



ALLIANCEBERNSTEIN®

Capital Markets Outlook

Finding Sea Legs in the
Storm

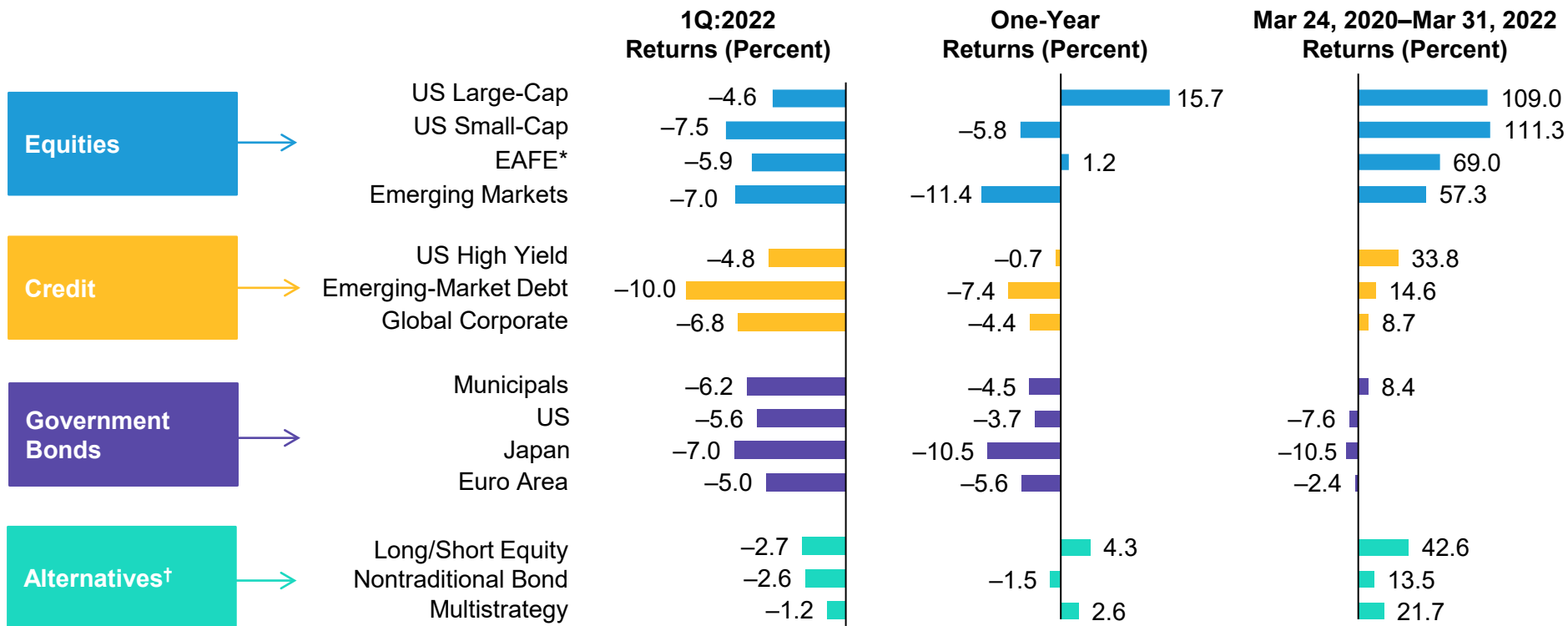
Second Quarter 2022

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.

Investment Products Offered:

- Are Not FDIC Insured
- May Lose Value
- Are Not Bank Guaranteed

1Q:2022 Market Struggles to Find Its Footing in Lieu of a Growing List of Unknowns



Past performance does not guarantee future results.

Returns in US dollars. Global corporates and Japan, and euro-area government bonds in hedged USD terms. All other non-US returns in unhedged USD terms. An investor cannot invest directly 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.

*Europe, Australasia and the Far East. †Returns reflect Morningstar US open-end fund category averages.

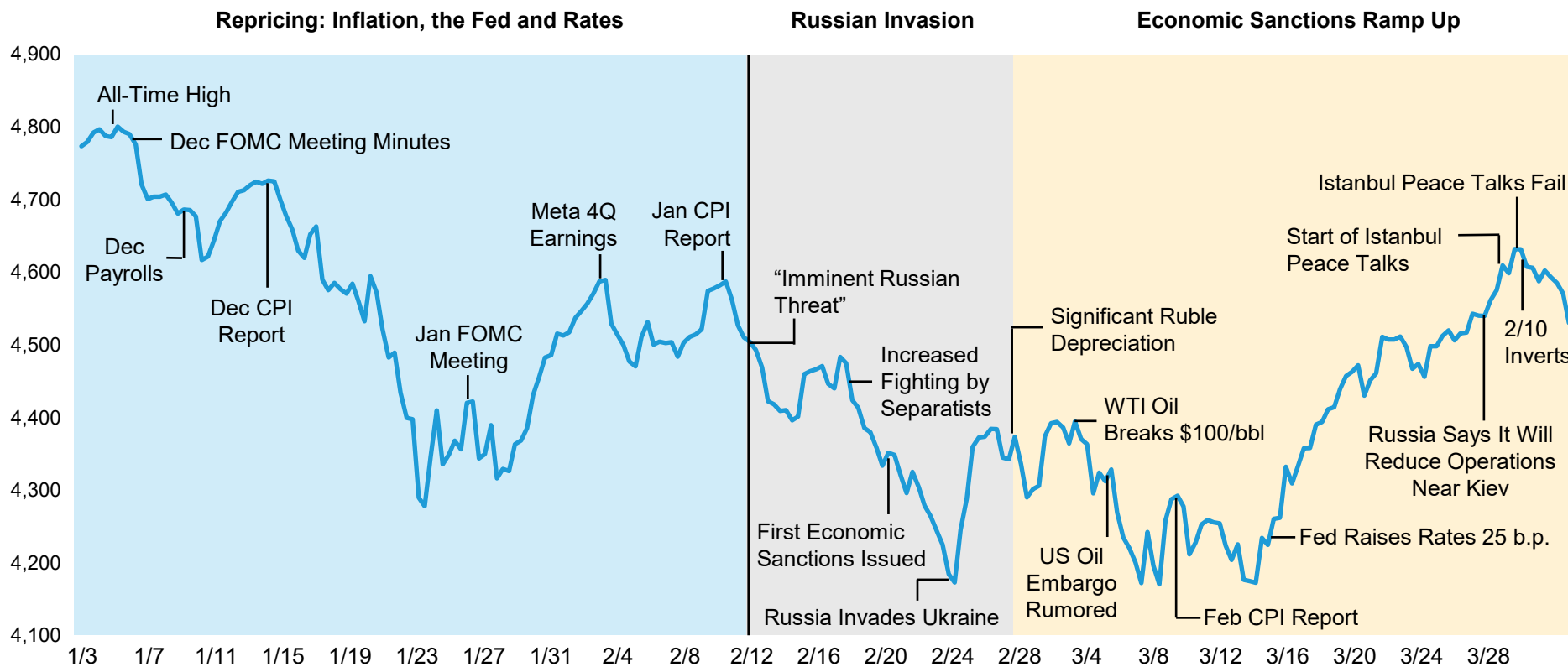
As of March 31, 2022

Source: Bloomberg, Morningstar Direct and AllianceBernstein (AB)



A Tale of Two Halves: S&P Prices First Reflected Aggressive Central Banks and Then Added Global Conflict

Repricing meets geopolitical conflict and the impact of accelerating sanctions



Historical analysis and current forecasts do not guarantee future results.

b.p.: basis points; FOMC: Federal Open Market Committee

Through March 31, 2022

Source: Bloomberg and AB



Inflationary Pressures Piling On



Pandemic Reopening Drivers

- Strong labor market boosting household income
- Accumulated savings from past fiscal support
- Robust demand for goods associated with lifestyle transitions
- Supply-chain disruptions globally
- Transportation bottlenecks domestically
- Rising wages for service industries



Geopolitical Drivers

- Rising commodity prices due to the invasion of Ukraine
- Potential supply shortages for commodities in Europe
- China's zero-COVID policy and renewed lockdowns
- Politicians facing pressure to ease the stress on households

Historical analysis and current forecasts do not guarantee future results.

As of March 31, 2022

Source: AB

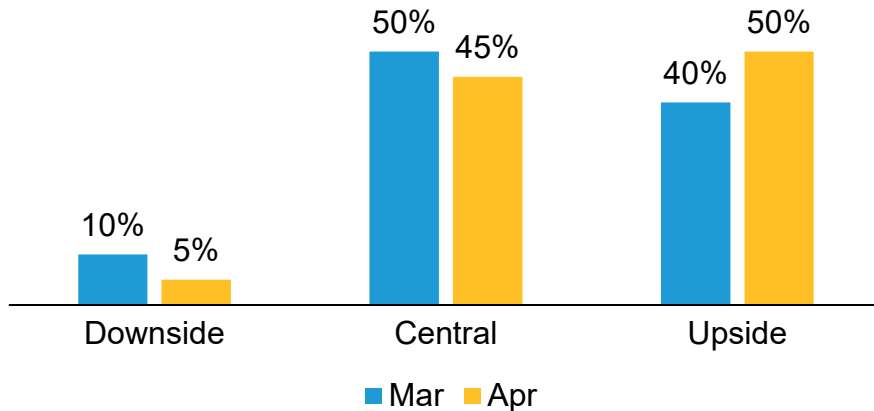


Geopolitics Push Inflation Risks to the Upside...

Balance of Risks

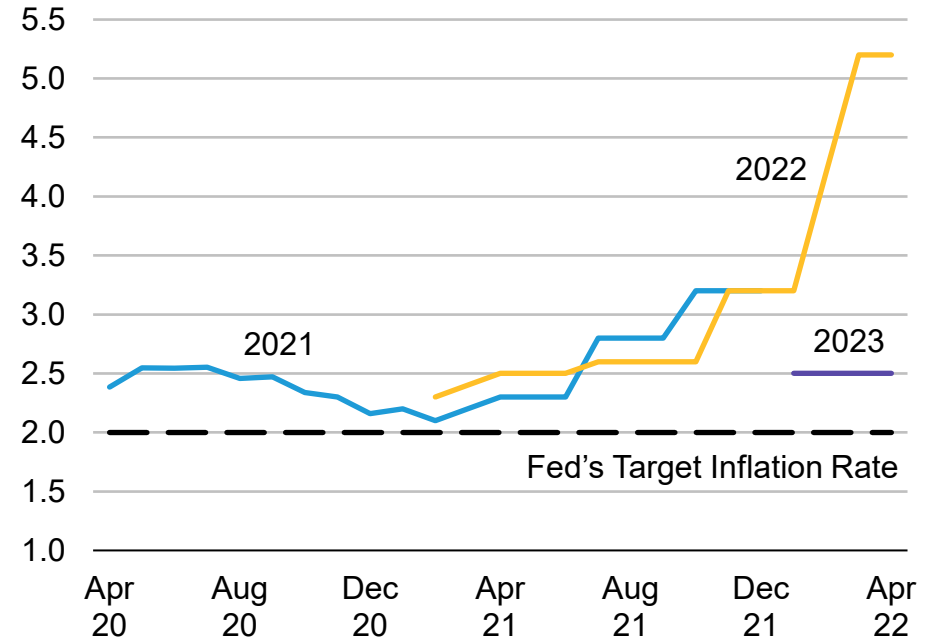
Inflation

The upside risk has become the base case for inflation: persistent inflation raises elevated risks that expectations drift, and rising commodity prices hit consumers directly and immediately



Pushing Out the Inflation Normalization Timeline

AB global inflation forecasts (percent)



Historical analysis and current forecasts do not guarantee future results.

