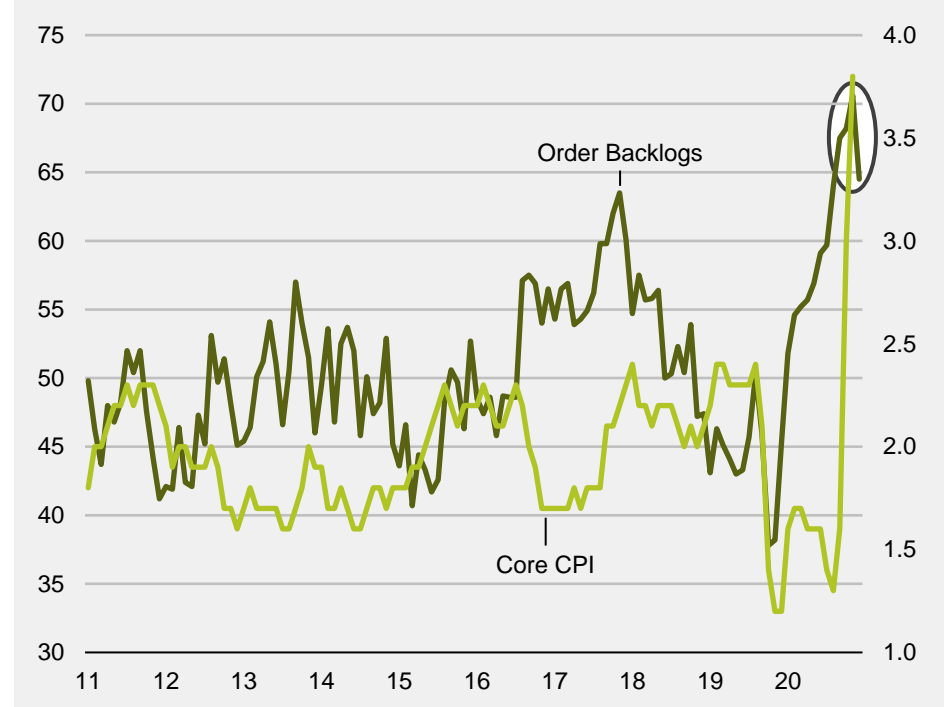
A Novel Market Downturn & Recovery: Strong Demand Begets Bottlenecks

Order Backlogs, Customer Inventories and Supplier Delivery Times Near Record Levels

Capacity Constraints in Manufacturing (Percent)



Record High Capacity Constraints Seen as the Main Driver of Inflation in the Near Term (Percent)



Historical analysis and current forecasts do not guarantee future results.

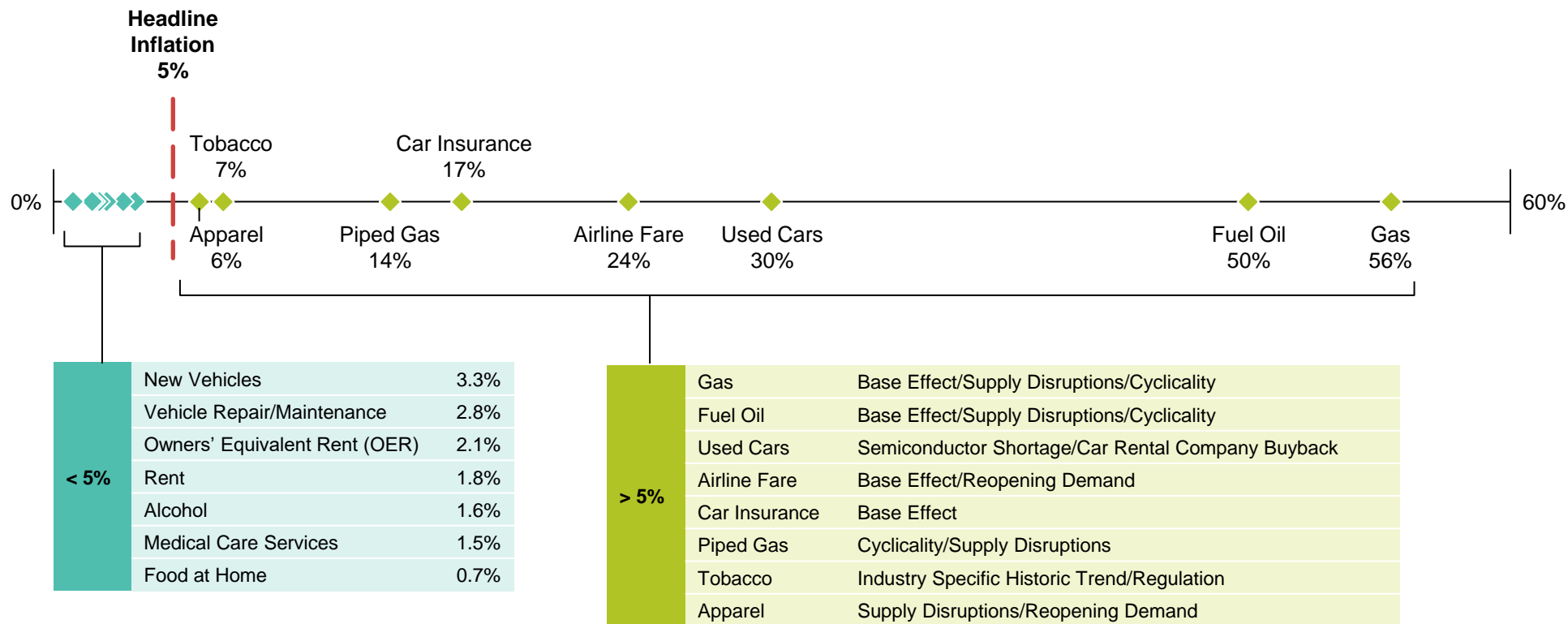
Through 30 June 2021

Source: Bloomberg Barclays and AB



Inflationary Spikes Have Been Largely Contained to Specific, Less Sticky Areas of the Economy

Segments Most Exposed to Market “Normalizations” Have Seen the Largest Jumps



Historical analysis and current forecasts do not guarantee future results.

As of 30 June 2021

Source: US Bureau of Labor Statistics (BLS) and AB



Macro Summary

Global Growth to Bounce Back in 2021; US Numbers Remain Sturdy on Back of Strong Consumer

AB Global Economic Forecast: July 2021

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	21F	22F	21F	22F	21F	22F	21F	22F
Global	6.1	4.3	2.8	2.5	1.74	1.79	2.46	2.62
Industrial Countries	5.4	4.3	2.4	1.9	-0.08	-0.04	1.10	1.34
Emerging Countries	7.2	4.4	3.4	3.6	4.52	4.57	4.58	4.59
US	6.5	4.6	3.2	2.3	0.13	0.13	2.00	2.25
Euro Area	4.5	4.5	2.0	1.5	-0.50	-0.50	-0.10	0.15
UK	7.0	5.5	1.8	2.3	0.10	0.50	1.15	1.40
Japan	2.6	2.4	0.1	0.8	-0.10	-0.10	0.00	0.00
China	9.0	4.7	1.5	2.8	4.35	4.35	3.25	3.25

Past performance and current analysis do not guarantee future results.

Growth and inflation forecasts are calendar-year averages. Interest rates are year-end forecasts. Real growth aggregates represent 48 country forecasts, not all of which are shown. Long rates are 10-year yields.

As of 30 June 2021

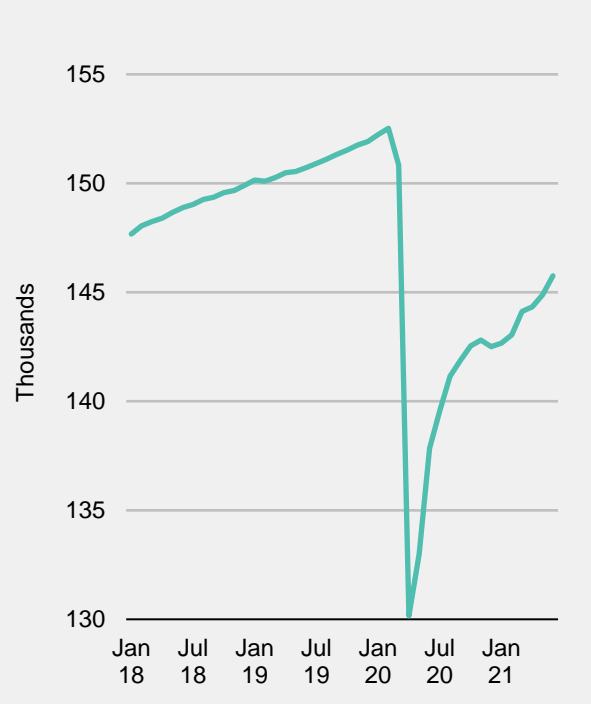
Source: AB



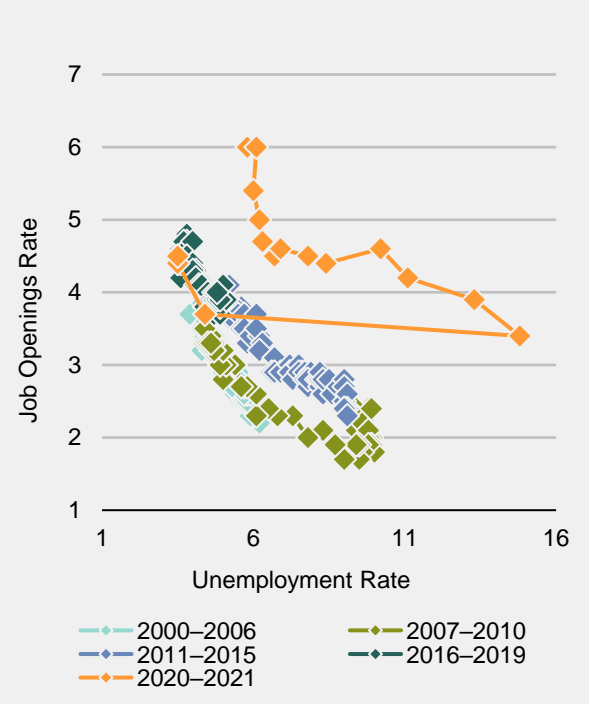
Employment Picture Slowly Improving but Questions Remain

“Sticky” Wage Pressures Remain Top of Mind as Workers Are Slow to Return

Total Nonfarm Payrolls Down About 6.8 Million Jobs Since February 2020



All the While, There Are Nearly as Many Job Openings as Unemployed



Yet Many Previous Labor Market Participants Remain on the Sidelines



Historical analysis and current forecasts do not guarantee future results.

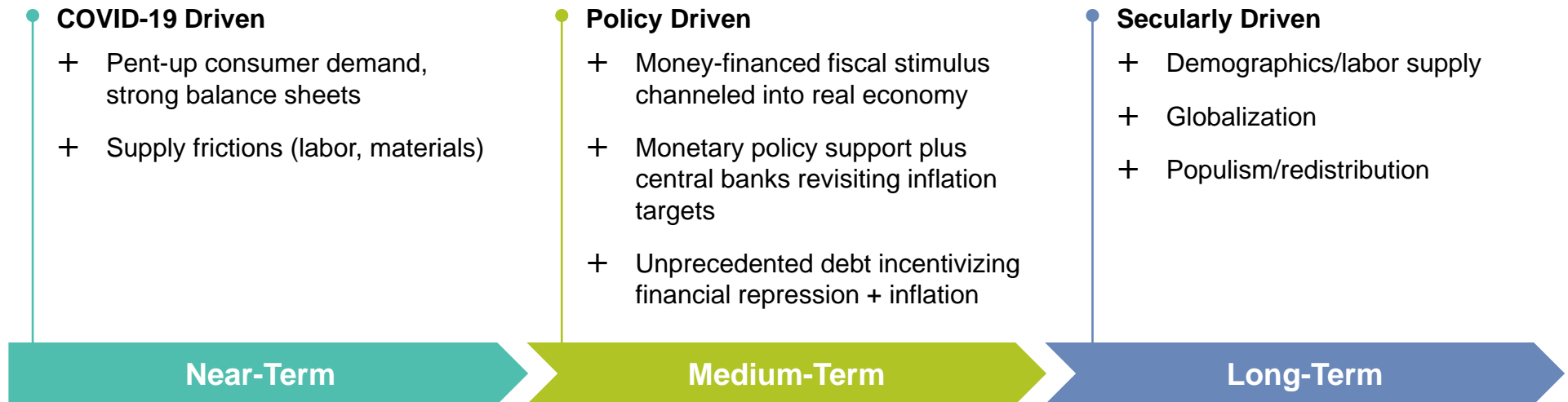
Left and right displays as of 30 June 2021; middle display as of 30 April 2021

Source: Bloomberg Barclays, Federal Reserve Economic Data (FRED) and US Bureau of Labor Statistics (BLS)



Possible Inflation Drivers Now and into the Future

Near-Term Focus Is on the Reopening with Longer-Term Focus on Policy and Global Trends



Historical analysis and current forecasts do not guarantee future results.

As of 30 June 2021

Source: AB



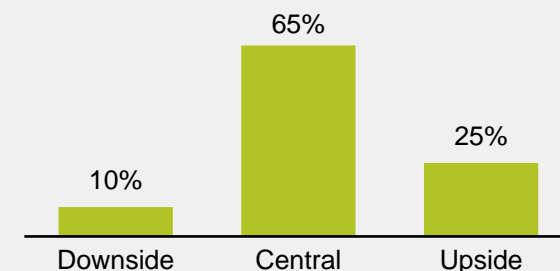
Global Macro Outlook: Central Narrative and Balance of Risks

Central Narrative

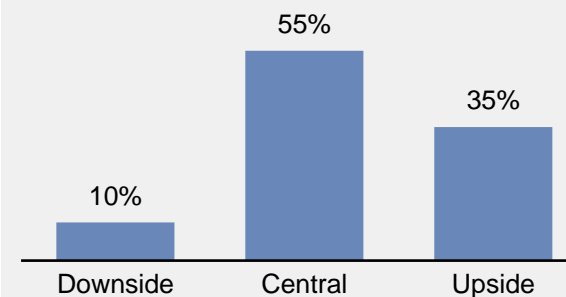
- + The recovery continues to gather pace. We've nudged our growth forecasts higher and expect the global economy to grow by 6.1% this year and 4.3% in 2022. Both are well above the precrisis trend (3.0%)
- + Output is back above precrisis levels. But it's still 3% lower than it would have been without the hit from COVID-19. Strong growth means this gap should narrow over the coming year, but it won't be eliminated altogether
- + If that's right, inflation should fall back as supply-chain tensions start to ease. We expect DM inflation to settle back to 1.9% in 2022 after 2.4% this year. Risks, though, are skewed to the upside
- + Persistently high inflation would muddy the monetary-policy outlook. But in our central case, monetary stimulus is likely to be rolled back slowly
- + That doesn't mean a uniform approach. Many central banks, like the Fed, will seek to gradually "normalize" monetary policy as business conditions begin to improve. For others, like the ECB and BOJ, negative rates and large-scale asset purchases are now a permanent feature
- + This has implications for bond yields. Our target ranges for 10-year yields next year are 2.00%–2.50% for US Treasuries and 0.00%–0.25% for Bunds. Japanese yields are likely to remain anchored around zero

Key Risks and Probabilities

Balance of Risks: Growth



Balance of Risks: Inflation



Current analysis does not guarantee future results.

BOJ: Bank of Japan; ECB: European Central Bank

As of 30 June 2021

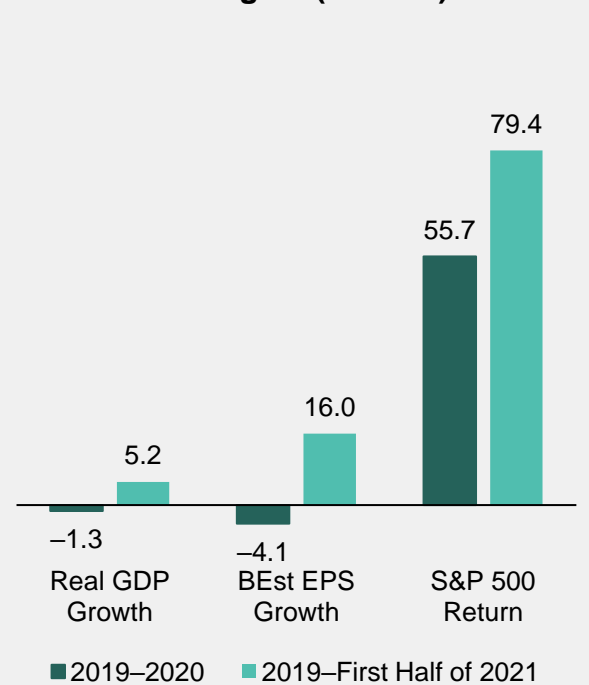
Source: AB



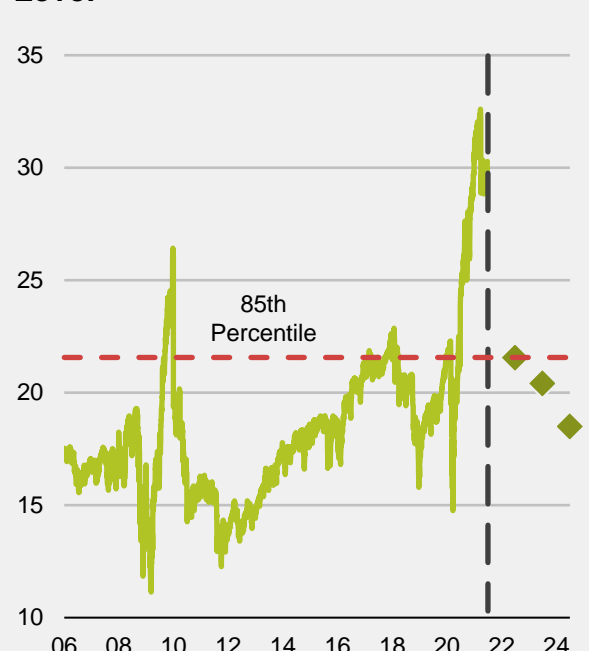
Elevated Valuations Suggest Much of Earnings Expectations Already Priced In

Key Questions Will Be Fed Policy Actions Versus Further Earnings Upside

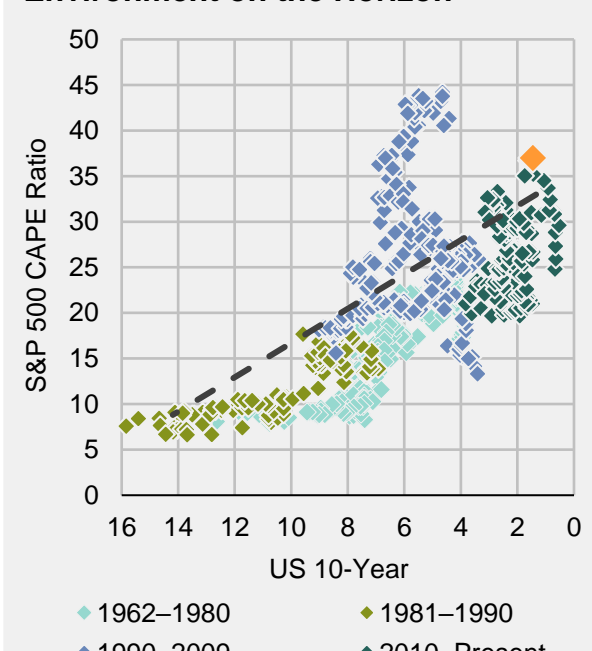
Growth and Earnings Recover as Stocks Drive Higher (Percent)



Meaning Valuations Will Be High a Year from Now Even If the S&P Stays Level*



Leaving Equity Market Valuations at Elevated Levels with a Rising Rate Environment on the Horizon



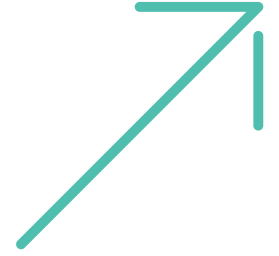
Historical analysis and current forecasts do not guarantee future results.

*Line reflects price to current earnings (price to trailing 12 months) over time period shown; diamonds reflect price to current earnings at future dates shown, should earnings expectations be met and the S&P price level is unchanged from current level

As of 30 June 2021

Source: Bloomberg Barclays, FactSet and AB



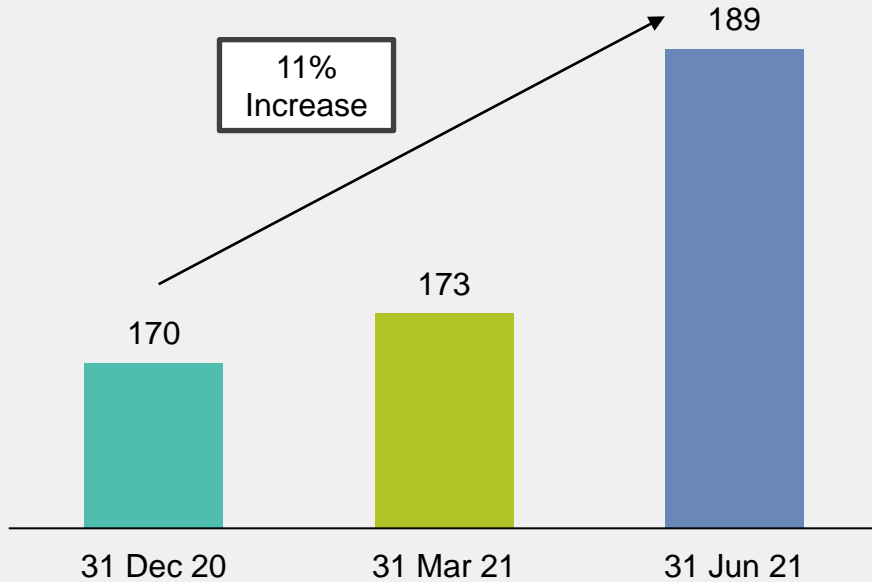


EQUITY

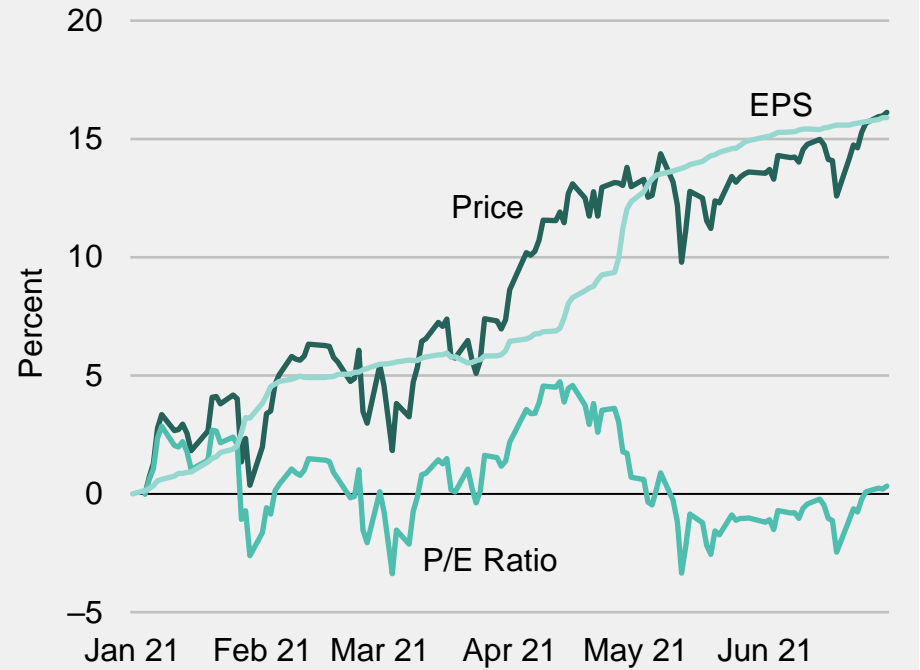
Markets Being Influenced in a Healthier Way: Earnings Take the Lead

A Closer Look at the S&P 500 Drivers

Earnings Estimates for 2021 Have Been Steadily Climbing In USD



Returns Are Being Influenced by EPS, Not Rising Price/Earnings Ratios



Historical analysis and current forecasts do not guarantee future results.

Earnings-per-share estimates and price-to-earnings ratios based on Bloomberg estimates

BEST (Bloomberg Estimates) Earnings Per Share (EPS) reflects the consensus estimate for adjusted earnings per share. The consensus estimate is the mean of sell-side analyst estimates. BEST Price/Earnings Ratio is calculated by dividing the price of the security by BEST EPS.

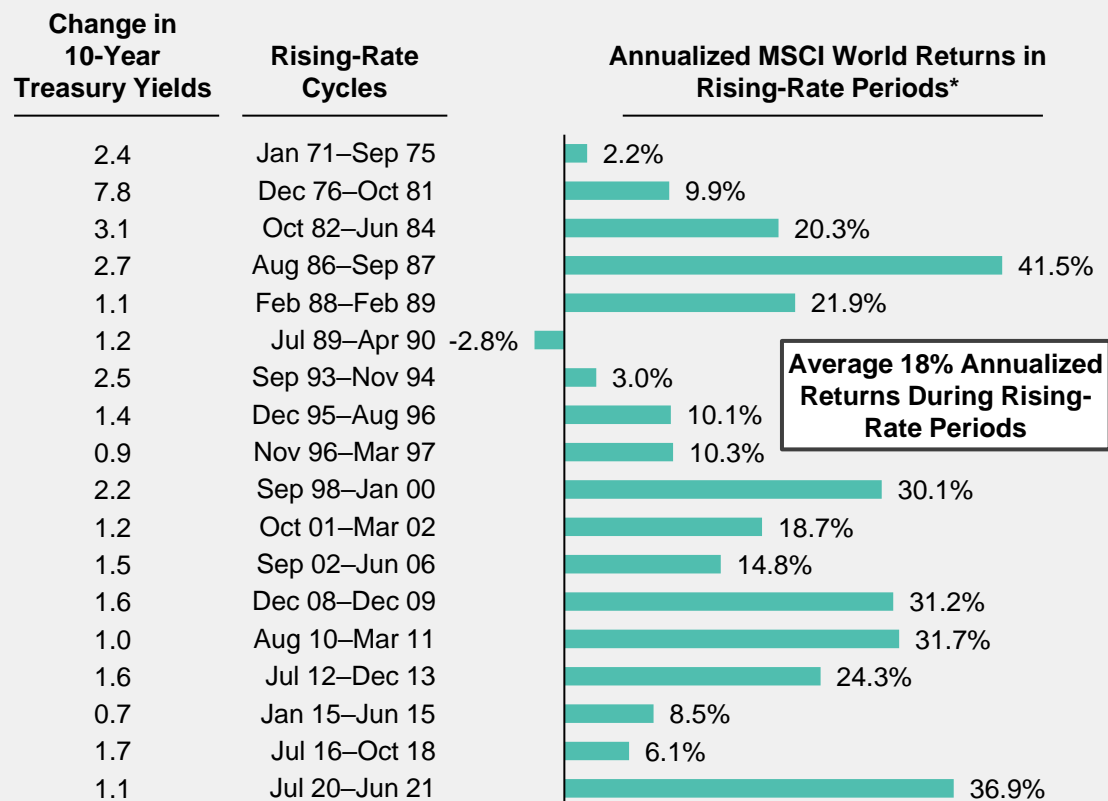
As of 30 June 2021

Source: Bloomberg, Cornerstone Macro, S&P and AB

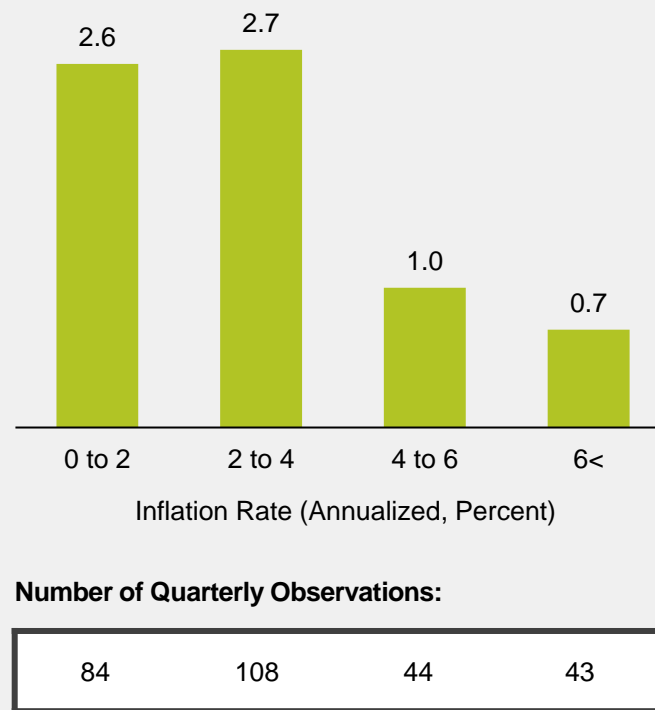


Stocks Have Fared Well in Most Rising-Rate and Inflationary Periods

MSCI World in Past Periods of Rising Rates



S&P 500: Average Quarterly Return in Different Inflation Environments 1948–2020 (Percent)



Past performance and current analysis do not guarantee future results.

*Based on peak-to-trough rate cycles for the corresponding periods of the MSCI World. Rising-rate environments are defined as periods during which the US 10-year Treasury yield rose by more than 70 basis points (b.p.)

Left display as of 30 June 2021; right display as of 31 December 2020

Source: Bloomberg, Federal Reserve Bank of St. Louis, S&P and AB



Growth and Quality Outperform While Pro-Cyclical Rotation Slows

		2Q Returns (Percent)	Jan–Jun 21 Returns (Percent)	Historical P/FE	Pre-Pandemic P/FE	1Q:21 P/FE	2Q:21 P/FE
Index	Russell 1000 Growth	11.9	13.0	17	24	29	30
	S&P 500	8.6	15.2	15	19	22	21
	MSCI EAFE	5.4	9.2	13	15	17	16
	Russell 1000 Value	5.2	17.0	14	16	18	17
	Russell 2000	4.3	17.5	21	25	33	31
Factor*	Growth	12.5	13.2	18	26	33	33
	Quality	10.7	15.0	17	20	23	24
	Momentum	7.4	7.2	20	26	34	20
	Value	5.4	16.3	13	15	17	16
	Small Cap	5.2	18.7	20	22	26	24
Sector	Real Estate	13.1	23.3	39	46	54	50
	Technology	11.6	13.8	16	23	26	26
	Energy	11.3	45.6	16	17	21	17
	Communication Services	10.7	19.7	14	18	22	21
	Financials	8.4	25.6	13	13	15	14
	Healthcare	8.4	11.9	15	16	16	17
	Consumer Discretionary	7.0	10.3	17	22	33	30
	Materials	5.0	14.5	15	19	20	18
	Industrials	4.5	16.4	15	18	26	23
	Consumer Staples	3.8	5.0	17	21	21	21
	Utilities	-0.4	2.5	15	21	18	18

Current analysis does not guarantee future results.