As of March 31, 2022

Source: AB



...Driving More Aggressive Rate Expectations

Upper Bounds of Federal Funds Rate (FFR) Through Time
Percent

	2021	2022	2023	2024	Longer Run
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	—	—	—	—	—
0.00	•••••••••• ••••••	—	—	—	—

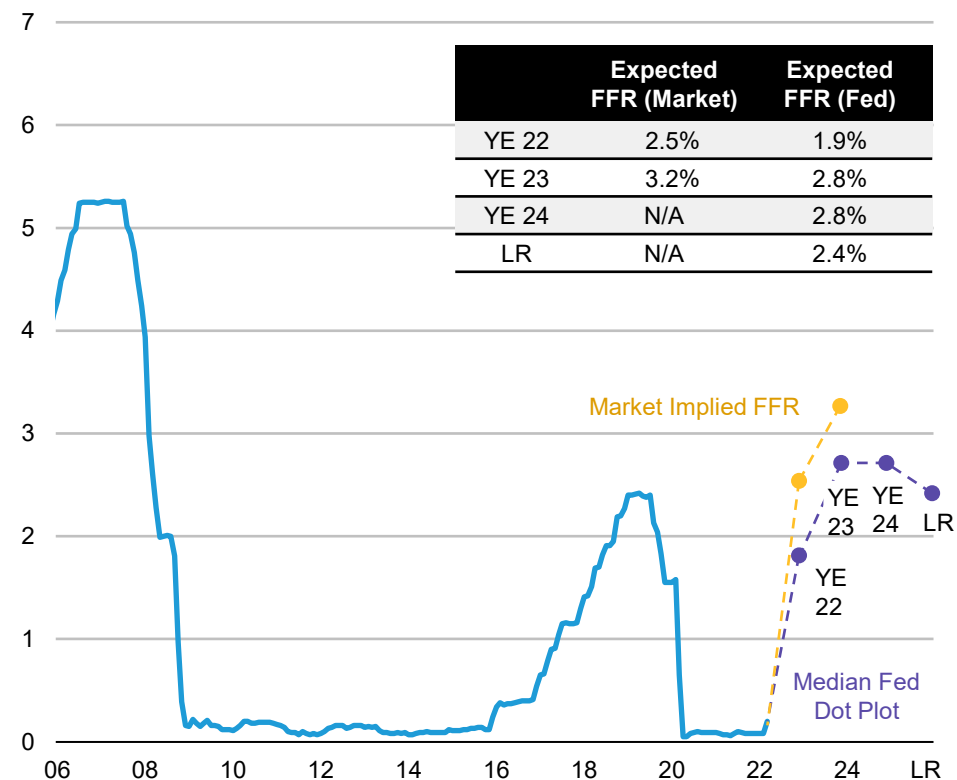
Historical analysis and current forecasts do not guarantee future results.

YE: year-end; LR: longer run

As of April 11, 2022

Source: Bloomberg, US Federal Reserve and AB

Fed and Market Expectations (Percent)



The Market Started “Tightening” Months Ago

Two-Year Treasury (Percent)



Goldman Sachs Financial Conditions Index



Historical analysis and current forecasts do not guarantee future results.

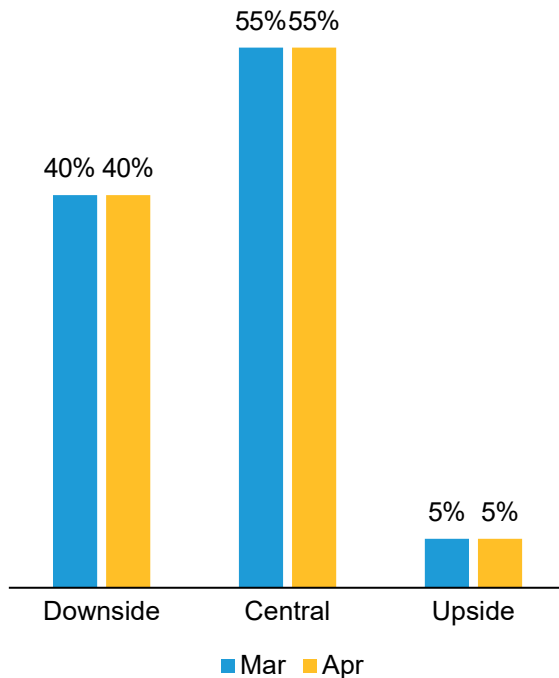
Through April 7, 2022

Source: Bloomberg, Goldman Sachs and AB



Compounded Inflationary Pressures Reduce Growth Expectations

Balance of Risks: Growth



Growth Impact from Rising Rates

- Increased incentive to save
- Higher discount rate for business investment
- Cost of capital rising
- Financial market stress reducing wealth
- Fears of recession can become self-fulfilling

Growth Impact from Russia

- Higher commodity prices reduce demand more broadly
- Geopolitics can hurt consumer confidence
- Friction between economies with different vulnerabilities
- Business investment in Europe
- Long-term energy investment uncertainty

Historical analysis and current forecasts do not guarantee future results.

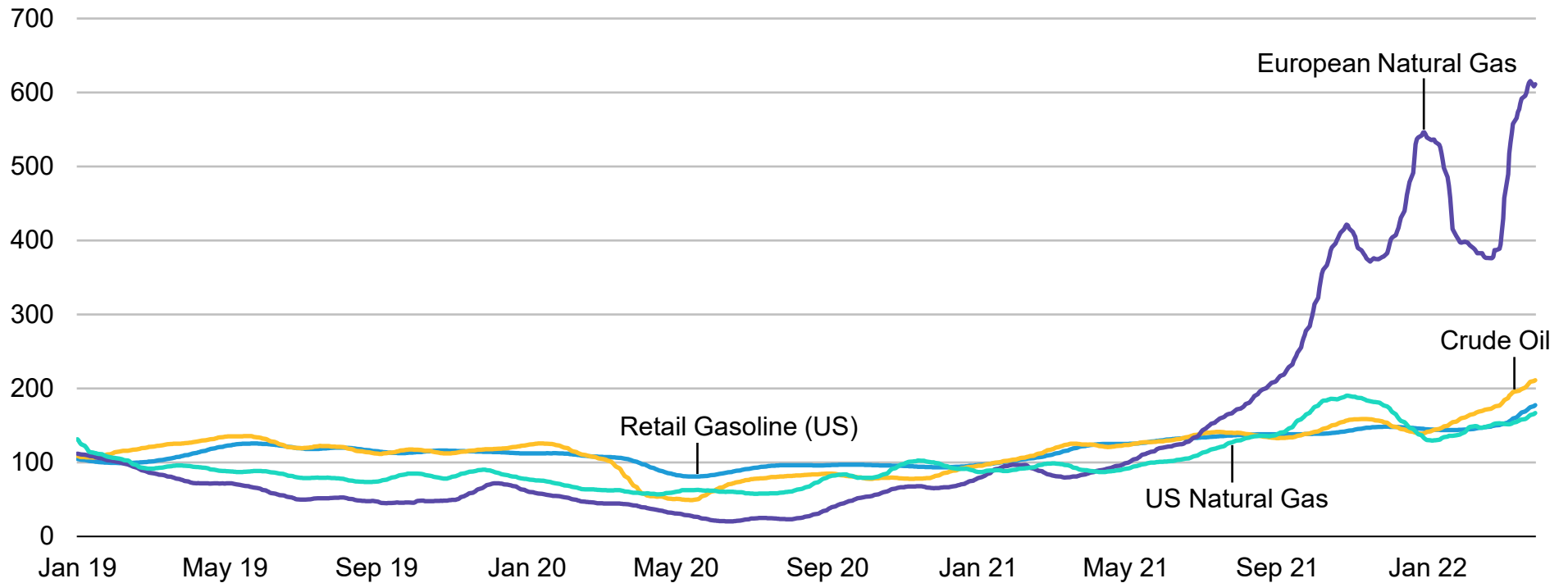
As of March 31, 2022

Source: AB



Rising Energy Prices Disproportionately Hitting Europe

Monthly Average (January 1, 2019 = 100)



Historical analysis and current forecasts do not guarantee future results.