Historical P/FE is the average from 7 January 2005 to 21 February 2020; pre-pandemic P/FE is from 21 February 2020

P/FE is the blended forward 12-months price/earnings ratio calculated by dividing the price of the security by Bloomberg Estimates (BEst) EPS

*MSCI USA Factor indices

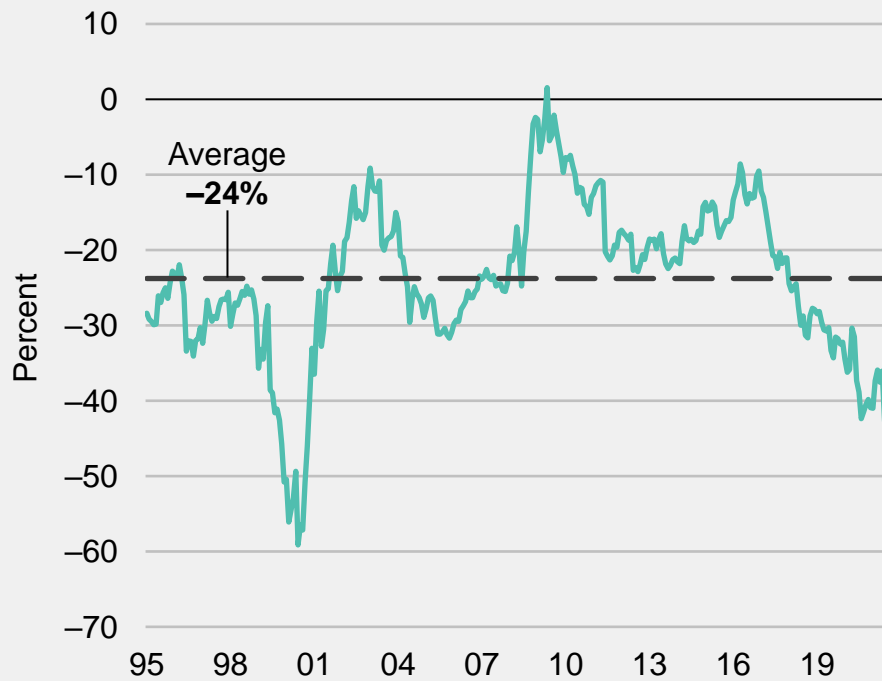
As of 30 June 2021

Source: Bloomberg, FTSE Russell, MSCI and S&P

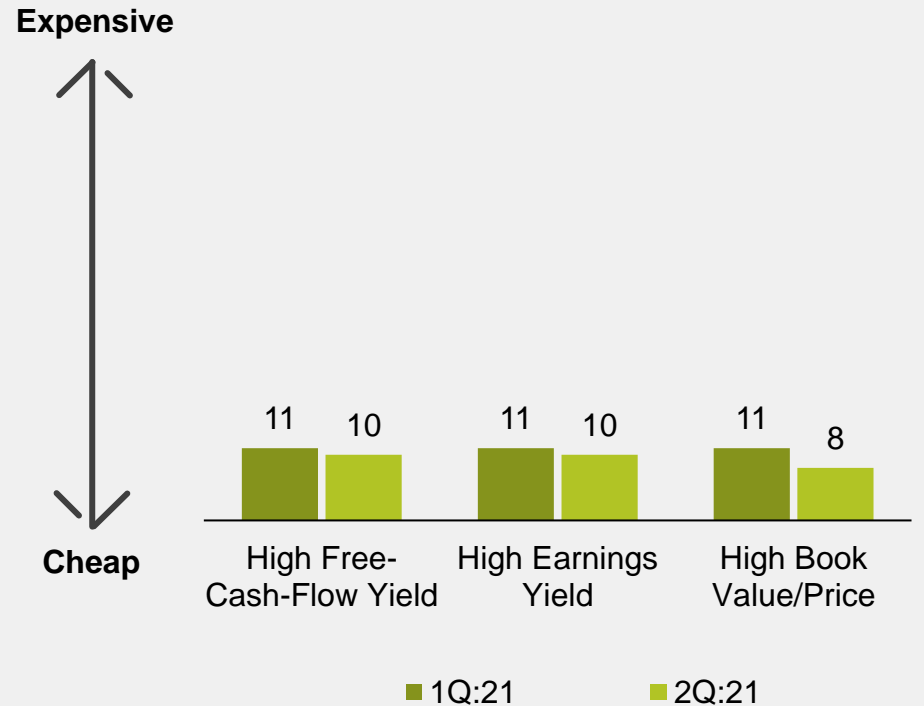


Despite a Strong Advance, Value Stocks Remain Attractively Priced

Russell 1000 Value vs. Russell 1000 Growth: Price-to-Forward Earnings Discount Well Below the Historic Average...



...Also Evident at the Factor Level: Current Factor Valuation Percentile Rankings*



Past performance and historical analysis do not guarantee future results.

*Percentile rankings are based on monthly valuations (i.e., relative P/E of 1Q for each factor vs. Russell 1000) from 1990 to present. High free-cash-flow yield: last 12 months cash flow from operations less three-year average CAPEX to market cap; high earnings yield: I/B/E/S consensus earnings forecast for the next 12 months (calendar weighted average of FY1 and FY2) divided by market cap; high book value/price: stockholder's equity minus preferred stock divided by market cap.

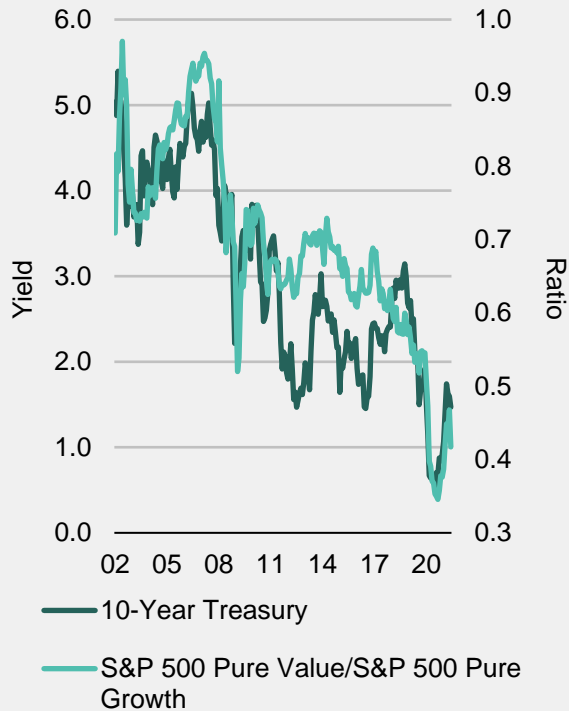
Left display through 30 June 2021; right display as of 1 July 2021

Source: FactSet, FTSE Russell, MSCI and AB



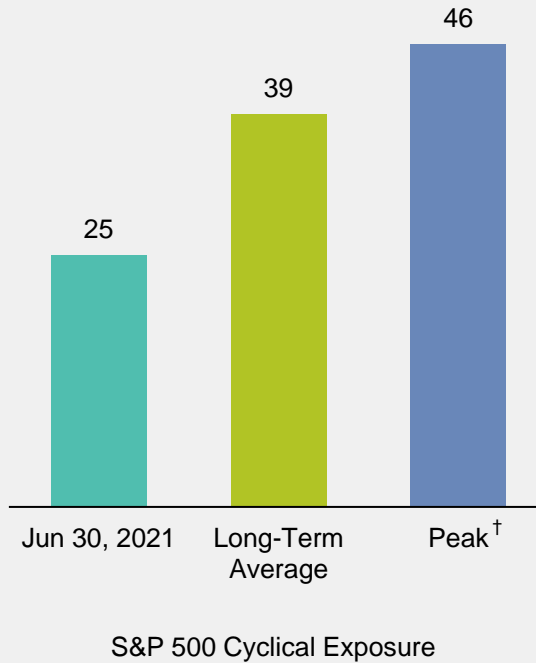
Reasons Why the Pro-Cyclical Rotation Could Resume

Higher Yields: A Tailwind for Value Stocks

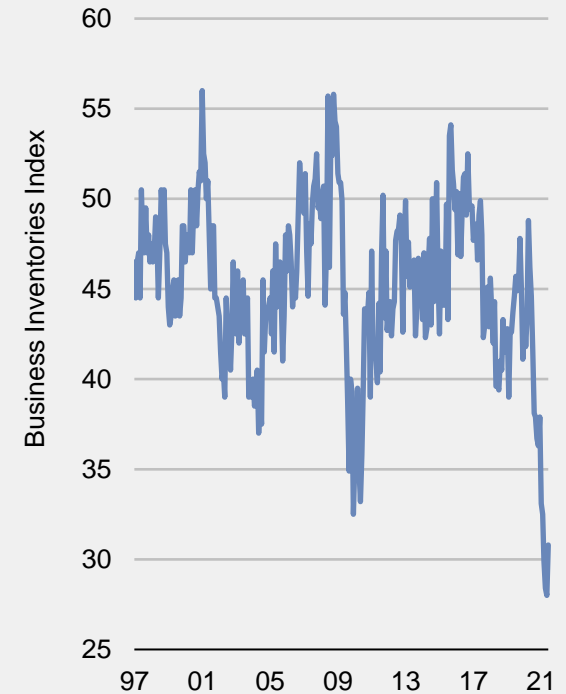


Cyclical Sectors Have Room to Expand*

S&P 500 Weight (Percent)



Inventory Rebuilding Likely to Benefit Pro-Cyclical Companies‡



Past performance and current analysis do not guarantee future results

*Cyclical exposure is the sum of energy, industrials, materials and financials exposures.

†Peak occurred 30 June 2006

‡ISM Business Customers' Inventories Index

As of 30 June 2021

Source: Bloomberg, FactSet, ISM, S&P, US Treasury and AB

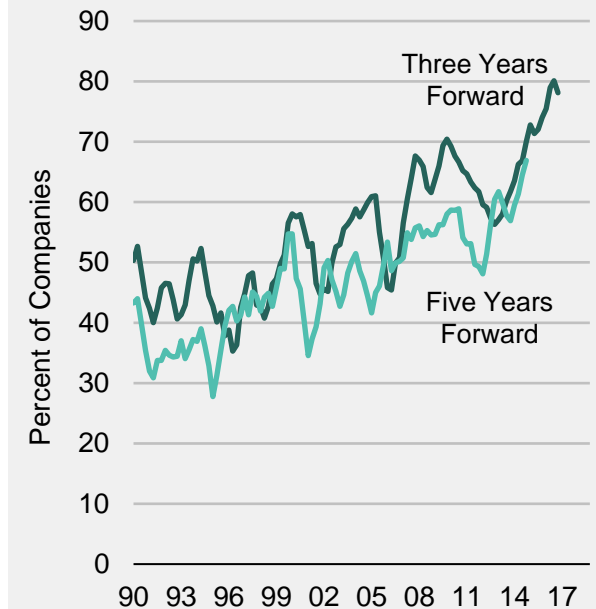


Evolving Economic Cycles Demand Factor Diversity, and Selectivity Is Key

While Value and Small-Caps May Rise Further, Maintain Exposure to Profitable Growth

	Recovery	Expansion	Moderation	Contraction
Positive	Cyclical Value	Growth	Growth	Low Volatility
	Small-Cap		Quality	Dividend Yield
	Dividend Yield			
Neutral	Quality	Small-Cap	Cyclical Value	Small-Cap
		Quality	Low Volatility	Quality
			Dividend Yield	
Negative	Low Volatility	Cyclical Value	Small-Cap	Cyclical Value
	Growth	Low Volatility		Growth
		Dividend Yield		

High-Profitability Companies Have Exhibited Increased Profit Longevity*



For illustrative purposes only

Small-cap: market capitalization; cyclical value: book to price, forward earnings to price; quality: return on equity; low volatility: low historical beta; defensive value: earnings to price, dividend yield. Cycles based on PMI. From 1 January 1991 through 31 May 2021

*Measures the percentage of stocks on a quarterly basis in the MSCI US Index having the highest Return on Equity (ROE) in a high ROE decile at time t, beginning in December 1990, that remained in the top-two deciles through September 2020 over the next three- and five-year period. Four-quarter smoothing applied

Right display as of 30 September 2020

Source: Bernstein Research, Center for Research in Security Prices, FactSet, IHS Markit, Morningstar, MSCI, S&P Compustat, Thomson Reuters I/B/E/S and AB



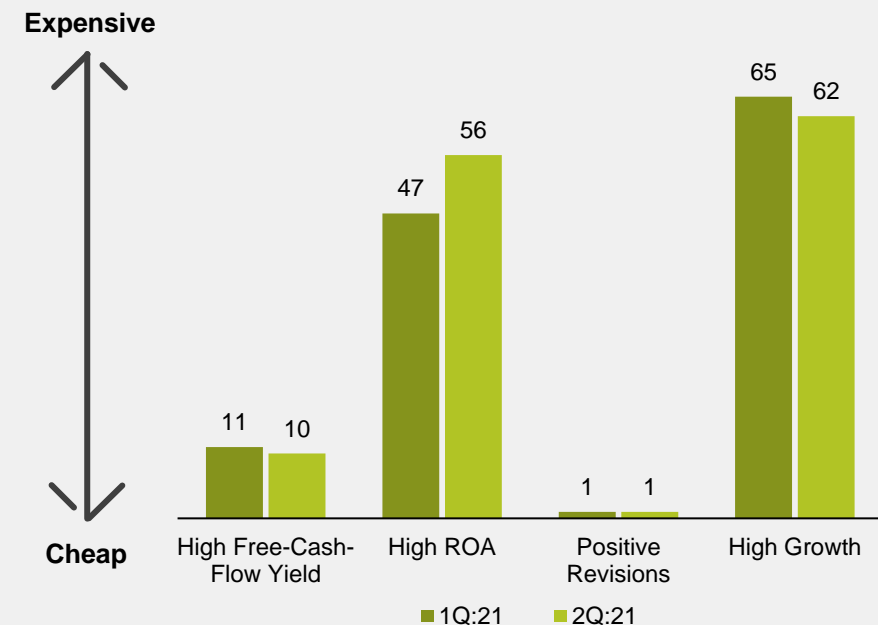
Regardless of Style, Stay Focused on Quality

Solid Fundamentals Still Attractively Priced; Longer Duration Growth Remains at a Premium

Quality Stocks Provide Benefits in Good Times and Bad*

Crisis	Crisis Period	MSCI World Returns	MSCI World Quality Returns	MSCI World Quality Relative Returns	Down Market Capture
Tech Sector Crash	2000–2002	-43.1	-36.1	7.1	85
Global Financial Crisis	2007–2009	-52.3	-43.1	9.5	80
Coronavirus Pandemic	2020	-20.6	-15.8	4.8	76
	Period	MSCI World	MSCI World Quality Relative Returns	Up Market Capture	Down Market Capture
Index Returns	1986–2021	8.6	2.7	95	77

Current Factor Valuation Percentile Rankings†



Historical analysis and current forecasts do not guarantee future results.

*Based on downturns of more than 10% in the MSCI World. Tech-sector crash from March 1, 2000, through September 30, 2002. Global financial crisis from October 1, 2007, through February 28, 2009. Coronavirus pandemic from February 1, 2020, through March 31, 2020. Index returns from MSCI World index inception on 1 April 1986 through 30 June 30 2021. Up and down market capture are for the MSCI World Quality with the MSCI World as the calculation benchmark.

†Percentile rankings are based on monthly valuations (i.e., relative P/E of 1Q for each factor vs. Russell 1000) from 1990 to present. High free-cash-flow yield: last 12 months cash flow from operations less three-year average CAPEX to market cap. High ROA: LTM earnings divided by average total assets. Positive revisions: smoothed three-month revision of consensus next 12 months earnings estimate. High growth: high AB growth score (stable five-year sales growth; high sales, earnings multiple; high sell-side long-term growth forecast). Left display as of 30 June 2021; right display as of 1 July 2021

Source: Bloomberg, FTSE Russell, Morningstar and AB

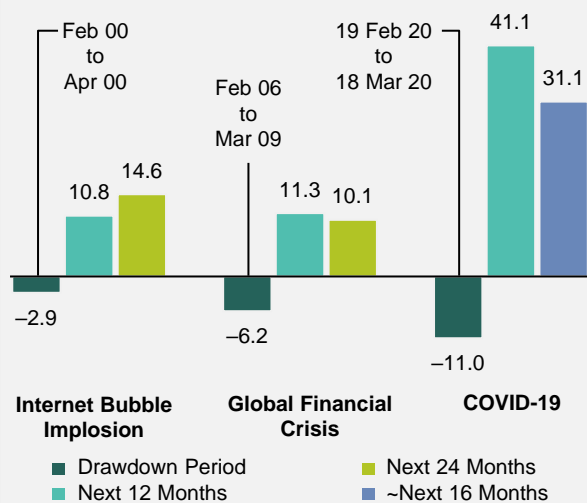


Further Small-Cap Upside Expected, but Be Discerningly Active

Currently Favoring More Economically Sensitive Versus Defensive Sectors

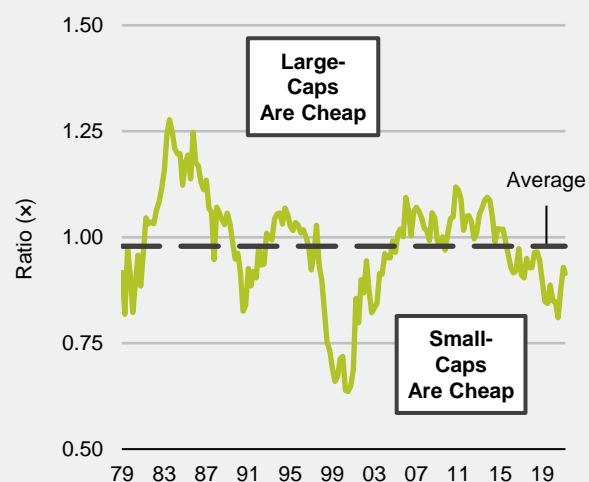
Small-Caps Have Again Performed Well in This Recovery...

Relative Returns of Russell 2000 vs. Russell 1000 (Percent)



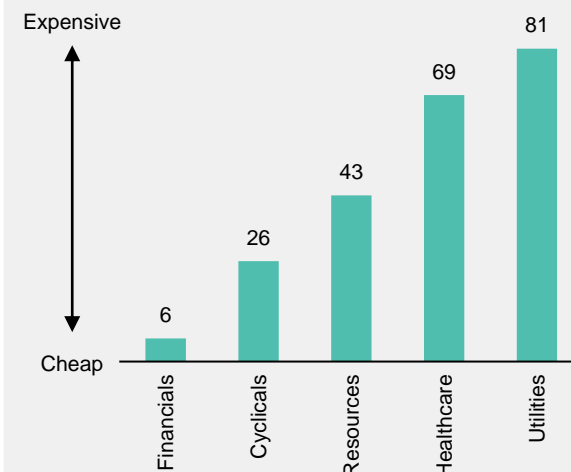
...And Remain Attractive vs. Large-Caps

Relative Valuations (Russell 2000 vs. Russell 1000)*



Valuation Percentile Relative to Russell 2000†

Historical Percentiles (Jan 1990–Mar 2021)



Past performance does not guarantee future results.

*Valuation composite is one-third price/forward earnings, one-third price/book and one-third price/sales. Period covered starts at the inception date for the Russell indices.

†Indices are used for purposes of comparison only. An investor generally cannot invest in an index and its performance does not reflect the performance of any AB portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio.

Financials consists of financials; resources consists of energy and materials; cyclicals consists of technology, consumer discretionary and industrials; healthcare consists of healthcare; utilities consists of utilities. Valuation percentiles for utilities and financials, valuation percentiles are based on price to FY1 earnings relative to benchmark and relative to their own history. For other sectors, valuation percentiles are based on price to free cash flow relative to benchmark and relative to their own history

Left display as of 30 June 2021; middle display as of 31 May 2021; right display as of 31 March 2021

Source: Bloomberg, FactSet, FTSE Russell, Jefferies, Morningstar Direct, S&P, Thomson Reuters I/B/E/S and AB

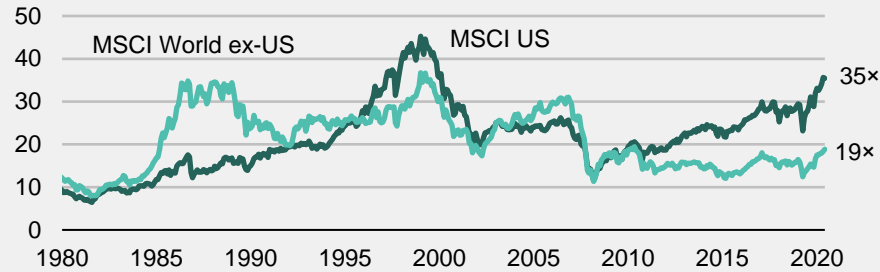


Quality Is a Durable and Universal Characteristic

Different Paths Can Be Rewarding: A Focus on International and Thematic Opportunities

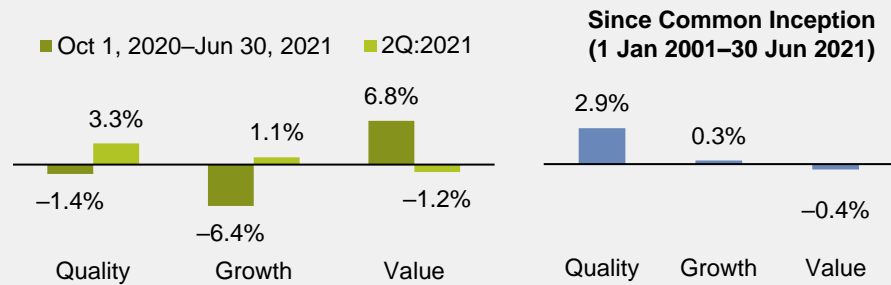
Equities Outside the US Are a Bargain

Cyclically Adjusted P/E Ratio



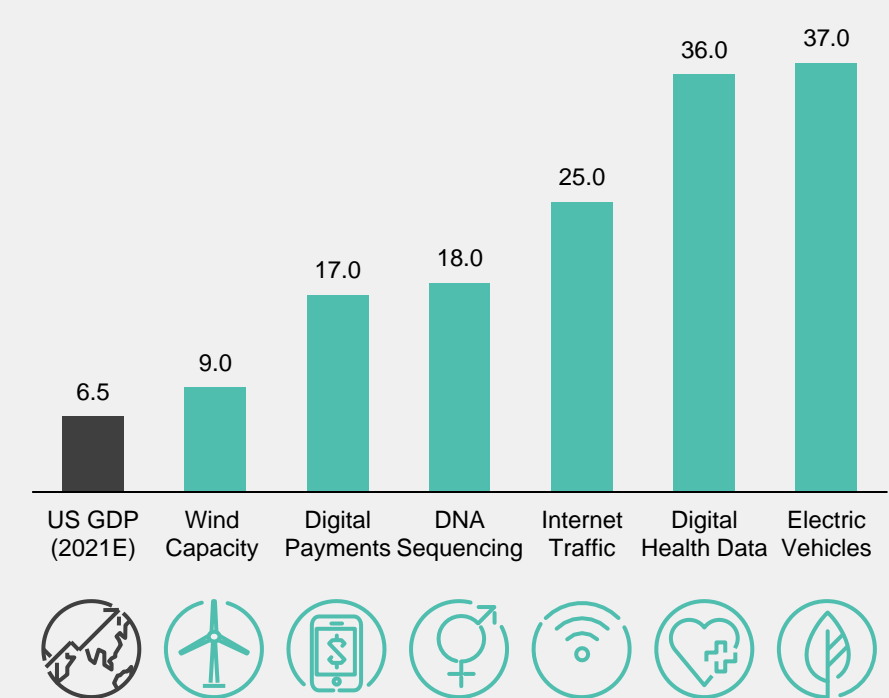
Look Beyond Style in International Equities

Relative Performance vs. MSCI ACWI ex US (in US Dollars)



Sustainable Themes: Avenues to Quality Growth

Compounded Annual Growth Rates (Percent)



Historical analysis and current forecasts do not guarantee future results.

US GDP estimate from AB economists as of 30 June 2021. Wind capacity 2019–2025; global digital payments 2020–2024; global DNA sequencing 2020–2023; global internet traffic 2015–2020; digital health data 2018–2025; and electric vehicle units 2020–2025

Top left display as of 31 May 2021; bottom left and right displays as of 30 June 2021

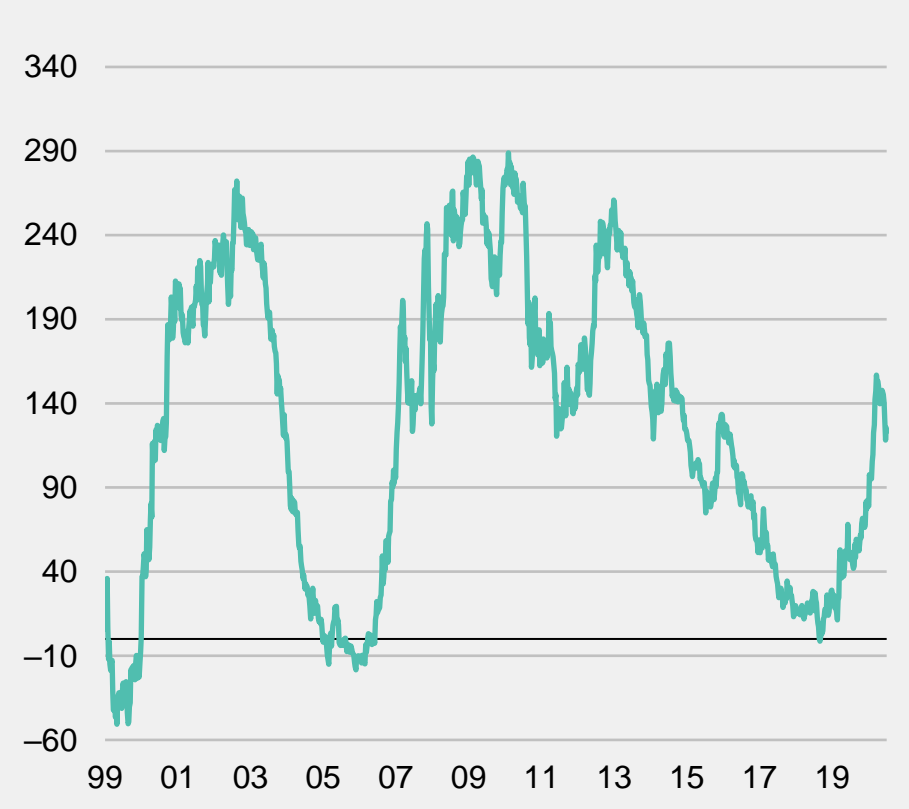
Source: BCC Research, Bloomberg, Cisco Systems, FactSet, FTSE Russell, Gavekal Research, Global Wind Energy Council, IDC, Morgan Stanley, Morningstar, MSCI, S&P, Statista and AB



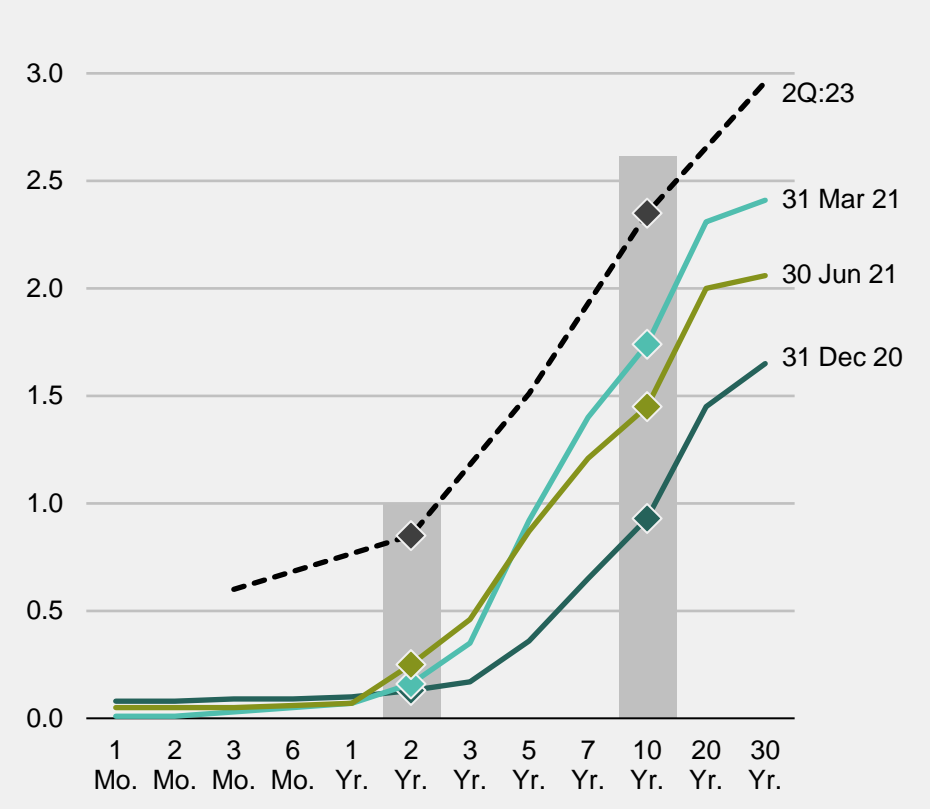
FIXED INCOME

Longer Yields Decline in 2Q:21, but Expectations for Increases Remain

Yield Curve Flattened Slightly Relative to 1Q



Market Expects Yields to Rise, Curve to Steepen Further



Historical analysis and current forecasts do not guarantee future results.