Through March 31, 2022

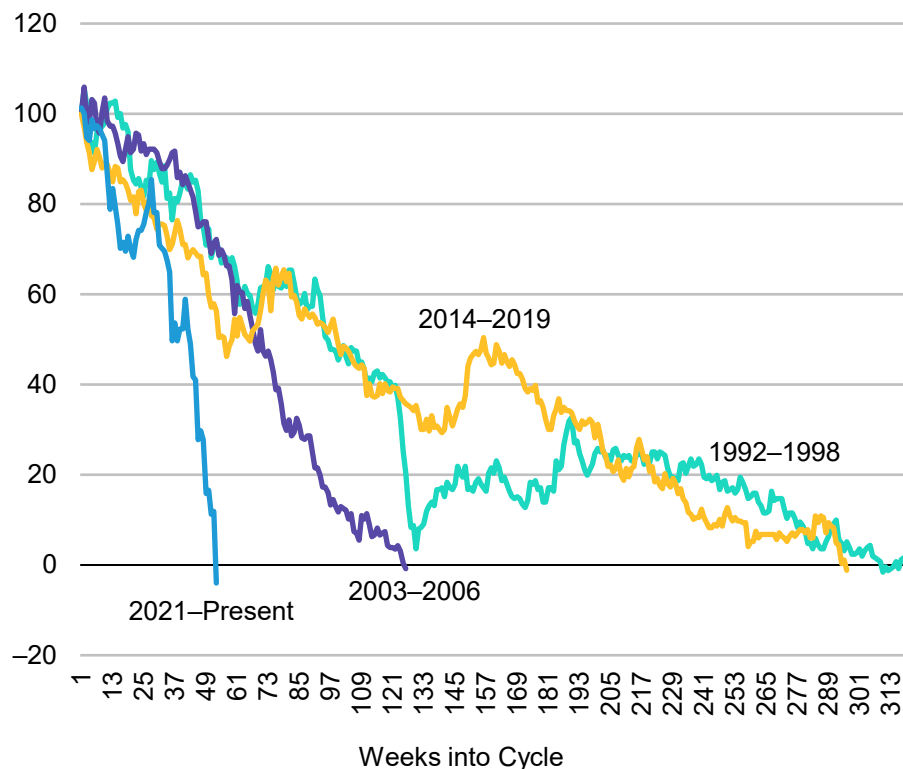
Source: Refinitiv and AB



Yield Curve as a Forecast: A Brief History

The Yield Curve Has Flattened Precipitously

Indexed to peak in yields



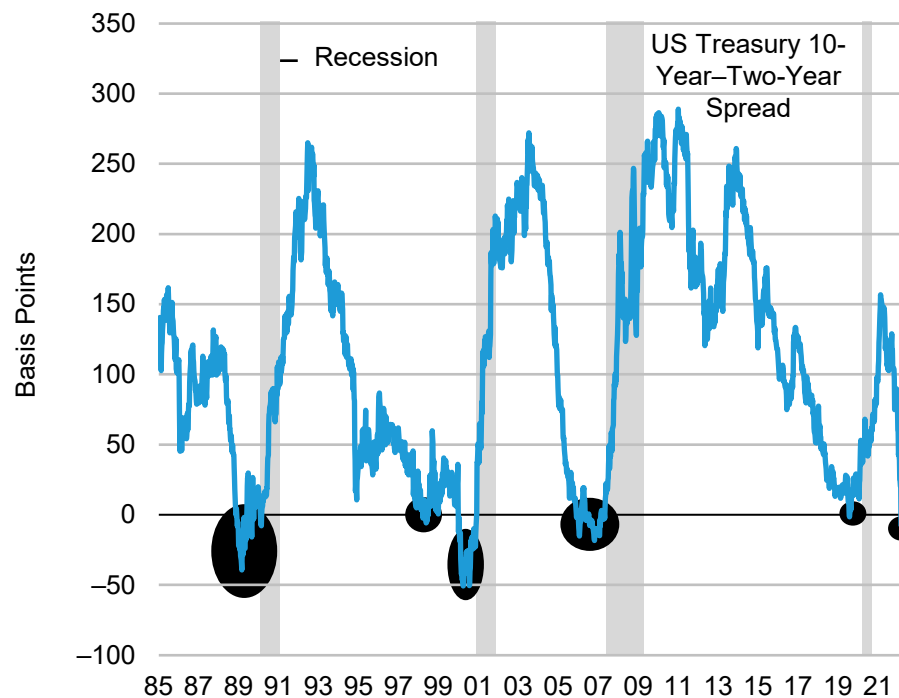
Historical analysis and current forecasts do not guarantee future results.

As of March 31, 2022

Source: Bloomberg and AB

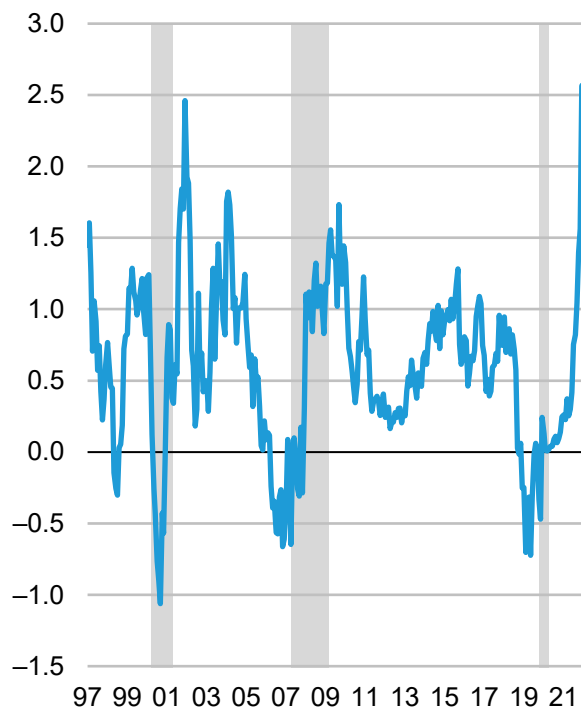


Timing Matters Too

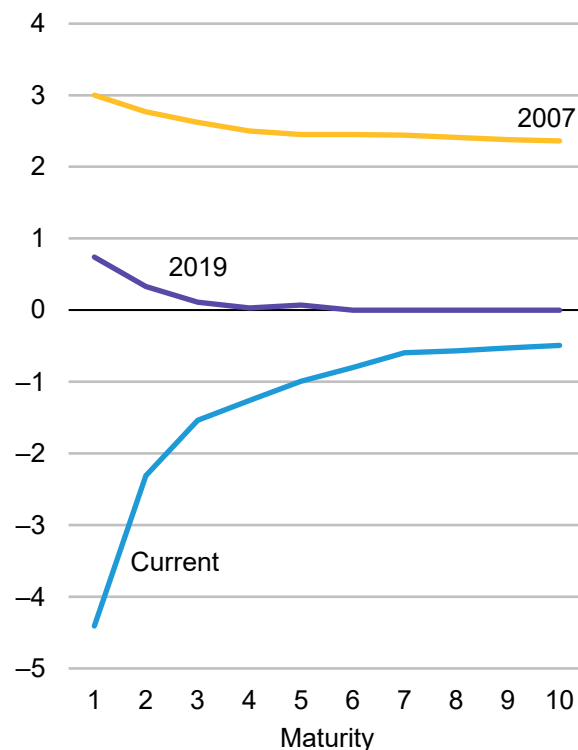


Yield Curve as a Forecast: Here's Three More Ways to Look at It

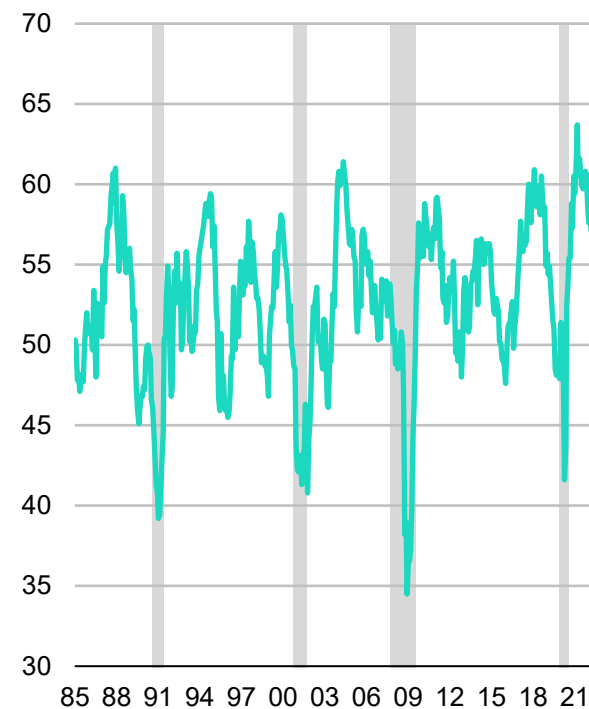
Near-Term Forward Spread and Recessions (Percent)



Real Yields (Percent)



ISM Manufacturing and Recessions



Historical analysis and current forecasts do not guarantee future results.

As of March 31, 2022

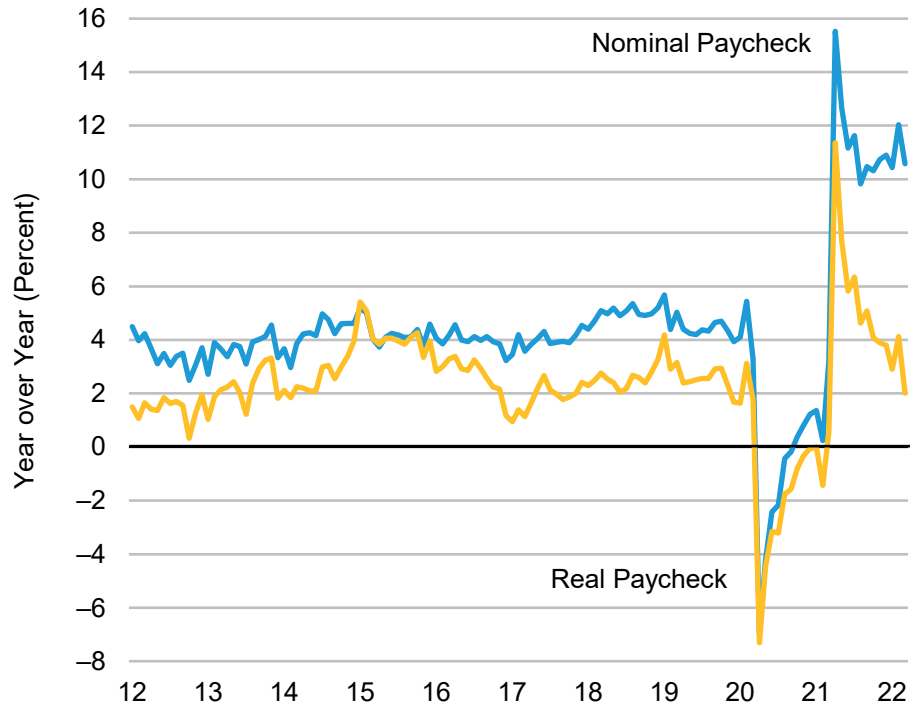
Source: Bloomberg and AB



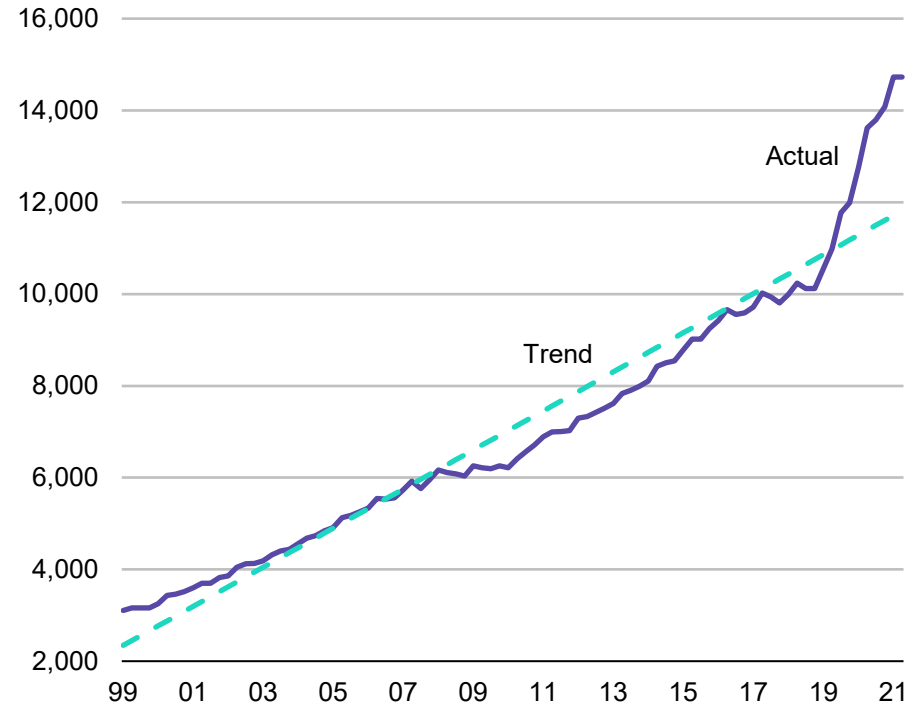
Strong Consumer Supports Economic Backdrop

Real Wages

Income outpacing inflation



Total Liquid Assets and the Long-Term Trend (USD Trillions)



Historical analysis and current forecasts do not guarantee future results.