As of 30 June 2021

Source: Bloomberg Barclays, US Department of the Treasury and AB

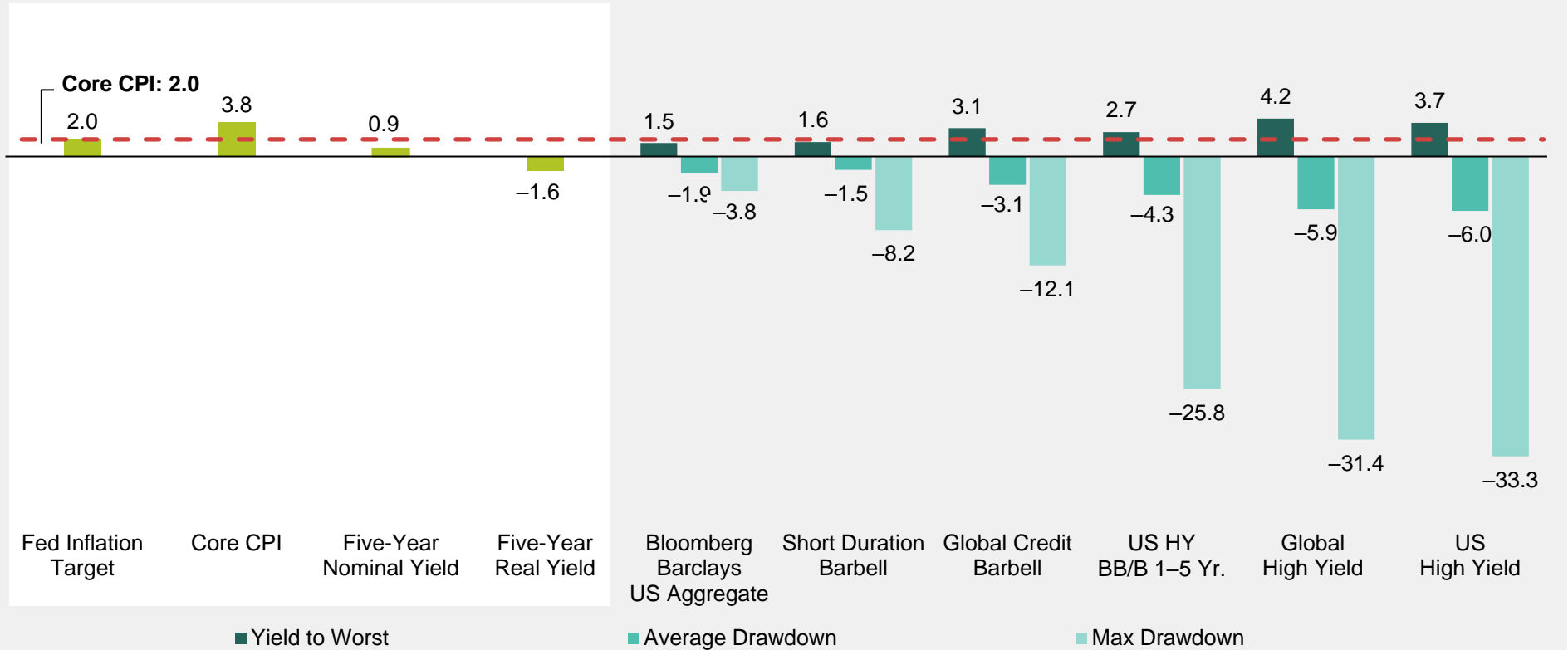


Focus on Efficient Income in a Low-Yield Environment

Credit Exposure Required to Exceed Inflation

Yield-to-Worst and Historical Drawdowns (Percent)

Jan 2007–Jun 2021



Past performance does not guarantee future results.

Short Duration Barbell is a hypothetical risk-weighted portfolio made up of 65% Bloomberg Barclays US Treasury 1–5 Yr. Index and 35% Bloomberg Barclays US High-Yield BB/B 1–5 Yr. Index and leveraged 30%. Global credit barbell is a hypothetical risk-weighted portfolio made up of 65% Bloomberg Barclays US Treasury and 35% Bloomberg Barclays Global High-Yield and leveraged 30%. Any benchmark or index cited herein is used for comparison purposes only. An investor cannot invest directly in an index. The unmanaged index performance does not reflect any fees and expenses associated with the active management of an AB portfolio.

As of 30 June 2021. Source: Morningstar Direct and AB

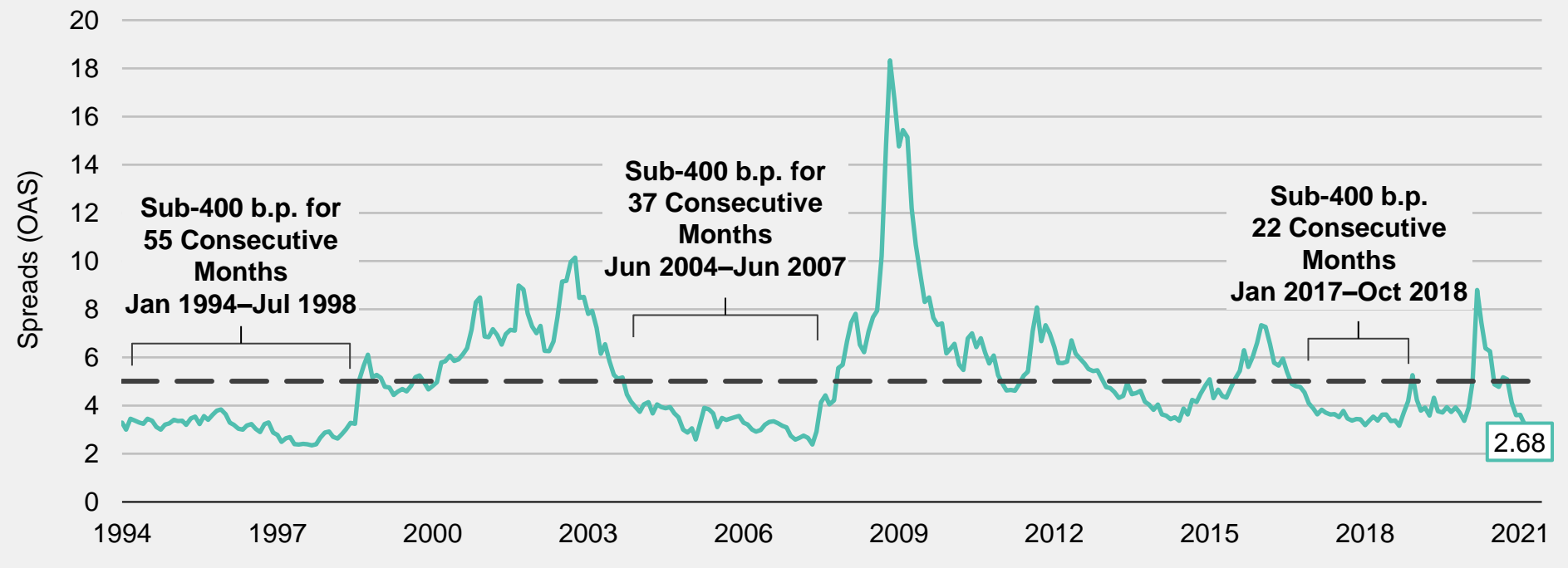


High-Yield Spreads Can Remain Tight for a Long Time

High-Yield Spreads Have Traded Below 400 b.p. ~43% of the Time

Historical US High-Yield Spreads (OAS)

January 1994–June 2021



Past performance and current analysis do not guarantee future results. For illustrative purposes only

OAS: option-adjusted spreads

As of 30 June 2021

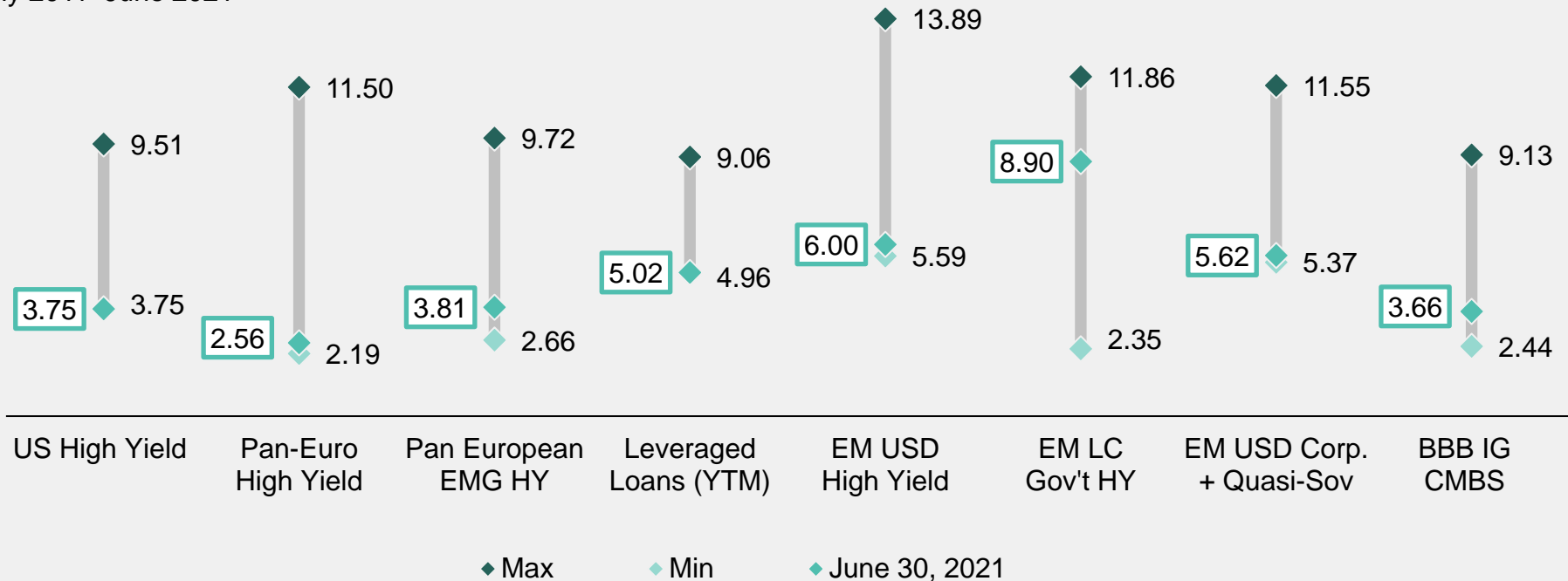
Source: Bloomberg Barclays and AB



Yield and Spreads Are Tight in Developed Markets Corporate Credit, but Relative Opportunities Exist

10-Year Yield-to-Worst Range

July 2011–June 2021



Past performance does not guarantee future results.

Historical information provided for illustrative purposes only. US High Yield is represented by Bloomberg Barclays US High Yield Corporate Index; Pan-Euro High Yield by Bloomberg Barclays Pan-European High Yield; Pan-European EMG HY by Bloomberg Barclays Pan European EMG High Yield; EM LC Gov't HY by Bloomberg Barclays EM Local Currency Government High Yield; EM USD Corp. + Quasi-Sov. by Bloomberg Barclays EM USD Corp. + Quasi Sovereign High Yield; EM USD High Yield by Bloomberg Barclays EM USD Sovereign High Yield; Leveraged Loans (YTM) by Credit Suisse Leveraged Loan Index; BBB IG CMBS by Bloomberg Barclays CMBS IG BBB Index

As of 30 June 2021

Source: Bloomberg, Morningstar and AB



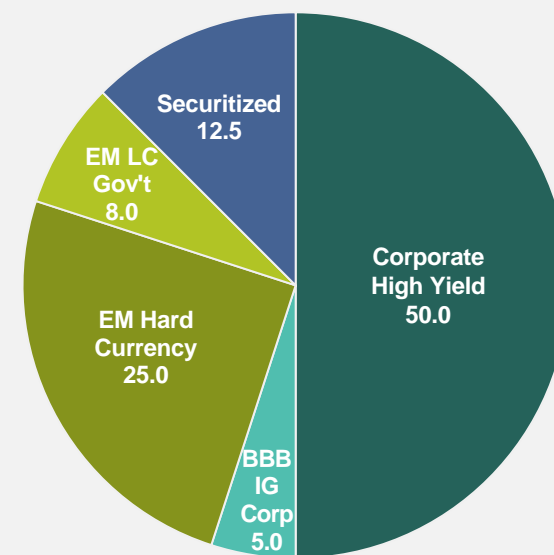
By the Numbers

A Blended Credit Portfolio Offers a Better Income-to-Risk Profile Today

Hypothetical Portfolio Characteristics

	Corporate Credit		Emerging Markets			Securitized Credit		Hypothetical Portfolio	US High Yield Index
	Global High Yield	IG BBB Corp	EM HC Sov	EM HC Corp	EM LC Gov't	CRTs	IG BBB CMBS	Global High Yield Strategy	US High Yield Index
Percent Market Weight	50.0%	5.0%	15.0%	10.0%	7.5%	5.0%	7.5%	100%	100%
YTW (Percent)	4.2	2.3	6.2	5.6	8.9	4.9	3.7	4.9	3.8
OAS (b.p.)	345	100	515	483	134	474	275	357	268
Credit Quality	B+	BBB	B	BB/B	B	B	BBB	Ba/B	Ba/B
Duration (Years)	4.3	8.6	5.6	4.2	4.1	0.3	4.8	4.5	3.8

Sector Allocation: Market Weight Percent

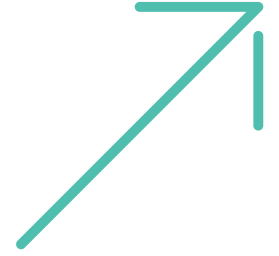


Past performance does not guarantee future results.

EM: emerging markets; IG: investment grade; CMBS: commercial mortgage-backed loans; CRTs: credit-risk transfers; YTW: yield-to-worst

Simulated or hypothetical performance results have certain inherent limitations. Unlike the results shown in an actual performance record, these results do not represent actual trading. Results include estimates of trading costs and market impact; however, because these trades have not actually been executed, results may have under- or overcompensated for these costs. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve returns or a volatility profile similar to those being shown. IG BBB Corp: Bloomberg Barclays BBB Investment-Grade Corporates; EM HC Corp: EM USD Aggregate (rated high yield); EM HC Corp: EM USD Corp + Quasi-Sov (rated high yield); EM LC Gov't: EM Local Currency Government (rated high yield). Securitized includes Agency CRTs; IG BBB CMBS: CMBS IG BBB Index. Bloomberg Barclays indices were used for the hypothetical portfolio characteristics. As of 30 June 2021. Source: Bloomberg Barclays and AB



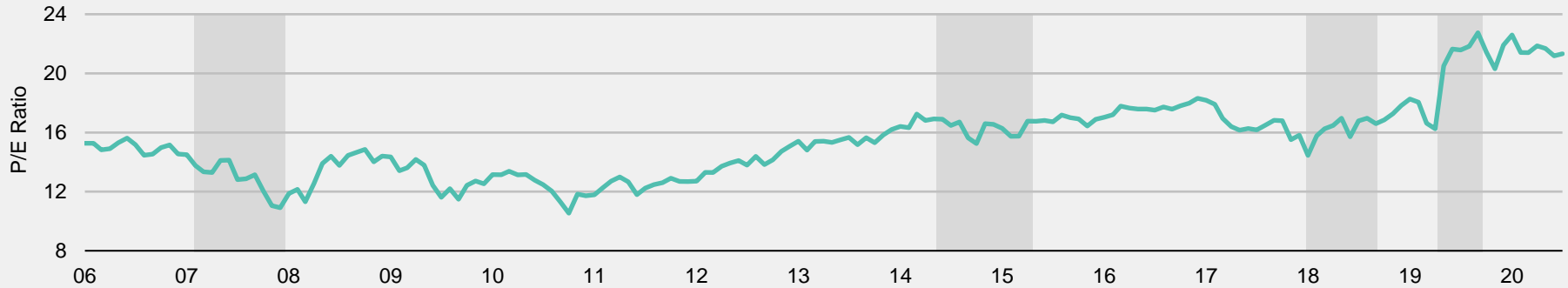


APPENDIX

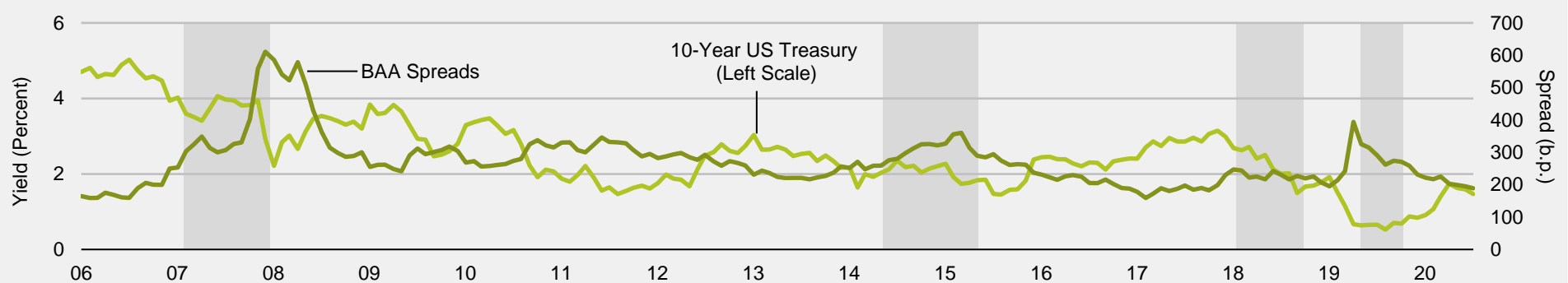
Higher Risks Drive P/Es Lower, Not Rates

Increases in Credit Spreads More Impactful

S&P 500: Bloomberg Estimated Forward 12-Month P/E Ratio



10-Year US Treasury Yield and BAA Credit Spreads



Historical analysis does not guarantee future results.

As of 30 June 2021

Source: Bloomberg and AB



The Rotation and Improved Breadth of the Market

Recovery from the Pandemic and Rising Rates as Key Drivers

When interest rates rise, cash flows are discounted at higher rates...

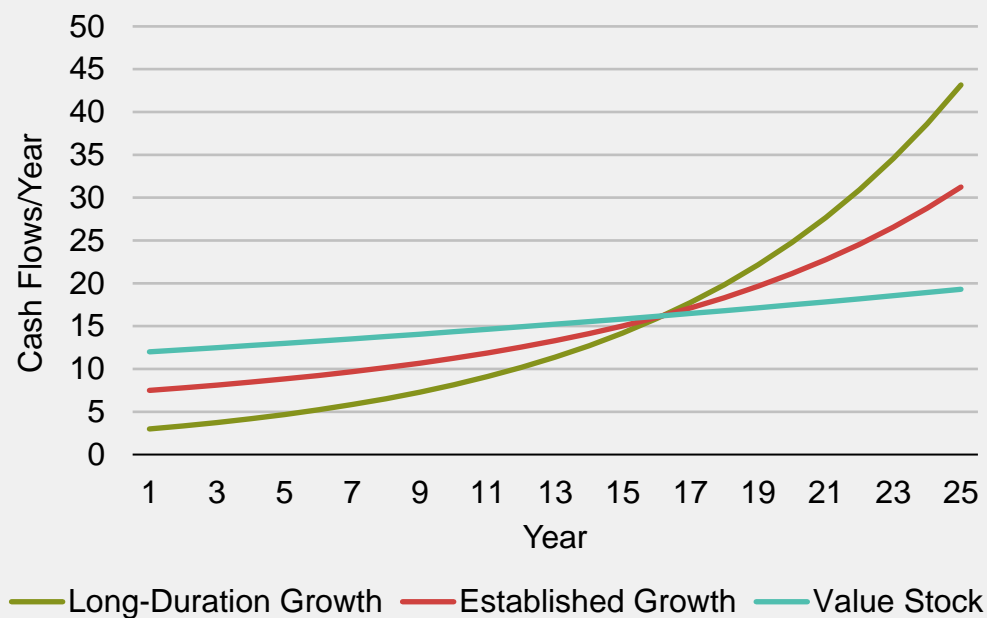


Growth Multiples

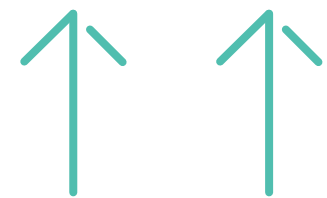
...and many longer-duration growth stock P/E's decline, as future cash flows become less valuable today

Growth Stocks Are Longer Duration Assets Than Value Stocks

The Further in the Future a Company's Cash Flows Are Weighted, the More Sensitive They Are to Rising Interest Rates



When economic growth increases and broadens...



Value Earnings

Value Multiples

...many economically sensitive value stocks benefit from higher earnings and rising P/E's

Past performance and current analysis do not guarantee future results.

As of 30 June 2021

Source: AB



Key Inflation Terms

General Definitions

- + Inflation: a sustained increase in the general price level of goods and services in an economy over time
 - + Headline inflation: total inflation in an economy
 - + Core inflation: total inflation in an economy minus volatile items like food and energy

Measurements of Inflation

- + Price index: measures changes in the price level of a weighted average market basket of consumer goods and services purchased by households
 - + CPI: price index referenced in many financial contracts like TIPS and swaps
 - + PCE: price index referenced by the Federal Reserve

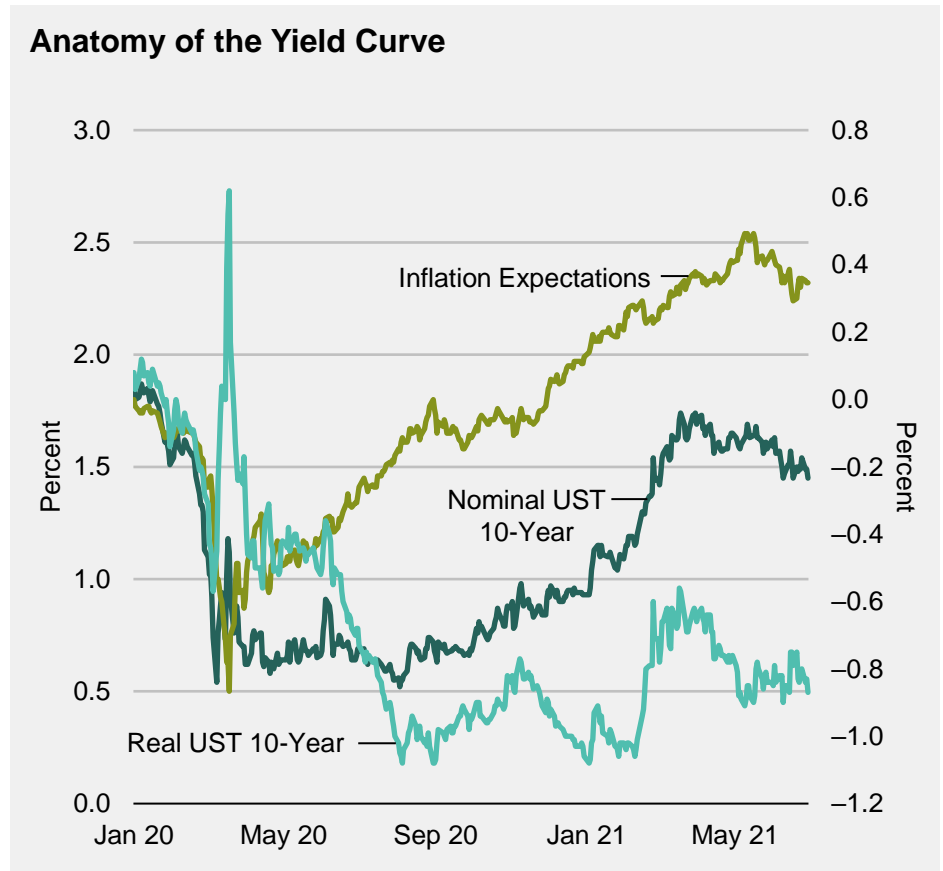
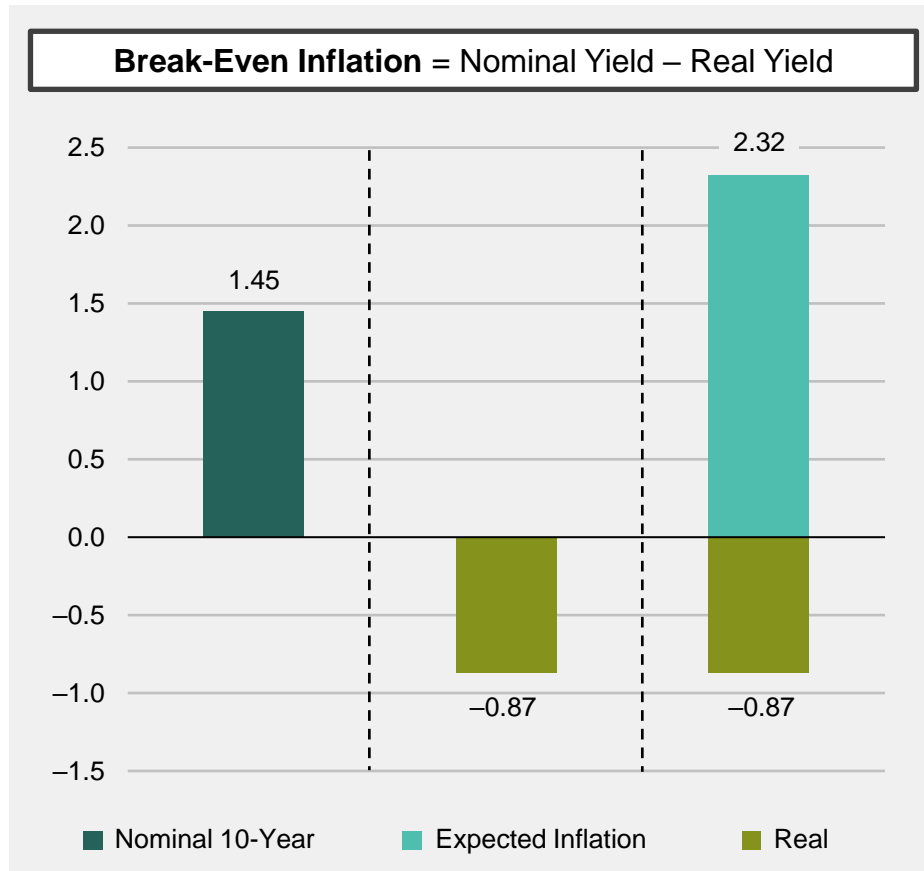
Mechanisms That Drive Inflation

- + Demand-pull: overall price increase due to aggregate demand outpacing aggregate supply
- + Cost-push: overall price increase due to increases in the cost of wages and raw materials

Historical analysis and current forecasts do not guarantee future results.

CPI: Consumer Price Index; PCE: Personal Consumption Expenditure; TIPS: Treasury Inflation-Protected Securities

Understanding Expected Inflation



Historical analysis and current forecasts do not guarantee future results.

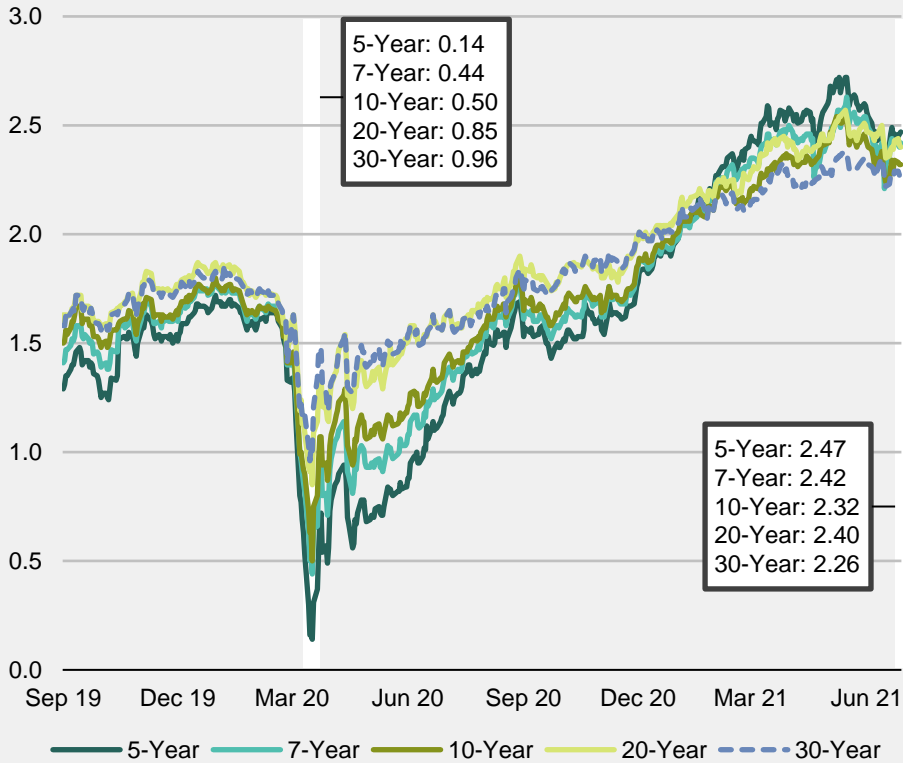
As of 30 June 2021

Source: US Department of the Treasury and AB

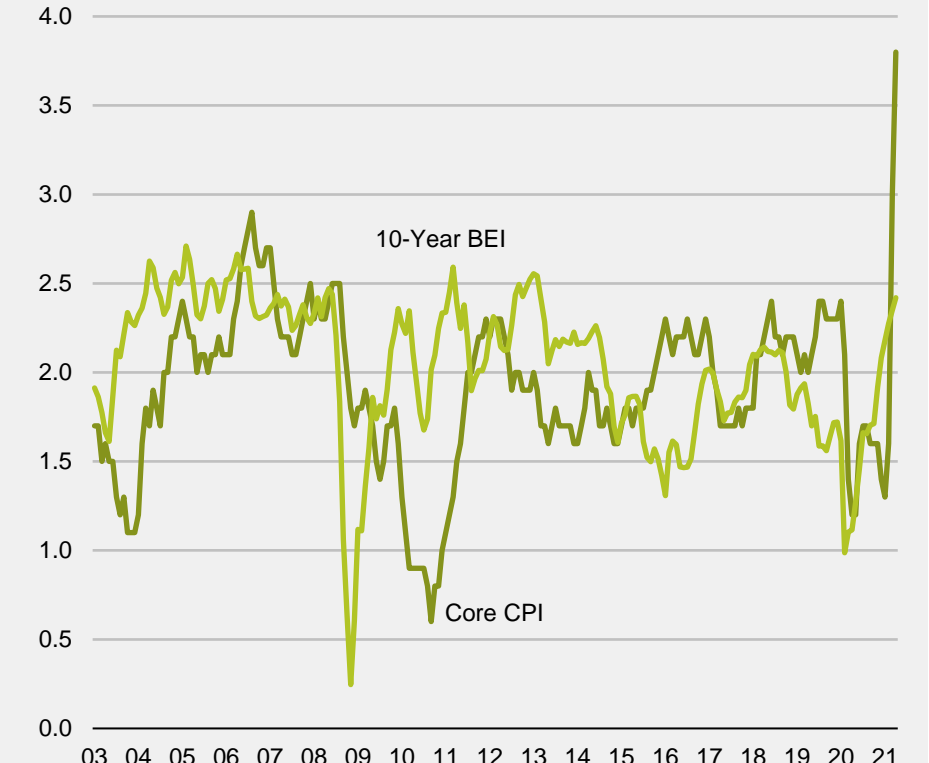


Break-Even Inflation (Expected Inflation) vs. CPI (Actual Inflation)

Expected Inflation: Break-Even Inflation (Percent)



BEI and CPI Relationship (Percent)



Historical analysis and current forecasts do not guarantee future results.