Through March 31, 2022

Source: Bloomberg and AB



Macro Summary

Global growth to see meaningful slowdown in 2022

AB Global Economic Forecast: April 2022

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	22F	23F	22F	23F	22F	23F	22F	23F
Global	2.8	2.8	5.2	3.1	2.67	2.77	2.86	3.04
Industrial Countries	2.2	1.7	4.9	2.3	0.93	1.38	1.60	1.93
Emerging Countries	3.8	4.5	5.7	4.3	5.25	4.82	4.76	4.70
US	2.8	1.9	4.5	2.5	1.88	2.75	2.75	3.25
Euro Area	0.5	1.0	6.5	2.0	-0.50	-0.25	-0.10	0.00
UK	3.0	1.5	7.5	3.5	2.00	2.00	2.00	2.25
Japan	2.5	2.0	1.5	1.5	-0.10	0.25	0.25	0.50
China	5.3	5.4	1.9	2.3	2.00	2.00	3.00	3.10

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.

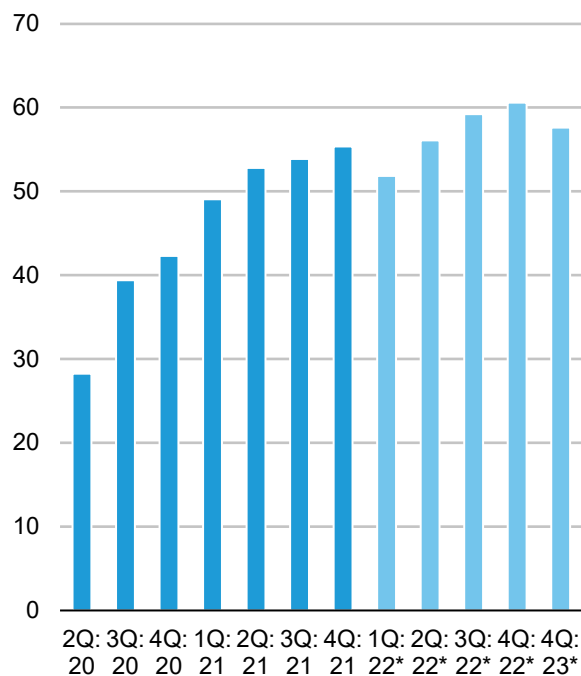
As of March 31, 2022

Source: AB

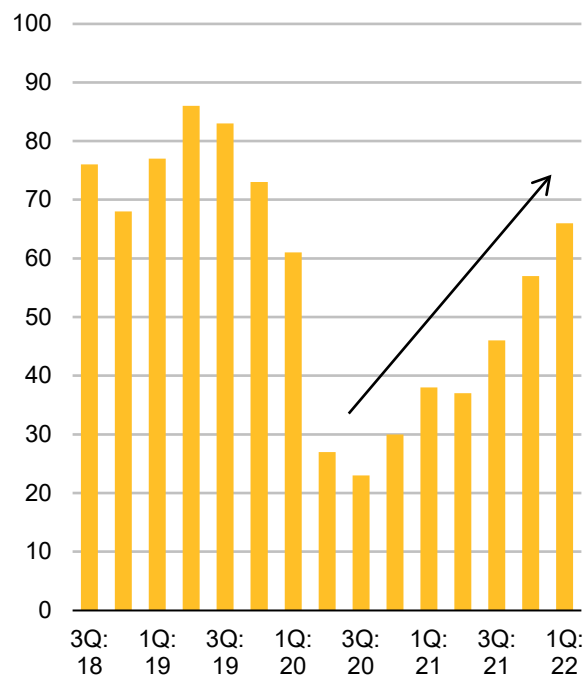


2022 Earnings Growth Expected to Moderate as Policy Supports Weaken and Consumers Return to Pre-Pandemic Spending Habits

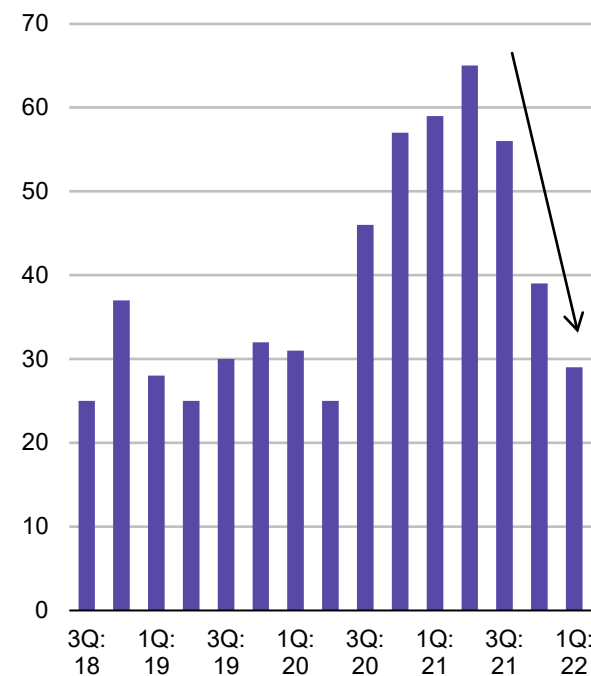
S&P 500's Expected Bottom-Up Earnings Set to Fall Before Slow Growth



Negative Guidance Rising



Positive Guidance Falling



Historical analysis and current forecasts do not guarantee future results.

*FactSet estimate

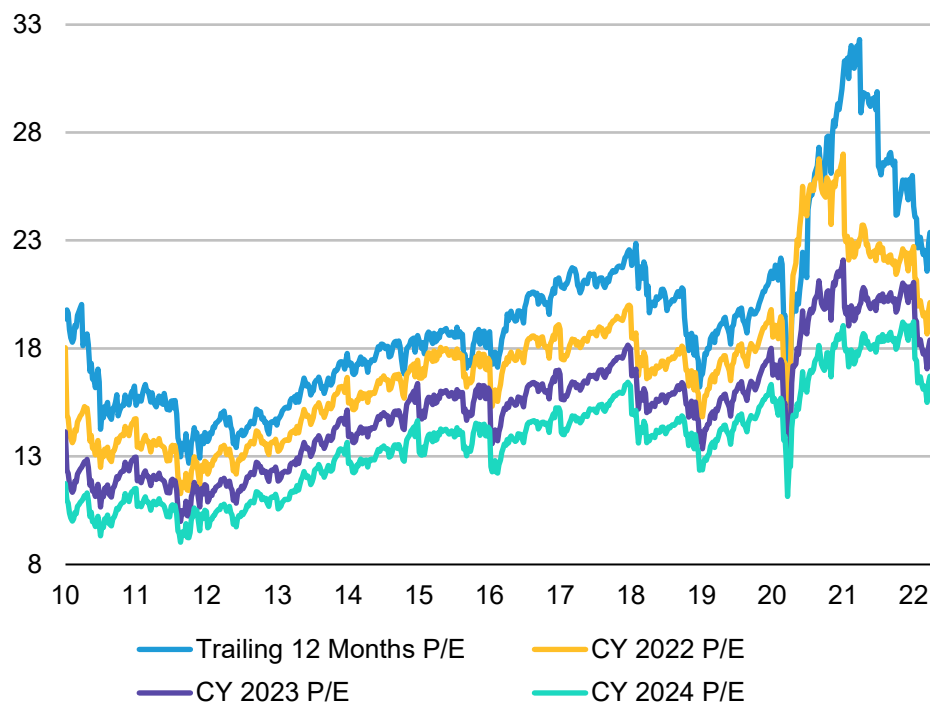
As of March 31, 2022

Source: FactSet and AB



Valuations: Finding a “Fair Value” in a Tightening and More Uncertain Market

S&P 500 Trailing and Forward P/Es



Time Period	P/E	P/FE ₁	P/FE ₂	P/FE ₃
March 31, 2022	23.4	20.1	18.3	16.2
Five-Year Average	22.6	19.9	17.5	15.8
Pre-Pandemic*	21.9	19.3	17.3	15.5
10-Year Average	20.1	18.0	16.0	14.3
Average Since 2000	19.6	17.3	15.2	13.8
Pre-Pandemic Five-Year Average	19.5	17.6	15.8	14.2
Average P/E When FFR Is 0%	19.2	17.0	15.0	13.4
Average P/E When Rates Increasing†	19.2	17.1	15.4	14.2
January 2014–November 2016	18.5	17.0	15.3	13.6

Historical analysis and current forecasts do not guarantee future results.

Price/earnings (P/E) is for the trailing 12 month; price/forward earnings (P/FE)₁ is for the calendar year 2022; P/FE₂ is for the calendar year 2023; P/FE₃ is for the calendar year 2024.

*February 21, 2020. †Last two Fed cycle hikes

As of March 31, 2022

Source: Bloomberg and AB

Scenario Chart: Choose Your Own Adventure

S&P 500 Return Scenario Chart

2022										S&P Price Level	2022 Price Return*
	15	16	17	18	19	20	21	22	23		
205	3,075	3,280	3,485	3,690	3,895	4,100	4,305	4,510	4,715	3,655	-19.3%
210	3,150	3,360	3,570	3,780	3,990	4,200	4,410	4,620	4,830	3,960	-12.6%
215	3,225	3,440	3,655	3,870	4,085	4,300	4,515	4,730	4,945	4,180	-7.7%
220	3,300	3,520	3,740	3,960	4,180	4,400	4,620	4,840	5,060	4,275	-5.6%
225	3,375	3,600	3,825	4,050	4,275	4,530	4,725	4,950	5,175	4,530	0.0%
230	3,450	3,680	3,910	4,140	4,370	4,600	4,830	5,060	5,290	4,620	2.0%
235	3,525	3,760	3,995	4,230	4,465	4,700	4,935	5,170	5,405	4,725	4.3%
240	3,600	3,840	4,080	4,320	4,560	4,800	5,040	5,280	5,520	4,830	6.6%
245	3,675	3,920	4,165	4,410	4,655	4,900	5,145	5,390	5,635	4,935	8.9%

2023										S&P Price Level	2023 Price Return†
	15	16	17	18	19	20	21	22	23		
230	3,450	3,680	3,910	4,140	4,370	4,600	4,830	5,060	5,290	3,840	-7.9%
235	3,525	3,760	3,995	4,230	4,465	4,700	4,935	5,170	5,405	4,000	-6.0%
240	3,600	3,840	4,080	4,320	4,560	4,800	5,040	5,280	5,520	4,250	-3.1%
245	3,675	3,920	4,165	4,410	4,655	4,900	5,145	5,390	5,635	4,335	-2.2%
250	3,750	4,000	4,250	4,530	4,750	5,000	5,250	5,500	5,750	4,530	0.0%
255	3,825	4,080	4,335	4,590	4,845	5,100	5,355	5,610	5,865	4,655	1.4%
260	3,900	4,160	4,420	4,680	4,940	5,200	5,460	5,720	5,980	4,845	3.4%
270	4,050	4,320	4,590	4,860	5,130	5,400	5,670	5,940	6,210	5,000	5.1%
275	4,125	4,400	4,675	4,950	5,225	5,500	5,775	6,050	6,325	5,200	7.1%

Historical analysis and current forecasts do not guarantee future results.

*Based on S&P 500's closing price of 4,530. †Annualized return based on same closing price

As of March 31, 2022

Source: Bloomberg and AB



Equity

Systematic Repricing, but Opportunities Remain

Value and energy dominate; growth and quality underperform

		1Q Returns (Percent)	Historical P/FE	4Q:21 P/FE	1Q:22 P/FE
Index	Russell 1000 Value	-0.7	14	17	16
	S&P 500	-4.6	15	21	19
	MSCI EAFE	-5.8	13	15	14
	Russell 2000	-7.5	21	25	22
	Russell 1000 Growth	-9.0	17	30	26
Factor*	Value	-1.5	13	16	15
	Small Cap	-5.9	20	20	18
	Momentum	-7.4	20	24	20
	Quality	-8.8	17	25	22
	Growth	-9.0	18	34	30
Sector	Energy	39.0	16	11	11
	Utilities	4.8	15	21	21
	Consumer Staples	-1.0	17	22	21
	Financials	-1.5	13	15	14
	Materials	-2.4	15	17	16
	Industrials	-2.4	15	21	20
	Healthcare	-2.6	15	18	17
	Real Estate	-6.3	39	51	45
	Technology	-8.4	16	28	24
	Consumer Discretionary	-9.0	17	30	26
	Communication Services	-11.9	14	20	17

Current analysis does not guarantee future results.

Historical P/FE is the average from January 7, 2005, to February 21, 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

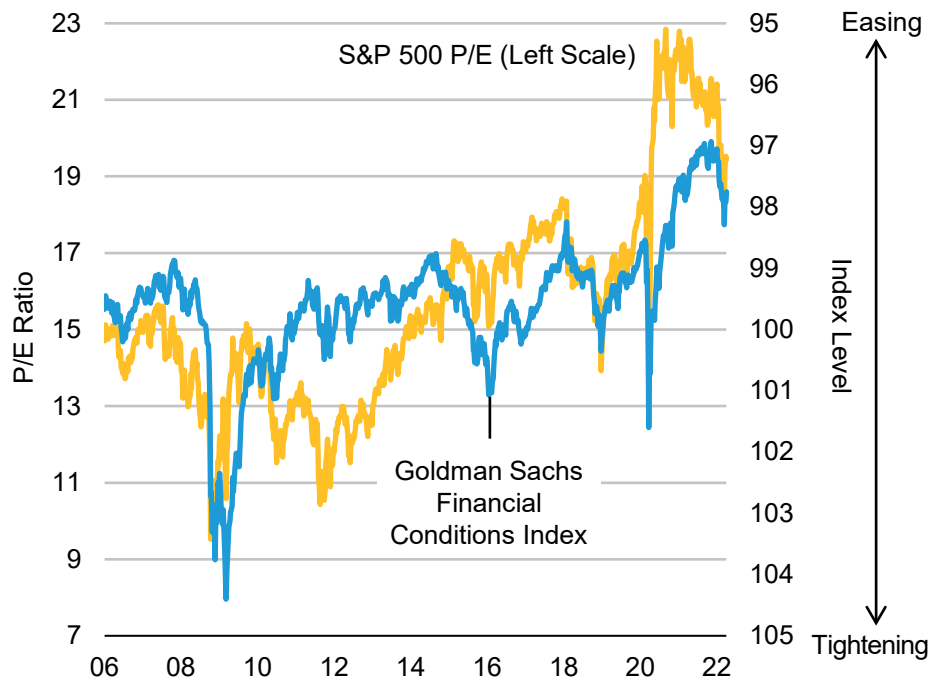
*MSCI USA Factor indices; 1Q returns are total return

As of March 31, 2022. Source: Bloomberg, FTSE Russell, MSCI and S&P

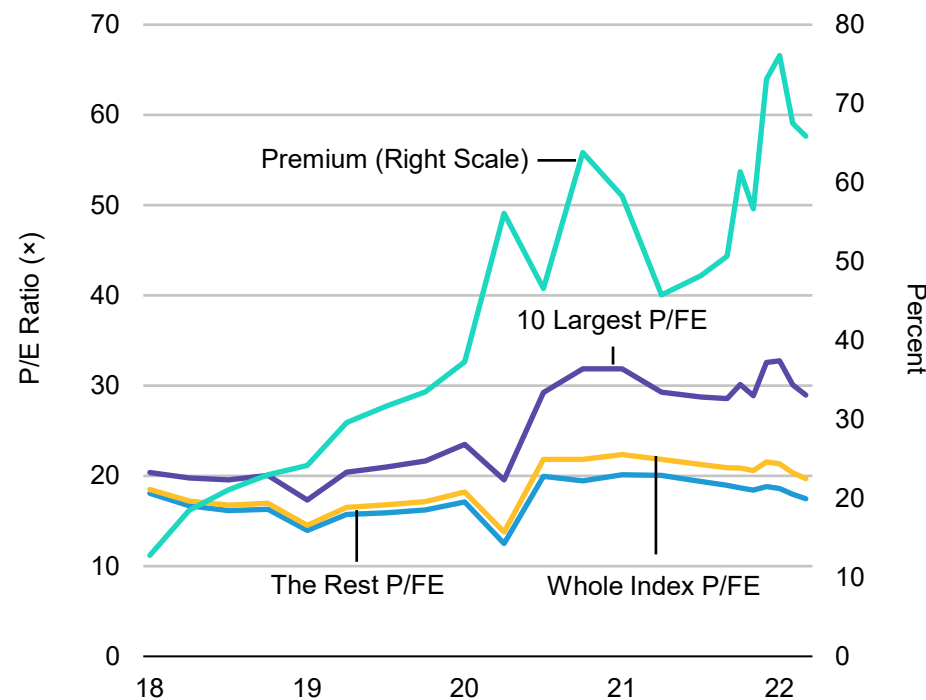
P/E Multiple Upside Remains Limited, and Look Beyond Mega-Caps

A case for being active

Tighter Financial Conditions Constrain P/Es



Valuation Premium of 10 Largest Stocks by Market Cap vs. Rest of S&P 500



Historical analysis and current forecasts do not guarantee future results.

All data are for S&P 500

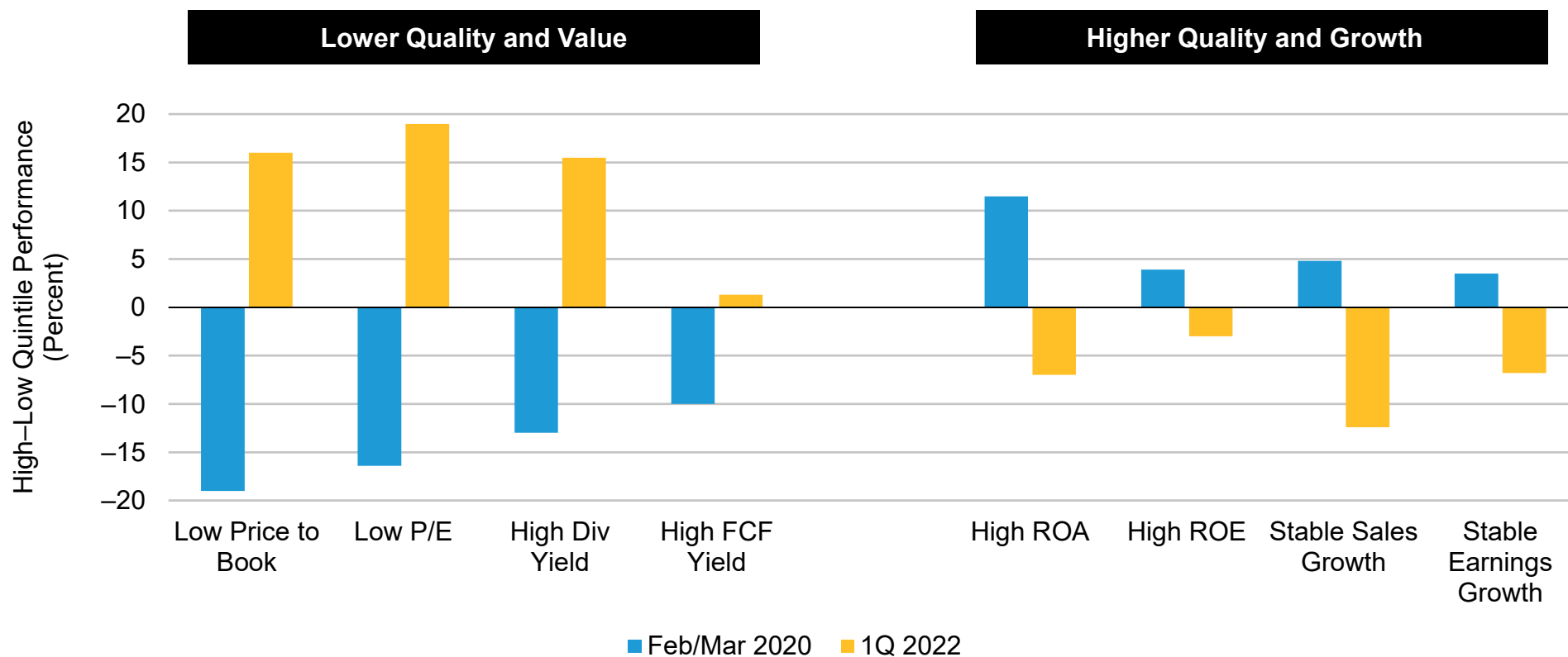
Left display through March 31, 2022; right display through March 1, 2022

Source: Bloomberg, Goldman Sachs, S&P and AB



Anatomy of an Inflation vs. an Economic Growth Scare

Radically different factor performance over distinct sell-offs



Past performance does not guarantee future results.

Factor performance difference between highest ranked and lowest ranked quintiles. Low Price to Book Value, Low Price to Earnings, High Dividend Yield, High Free-Cash-Flow Yield, High Return on Assets, High Return on Equity, Stable Sales Growth and Stable Earnings Growth

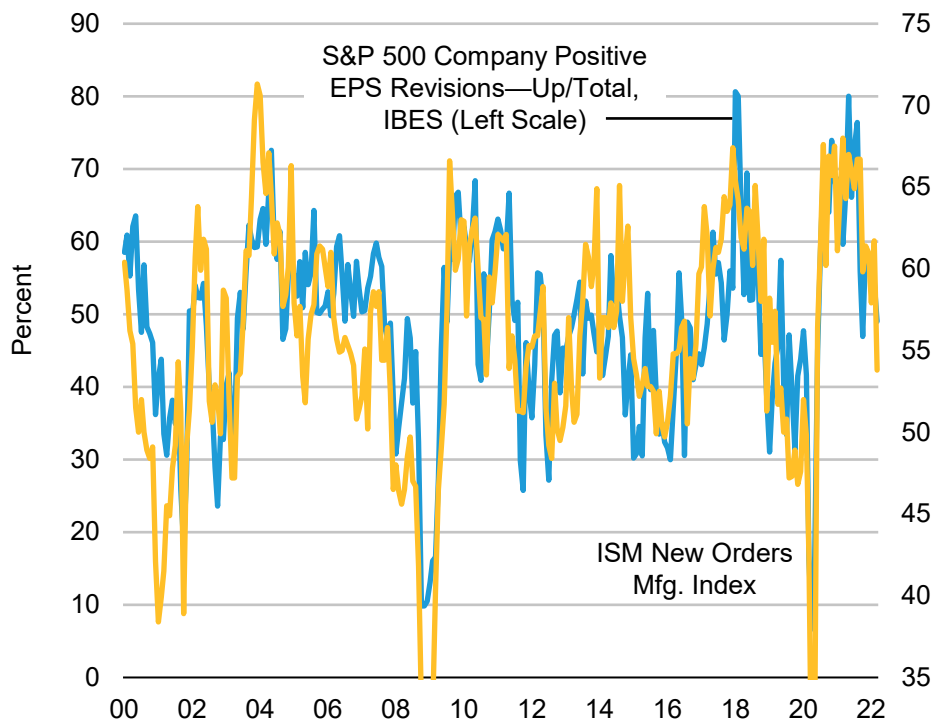
As of March 31, 2022

Source: AB



Slower Economic and Earnings Growth Calls for a Quality Bias

Declines in New Orders Tend to Dampen Positive Earnings Revisions: This Has Been Taking Hold



A Quality Checklist for the Current Environment

Attributes	Quality Value	Profitable Growth
High/Stable Profits		✓
Strong Free Cash Flow	✓	
Positive Earnings Revisions	✓	✓
Pricing Power	✓	✓
Profitable Reinvestment	✓	✓
Innovation/Unique		✓
Sustainable Themes		✓
High-Valuation Growth		✗
Higher-Cost Operators	✗	✗
High Levels of Debt	✗	✗

Historical analysis and current forecasts do not guarantee future results.