As of 30 June 2021

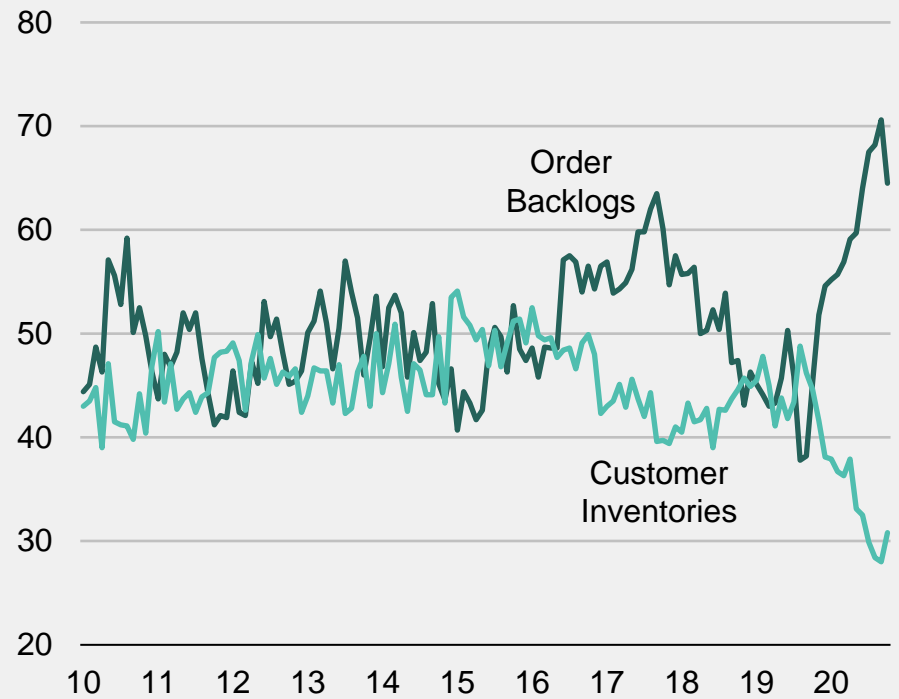
Source: Bloomberg and US Department of the Treasury



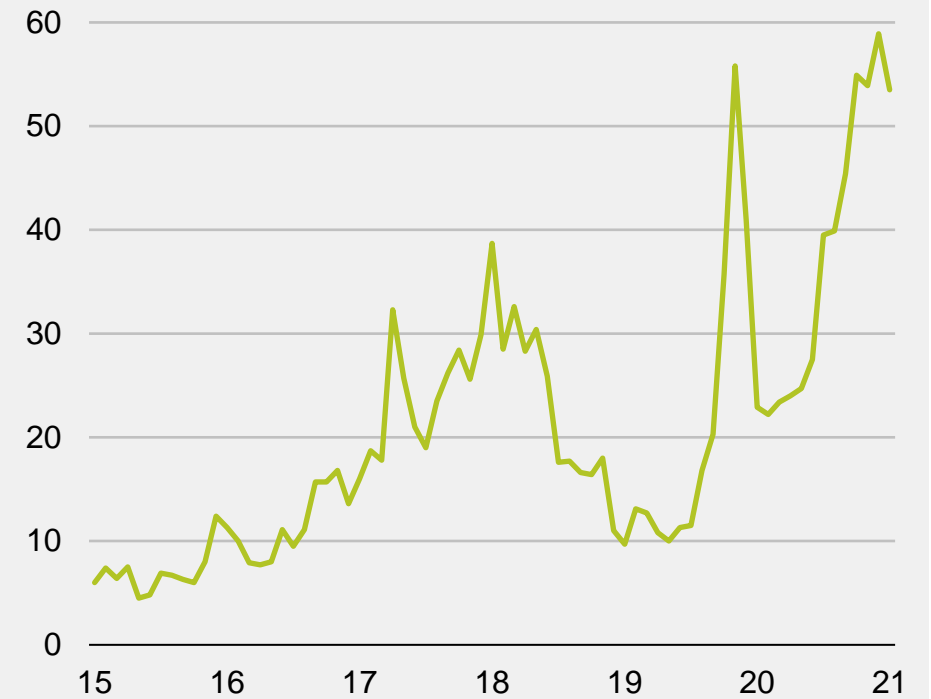
A Novel Market Downturn and Recovery

Strong Demand Begets Bottlenecks

Capacity Constraints in Manufacturing (Percent)



Supplier Delivery Times Increasing (Percent)



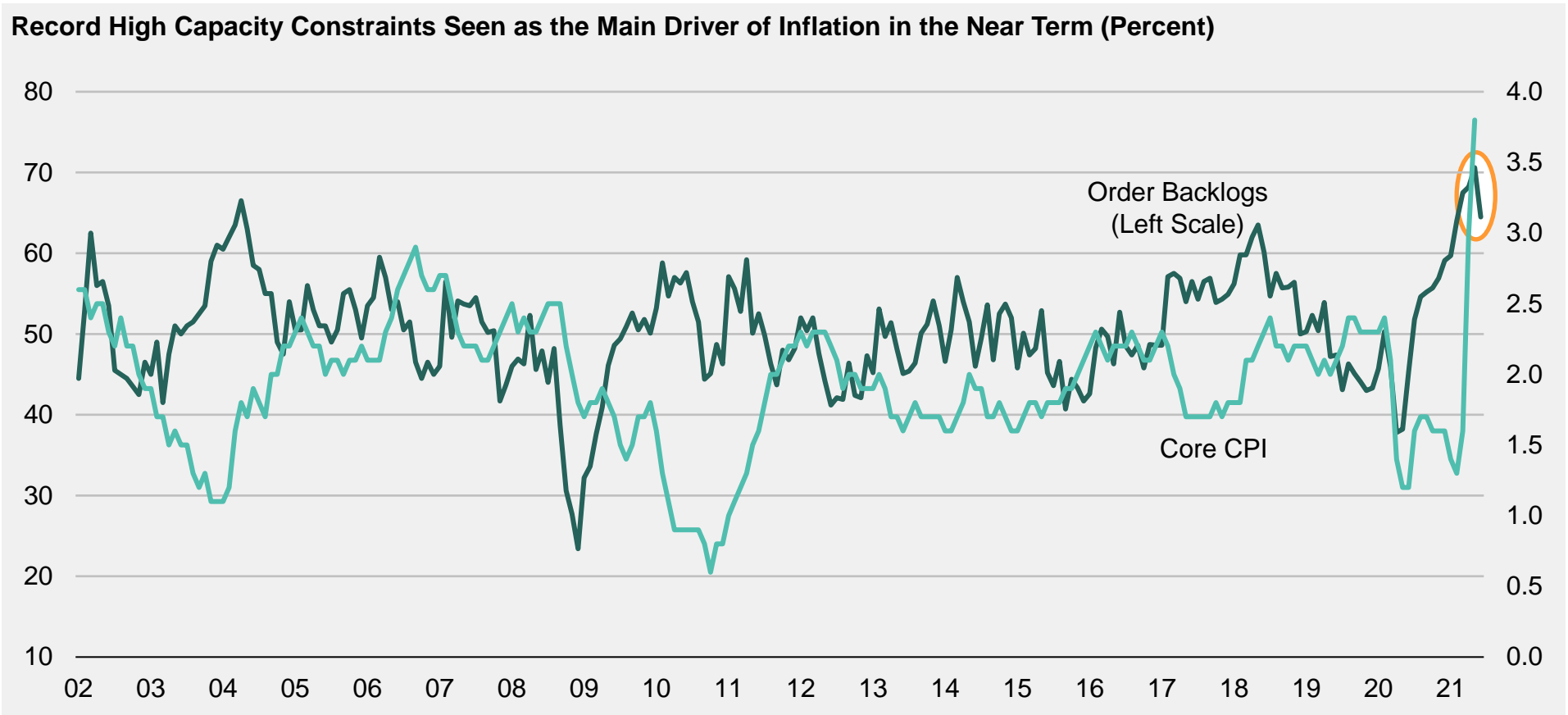
Historical analysis and current forecasts do not guarantee future results.

As of 30 June 2021

Source: Bloomberg and AB



While Bottlenecks Beget Inflation



Historical analysis and current forecasts do not guarantee future results.

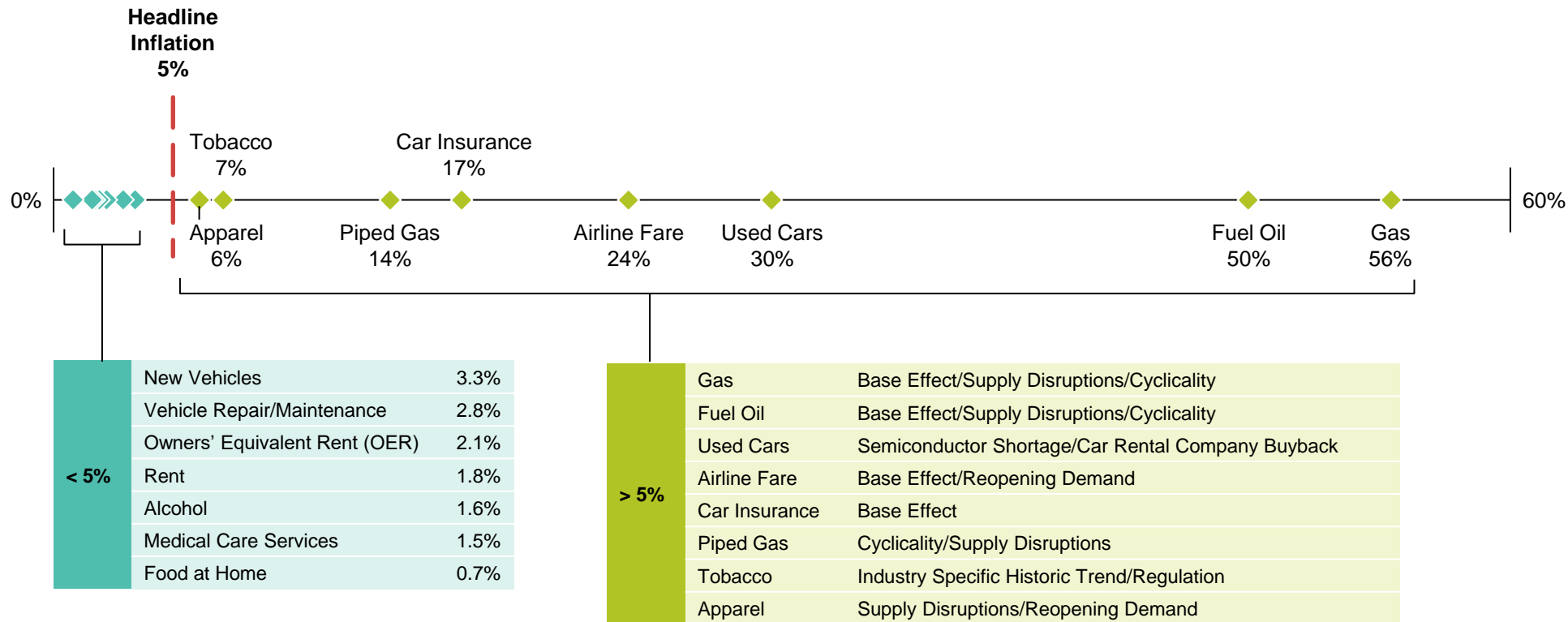
As of 30 June 2021

Source: Bloomberg



Inflationary Spikes Have Been Largely Contained to Specific, Less Sticky Areas of the Economy...

Segments Most Exposed to Market “Normalizations” Have Seen the Largest Jumps



Historical analysis and current forecasts do not guarantee future results.

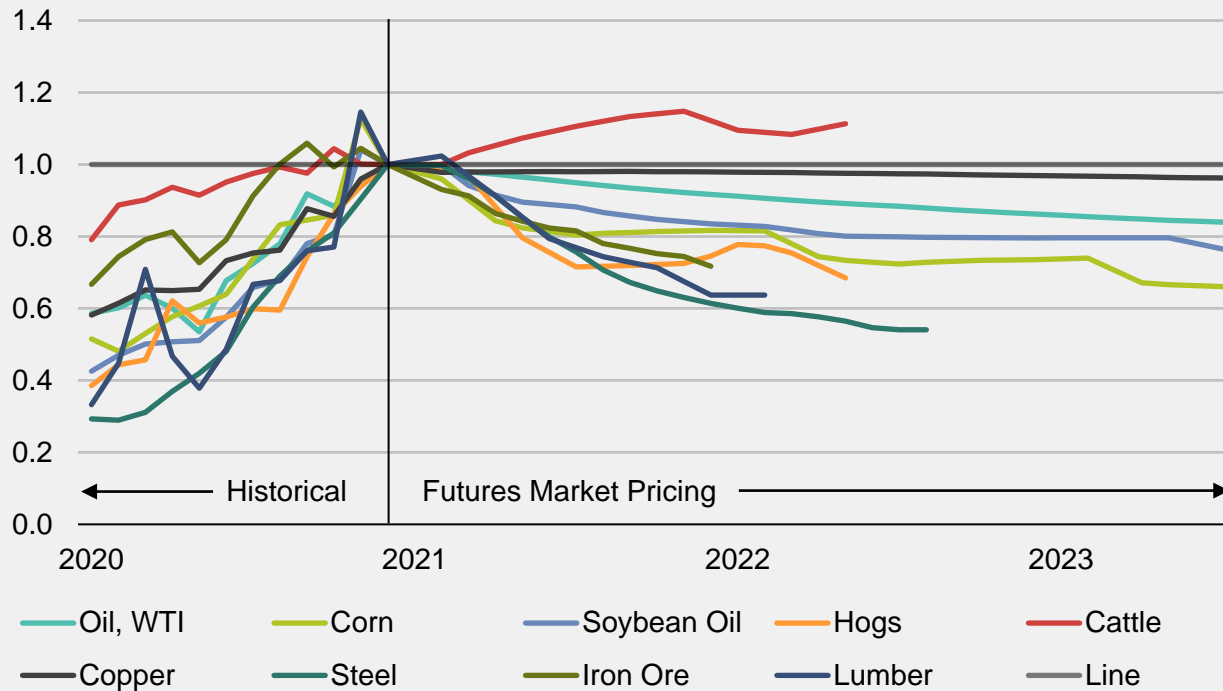
As of 30 June 2021

Source: US Bureau of Labor Statistics (BLS) and AB



...And Commodities Future Prices Imply Stabilization or Declines

Commodity Futures Curves



“The data points to transitory inflation over the next 6–9 months with spikes continuing the next few prints then moderating in the fall. If this is the case, then the joined-at-the-hip theme continues and central banks continue to accommodate with loose policy.”