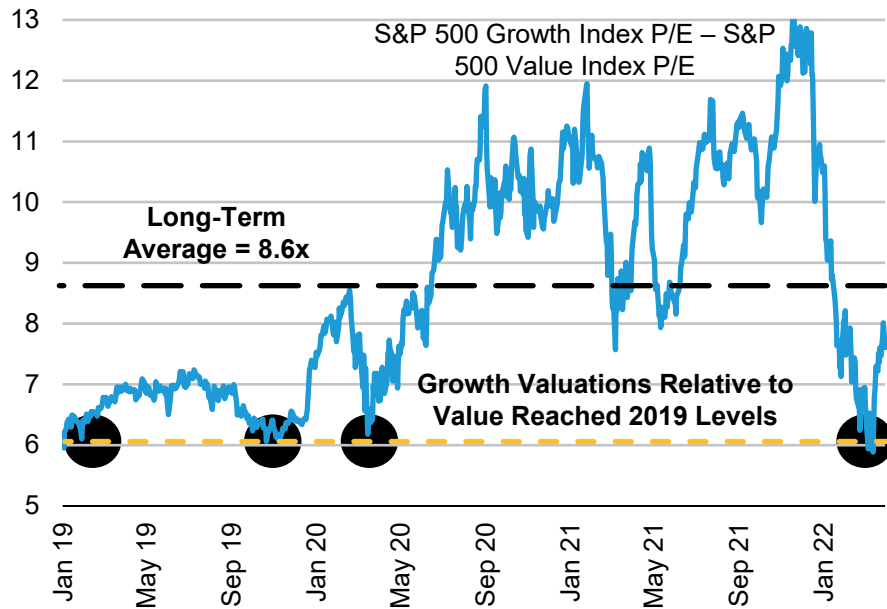
As of March 31, 2022

Source: Bloomberg, Institutional Brokers' Estimate System (IBES), Institute for Supply Management (ISM), Piper Sandler and AB

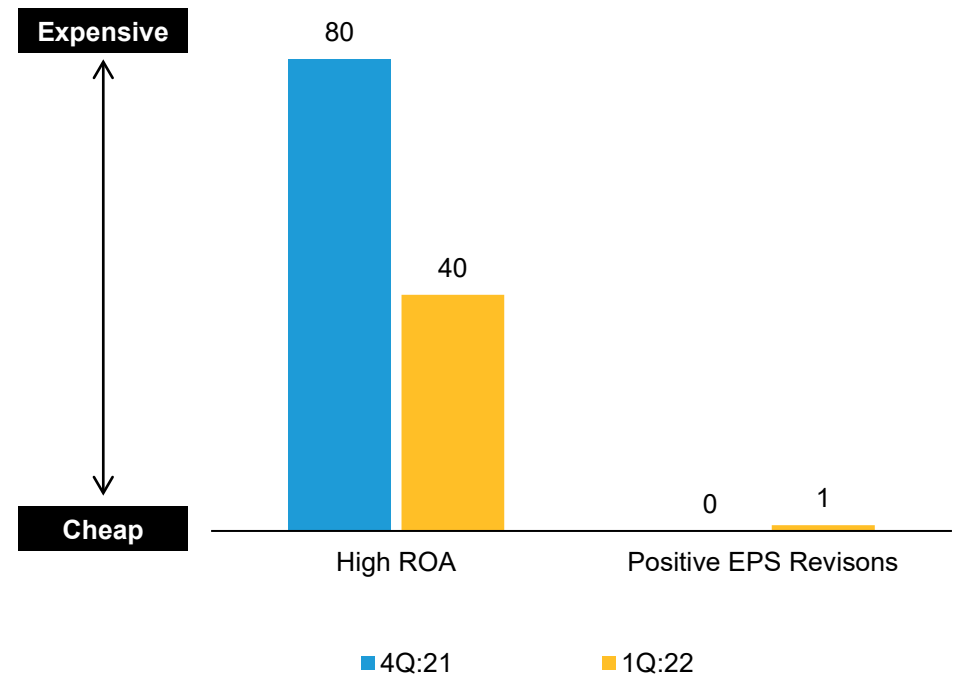
An Improved Entry Point for Growth Stocks

Focus on profitability and positive earnings revisions

Growth's COVID-19 P/E Premium vs. Value Meaningfully Lower, and May Rise Further from Recent Lows



High Return on Assets Stocks Are More Attractively Priced and Those Having Positive EPS Revisions Remain Cheap



Historical analysis and current forecasts do not guarantee future results.

As of March 31, 2022

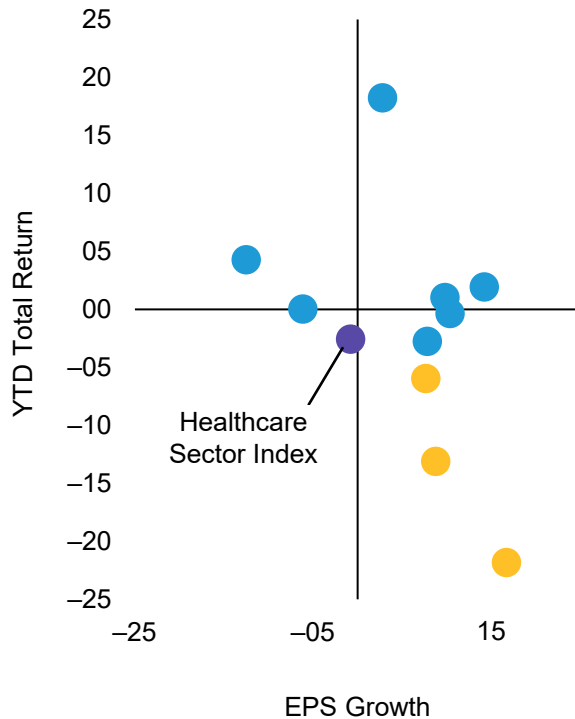
Source: Bloomberg, Piper Sandler and AB



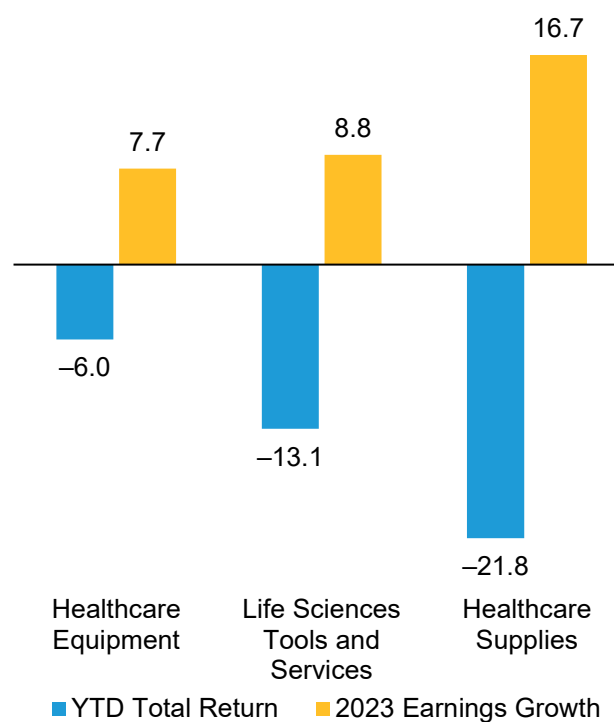
Opportunities Emerge in Quality Growth

Identifying disconnects between price and fundamentals

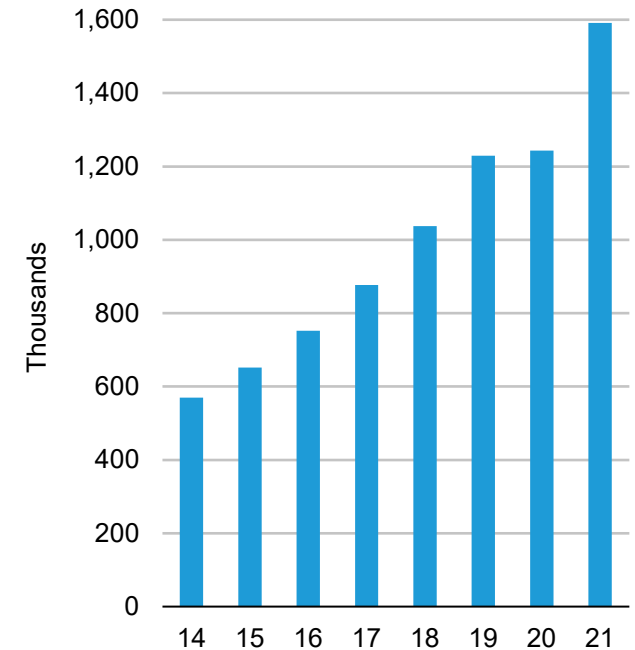
Healthcare Sector: Wide Industry Return Dispersion, but...



...Select Industries Now Offer Attractive Risk/Reward



Global Robotic Surgical Procedures Are Growing



2014–2021 Procedure Growth: 16%

Past performance does not guarantee future results.

Based on consensus estimates.

Left and middle displays as of March 31, 2022; right display through December 31, 2021

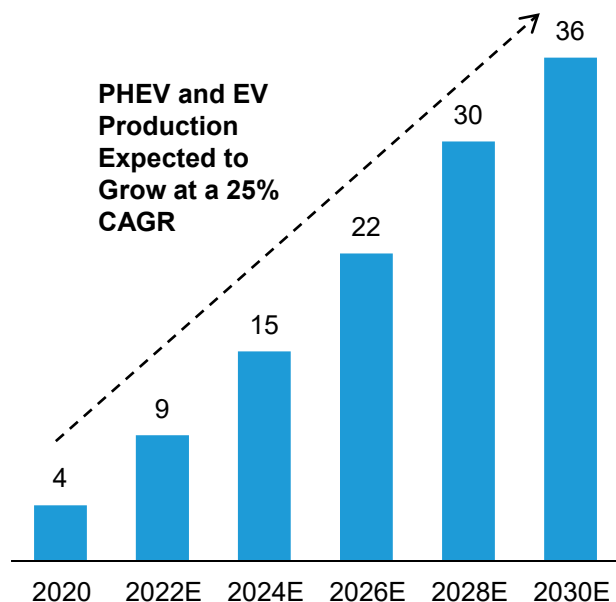
Source: Bloomberg, S&P, Strategas Research Partners, company reports and AB



Continue to Emphasize Enduring Themes: A Focus on Electric Vehicles

Seek companies that provide the enabling technology or service (e.g., semiconductors)

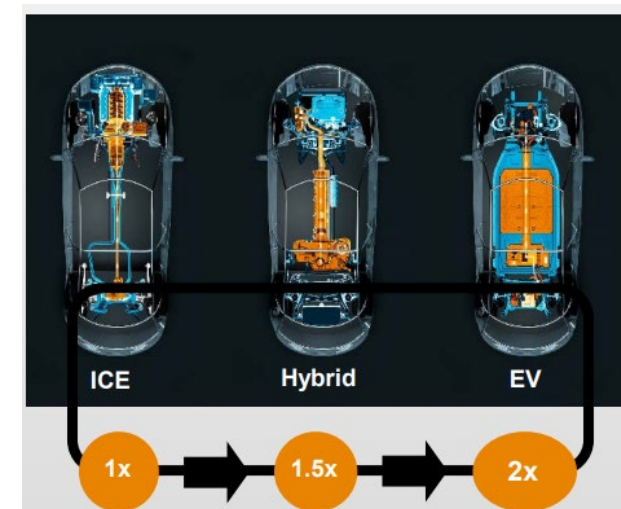
Robust Production Rates (Millions of Units) for Electric Vehicles (EV)



Announced Battery-Electric Vehicles (BEV) Sales Mix by Brand

Manufacturer	Target Date	BEV Target
Audi	2040	90%
BMW	2030	50%
Ford Europe	2030	100%
General Motors	2035	100%
Hyundai Motor	2040	78%
Mercedes-Benz	2039	100%
Porsche	2030	80%
Volvo	2030	100%
VW Group Worldwide	2030	50%

Semiconductor Content Increases ~2x with a Full EV versus an ICE Vehicle



Historical analysis and current forecasts do not guarantee future results.

CAGR: compound annual growth rate; PHEV: plug-in hybrid vehicle; ICE: internal combustion engine

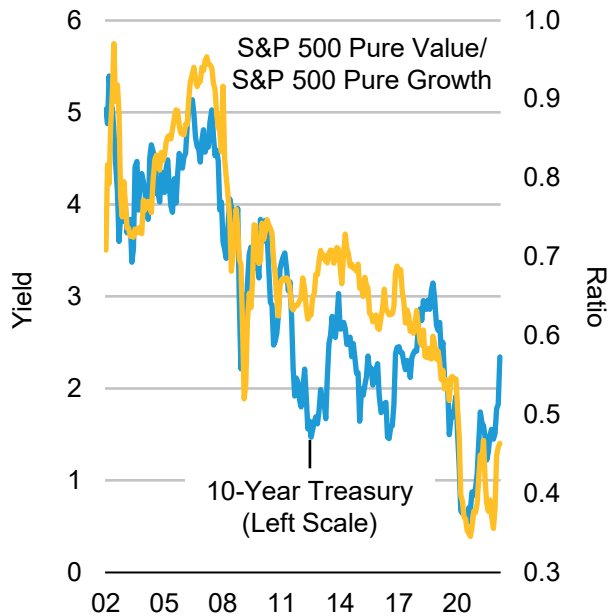
Left display as of August 31, 2021; middle display as of April 22, 2021; right display as of December 31, 2021

Source: IHS Markit, Infineon Technologies, TE Connectivity and AB

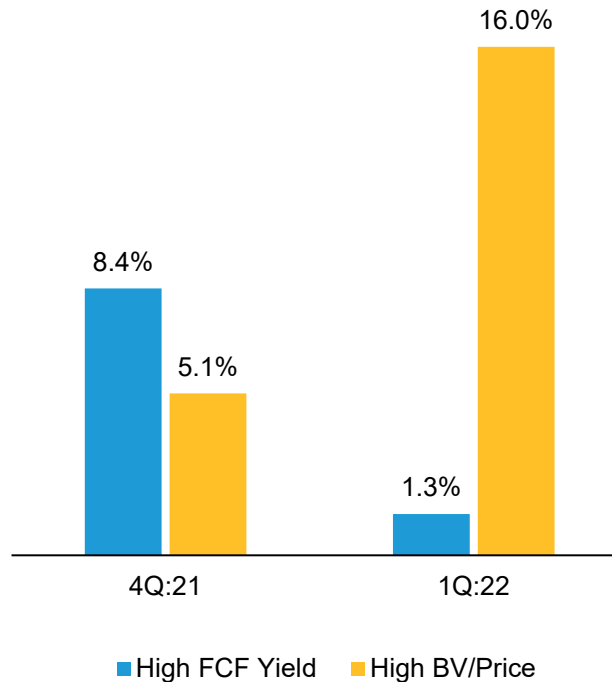
Value Stocks Can Continue to Advance, but Be Selective

High free-cash-flow stocks lagged; however, they remain inexpensive

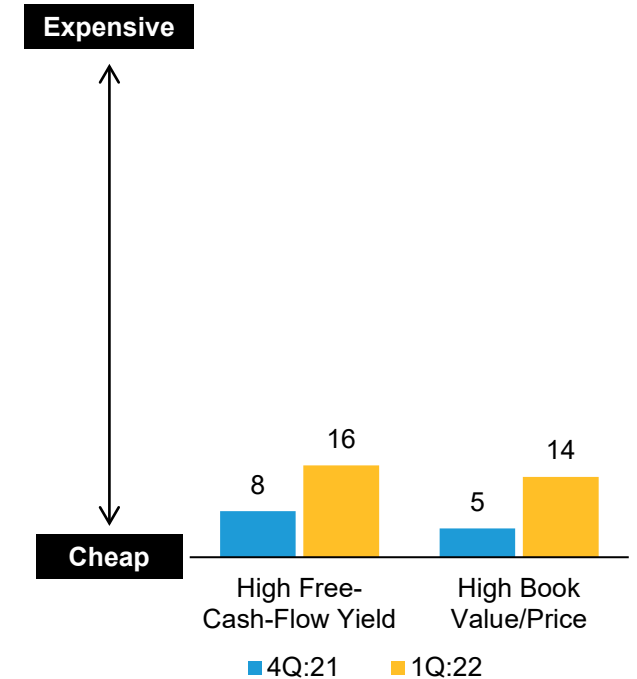
Higher Yields: A Tailwind for Lower-Duration Value Stocks



High Free-Cash-Flow Yield Stocks Lost Ground to Lower-Quality Counterparts



Deep Value Does Not Always Equal Good Value; Favor High Free Cash Flow



Past performance and historical analysis do not guarantee future results.

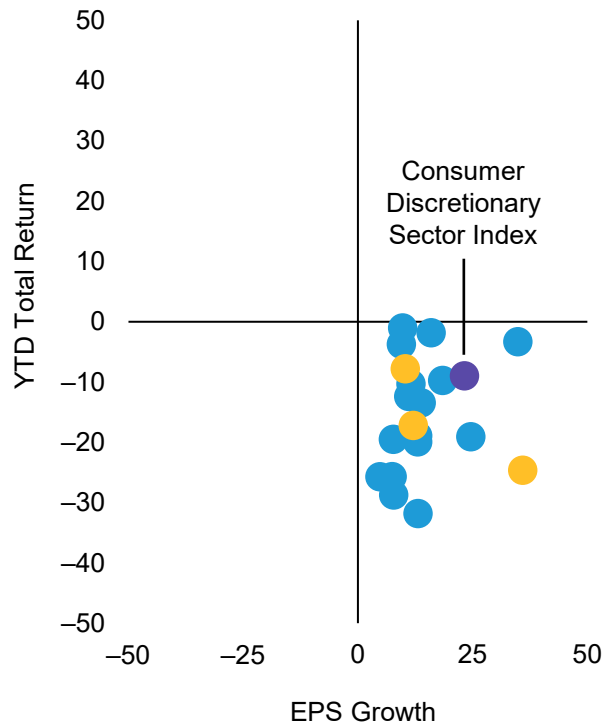
High free-cash-flow (FCF) yield: last 12 months cash flow from operations less than three-year average CAPEX to market cap; high book value/price: stockholder's equity minus preferred stock divided by market cap

Left display through March 31, 2022; middle display as of March 31, 2022; right display as of March 1, 2022

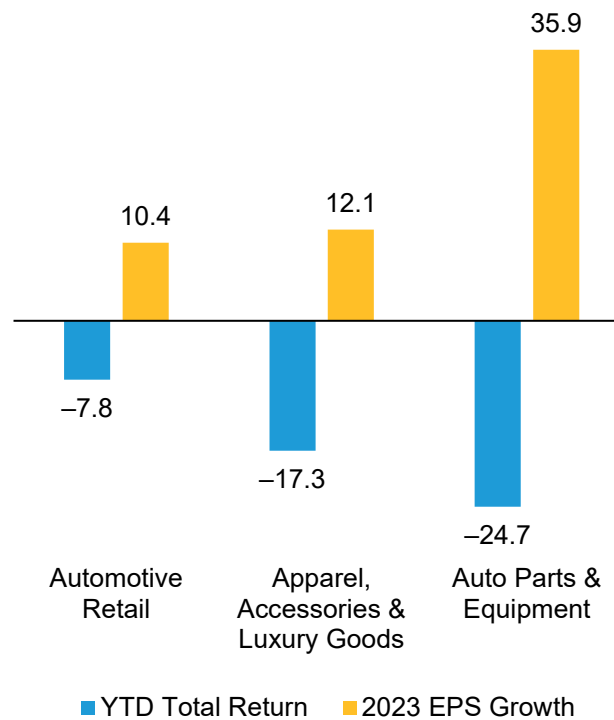
Source: Bloomberg, FactSet, FTSE Russell, MSCI, S&P and AB

Areas of Focus for Value Equities

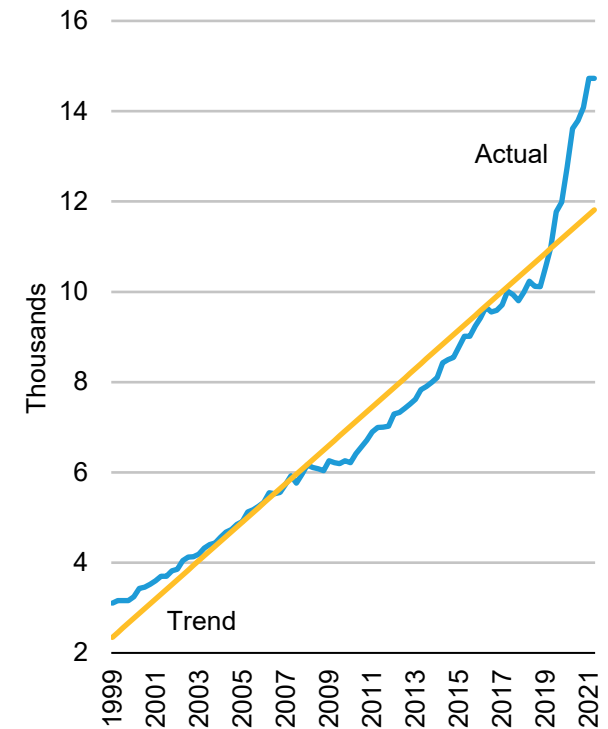
Consumer Discretionary Stocks Were Out of Favor Across the Industry