—Scott DiMaggio (1 Jun 2021)

Historical analysis and current forecasts do not guarantee future results.

All data indexed to price on 28 May 2021 = 1

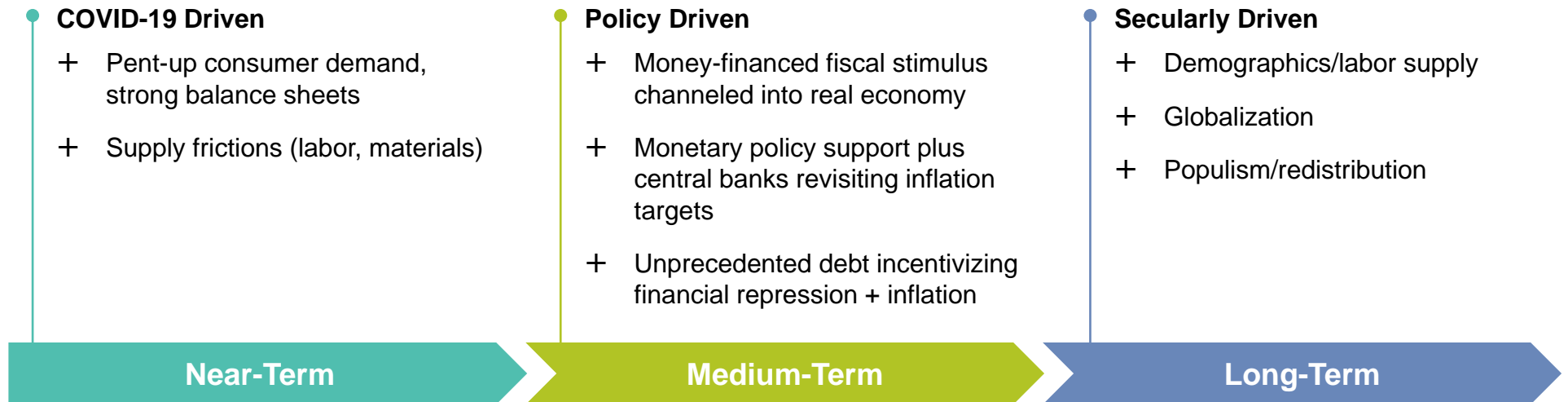
As of 26 May 2021

Source: AB



Possible Inflation Drivers Now and into the Future

Near-Term Focus Is on the Reopening with Longer-Term Focus on Policy and Global Trends



Historical analysis and current forecasts do not guarantee future results.

As of 30 June 2021

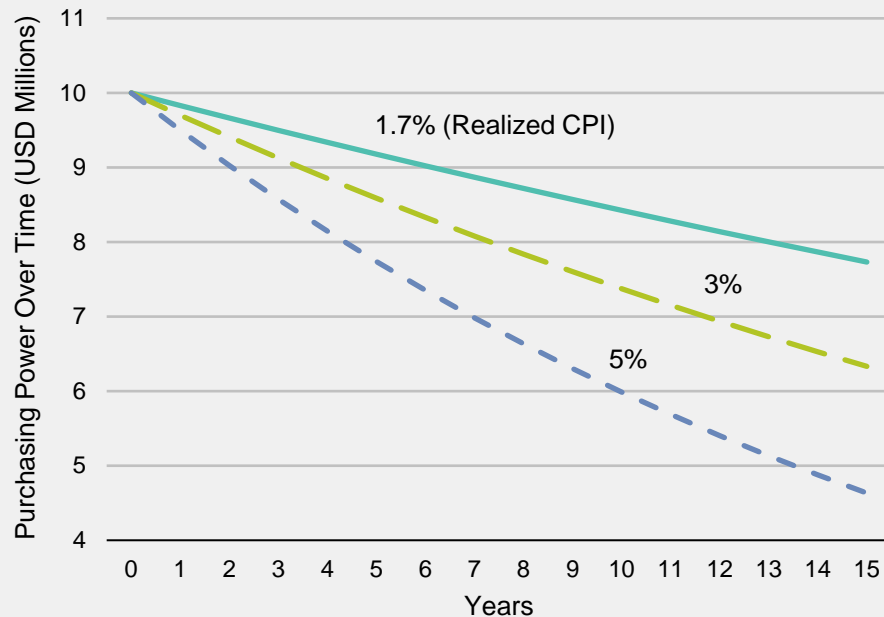
Source: AB



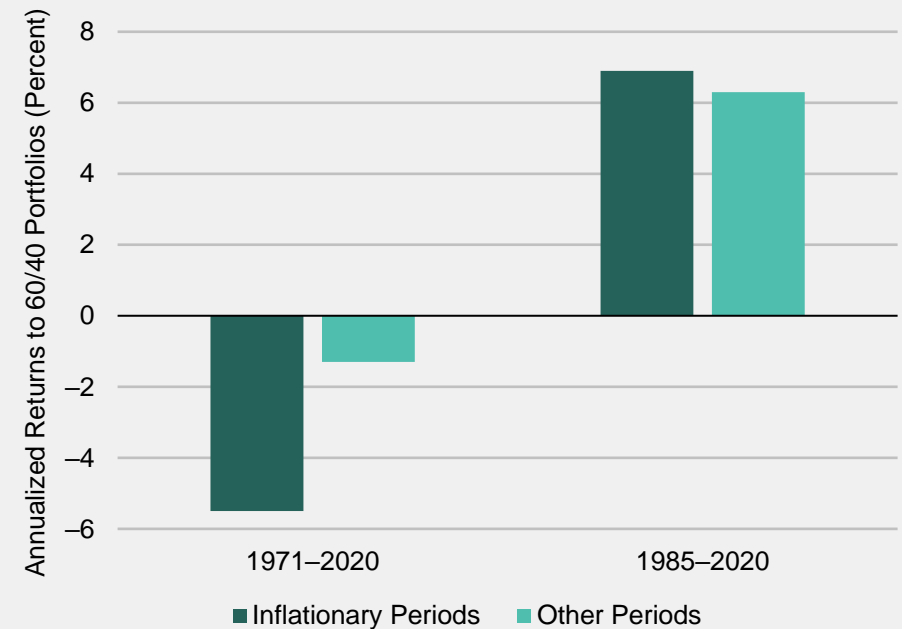
Why Does This Matter?

Small Yet Sustained Shifts in Inflation Can Meaningfully Erode Purchasing Power and Asset Returns

Even Mildly Higher Sustained Inflation Can Erode Meaningful Purchasing Power Over Time



Financial Assets Deliver Subpar Returns and Diversification in Inflationary Environments



Past performance does not guarantee future results.

This is a hypothetical example and is not representative of any AB product. An investor cannot invest directly in an index or average and they do not include sales charges or operating expenses associated with an investment in a mutual fund, which would reduce total returns.

Inflation is measured by US CPI, US City Average, all items, not seasonally adjusted.

Inflationary regimes on right chart represented by market measures of US inflation, i.e., US 10-year breakeven inflation Bloomberg generic series since 1998. Derived prior to 1998 using US 10-year nominal yields and US 10-year real yields backcast from NY Fed. Inflationary periods defined as those in which US 10-year BEIs are at/above 2.3% CPI (2% PCE using historical CPI-PCE wedge of 30 b.p.) and rising

Source: Bloomberg Barclays, Global Financial Data, US Bureau of Labor Statistics and AB



Thoughtful Rebalancing to Combat Inflation Risks



They (the Fed) probably start preparations for tapering, but this financial repression policy stays in place. This is a steeper curve, slightly higher rates (CB will cap yields in some way) and a supportive environment for cheaper assets like EM and securitized. It should stay positive for commodities and the currencies/countries that benefit from that trend. Carry continues to win with low defaults, low debt carrying costs and no real margin pressures.”

—**Scott DiMaggio (Jun 1, 2021)**

Implicit Inflation Protection

- + Credit
- + Value

Explicit Inflation Protection

- + Inflation-Linked Securities
- + Real Asset Portfolio Construction

Historical analysis and current forecasts do not guarantee future results.

As of June 2021

Source: AB



No Single Asset Class Provides a Perfect Solution

Portfolio	Constituents	Inflation Sensitivity	Reliability	Cost-Effectiveness
Real Bonds	Intermediate TIPS			
Real Assets	Portfolio of Real Assets			
Individual Real Assets	Real Estate Stocks			
	Commodity Stocks			
	Inflation-Sensitive Equities			
	Commodity Futures			
	Gold			

High Low

- + Intermediate TIPS provide reasonable sensitivity with reliability and cost-effectiveness
- + Real assets vary in their inflation characteristics, so a combination makes sense

Current analysis does not guarantee future results.

Source: AB



A Word About Risk

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Important Risk Information Related to Investing in Equity and Short Strategies

All investments involve risk. Equity securities may rise and decline in value due to both real and perceived market and economic factors as well as general industry conditions.

A short strategy may not always be able to close out a short position on favorable terms. Short sales involve the risk of loss by subsequently buying a security at a higher price than the price at which it sold the security short. The amount of such loss is theoretically unlimited (since it is limited only by the increase in value of the security sold short). In contrast, the risk of loss from a long position is limited to the investment in the long position, since its value cannot fall below zero. Short selling is a form of leverage. To mitigate leverage risk, a strategy will always hold liquid assets (including its long positions) at least equal to its short position exposure, marked to market daily.

Important Risk Information Related to Investing in Emerging Markets and Foreign Currencies

Investing in emerging-market debt poses risks, including those generally associated with fixed-income investments. Fixed-income securities may lose value due to market fluctuations or changes in interest rates. Longer-maturity bonds are more vulnerable to rising interest rates. A bond issuer's credit rating may be lowered due to deteriorating financial condition; this may result in losses and potentially default, or failure to meet payment obligations. The default probability is higher in bonds with lower, noninvestment-grade ratings (commonly known as "junk bonds").

There are other potential risks when investing in emerging-market debt. Non-US securities may be more volatile because of the associated political, regulatory, market and economic uncertainties; these risks can be magnified in emerging-market securities. Emerging-market bonds may also be exposed to fluctuating currency values. If a bond's currency weakens against the US dollar, this can negatively affect its value when translated back into US-dollar terms.

Bond Ratings Definition

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 fund 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 advisor.

Index Definitions

Following are definitions of the indices referred to in this presentation. It is important to recognize that all indices are unmanaged and do not reflect fees and expenses associated with the active management of a mutual fund portfolio. Investors cannot invest directly in an index, and its performance does not reflect the performance of any AB mutual fund.

- + **Bloomberg Barclays Emerging Markets Hard Currency (USD) Aggregate Index:** A hard currency emerging markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.
- + **Bloomberg Barclays Emerging Markets Local Currency Government Index:** Tracks the fixed-rate local currency sovereign debt of emerging market countries.
- + **Bloomberg Barclays Global Aggregate Corporate Bond Index:** Tracks the performance of investment-grade corporate bonds publicly issued in the global market and found in the Global Aggregate. (Represents global corporate on slide 1.)
- + **Bloomberg Barclays Global High-Yield Bond Index:** Provides a broad-based measure of the global high-yield fixed-income markets. It represents the union of the US High-Yield, Pan-European High Yield, US Emerging Markets High-Yield, CMBS High Yield and Pan-European Emerging Markets High-Yield indices.
- + **Bloomberg Barclays Global Treasury Index:** Tracks fixed-rate local currency government debt of investment-grade countries. The index represents the Treasury sector of the Global Aggregate Bond Index.
- + **Bloomberg Barclays Global Treasury: Euro Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the Euro Area Treasury sector of the Global Aggregate Bond Index. (Represents euro-area government bonds on slide 1.)
- + **Bloomberg Barclays Global Treasury: Japan Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the Japanese Treasury sector of the Global Aggregate Bond Index. (Represents Japan government bonds on slide 1.)
- + **Bloomberg Barclays Pan-European High Yield Index:** Measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc.
- + **Bloomberg Barclays US Aggregate Bond Index:** A broad-based benchmark that measures the investment-grade, US dollar–denominated, fixed-rate, taxable bond market, including US Treasuries, government-related and corporate securities, mortgage-backed securities (MBS [agency fixed-rate and hybrid ARM pass-throughs]), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS).
- + **Bloomberg Barclays US Corporate High-Yield Bond Index:** Represents the corporate component of the Bloomberg Barclays US High-Yield Index. (Represents US high yield on slide 1.)
- + **Bloomberg Barclays US Treasury Index:** Includes fixed-rate, local-currency sovereign debt that makes up the US Treasury sector of the Global Aggregate Index. (Represents US government bonds on slide 1.)

Index Definitions (cont.)

- + **Credit Suisse Leveraged Loan Index:** Tracks the investable market of the US dollar–denominated leveraged loan market. It consists of issues rated 5B or lower, meaning that the highest-rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.
- + **Dow Jones Industrial Average (DJIA):** Tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.
- + **HFRI Event Driven Index:** Investment managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company-specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.
- + **HFRI Fund Weighted Composite Index:** A global, equal-weighted index of more than 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly performance net of all fees in US dollars and have a minimum of \$50 million under management or 12-month track record of active performance.
- + **HFRI Macro:** Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both Macro and equity hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposed to EH, in which the fundamental characteristics on the company are the most significant are integral to investment thesis.
- + **HFRI Relative Value:** Investment Managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. RV position may be involved in corporate transactions also, but as opposed to ED exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.
- + **J.P. Morgan Emerging Market Bond Index Global:** A benchmark index for measuring the total return performance of government bonds issued by emerging-market countries that are considered sovereign (issued in something other than local currency) and that meet specific liquidity and structural requirements. In order to qualify for index membership, the debt must be more than one year to maturity, have more than \$500 million outstanding, and meet stringent trading guidelines to ensure that pricing inefficiencies don't affect the index. (Represents emerging-market debt on slide 1.)

Index Definitions (cont.)

- + **MSCI ACWI Index:** A free float–adjusted, market capitalization–weighted index designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 27 emerging markets.
- + **MSCI EAFE Index:** A free float–adjusted, market capitalization–weighted index designed to measure developed-market equity performance, excluding the US and Canada. It consists of 22 developed-market country indices.
- + **MSCI Emerging Markets Index:** A free float–adjusted, market capitalization–weighted index designed to measure equity market performance in the global emerging markets. It consists of 21 emerging-market country indices. (Represents emerging markets on slide 1.)
- + **MSCI World Index:** A market capitalization–weighted index that measures the performance of stock markets in 24 countries. (Represents world on slide 1.)
- + **Russell 1000 Index:** A stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, representing about 90% of the total market capitalization of that index.
- + **Russell 2000 Index:** Measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000 Index, representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.
- + **S&P 500 Index:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US on slide 1.)

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Notes on Simulation Results

Hypothetical or simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not actually been executed, the results may not reflect the impact that certain material economic and market factors might have had on an investment advisor's actual decision-making if they were reflected of a managed account. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will, or is likely to, achieve profits or losses similar to those shown.



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