The Breadth of the Sector Allows for Vast Stock Selection Opportunities



Total Liquid Assets vs. Trend: A Favorable Backdrop for Consumers



Based on consensus estimates. Left display not shown are casinos and gaming, and hotels, resorts and cruise lines. As of March 31, 2022

Source: Bloomberg, Refinitiv, S&P, Strategas Research Partners and AB

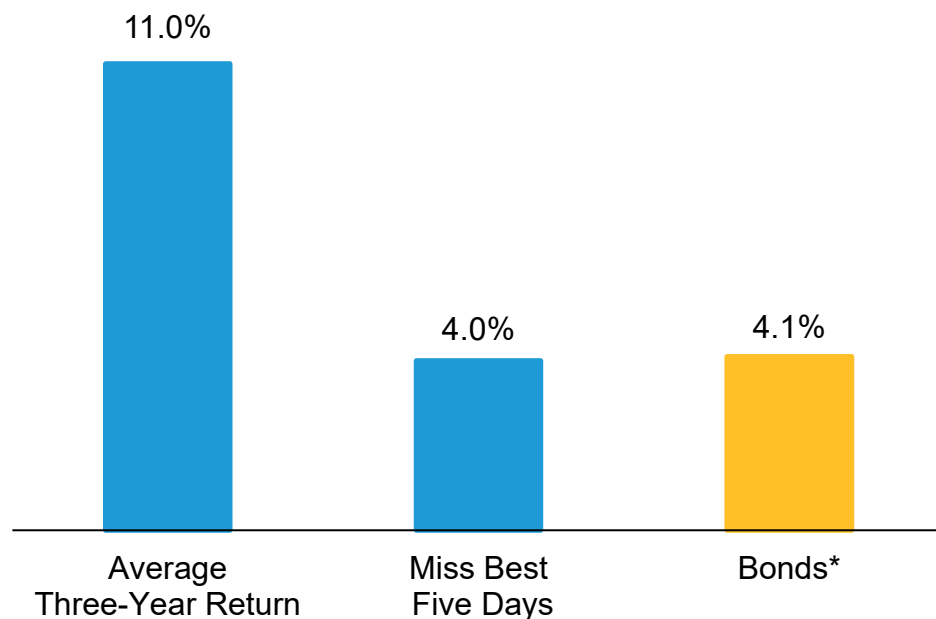


Timing the Market Means Getting Out and Getting Back In

Timing the market vs. time in the market

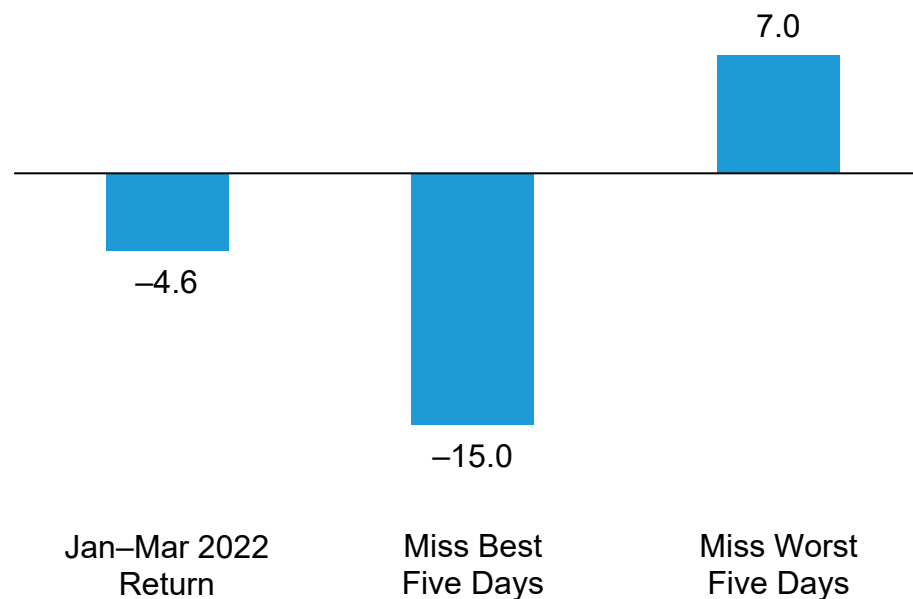
S&P 500 Rolling Three-Year Returns

Annualized (1988–2021)



The Cost of Missing Out

S&P 500 return in 2022 (percent)



Past performance is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.

*Bonds represented by annualized return of the Lipper Short/Intermediate Municipal Bond Fund Average from January 1988 through December 2021

Left display as of December 31, 2021; right display as of March 31, 2022

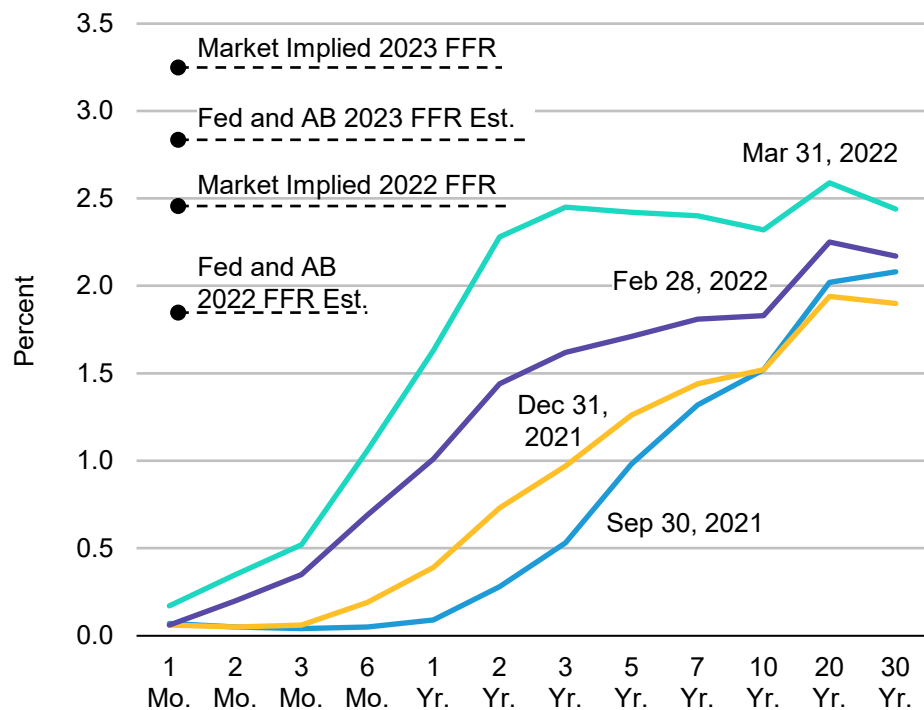
Source: Bloomberg, Lipper, S&P and AB



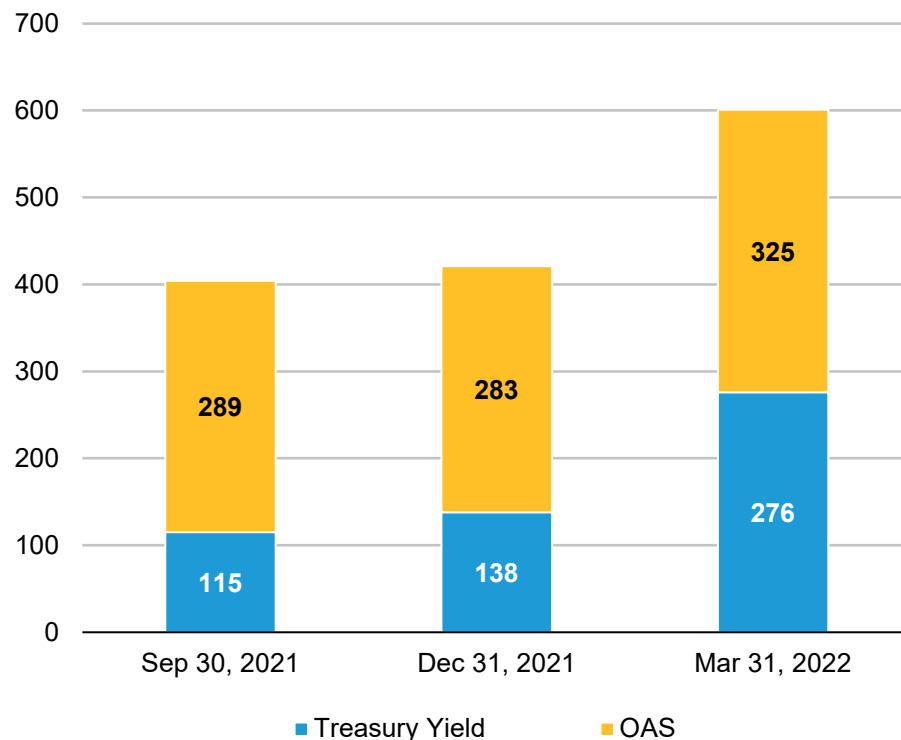
Taxable Fixed

Pace of Rising Yields Accelerated in March as Geopolitical Concerns Grew

Belly of the Curve Saw the Greatest Rise



High-Yield YTW Surges on Back of Rising Rates and Widening Spreads



Historical analysis does not guarantee future results.

YTW: yield to worst

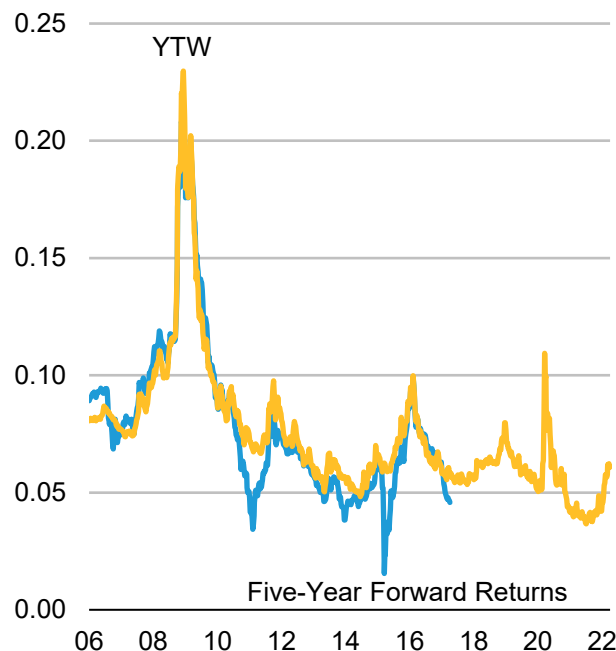
As of March 31, 2022

Source: Bloomberg and AB

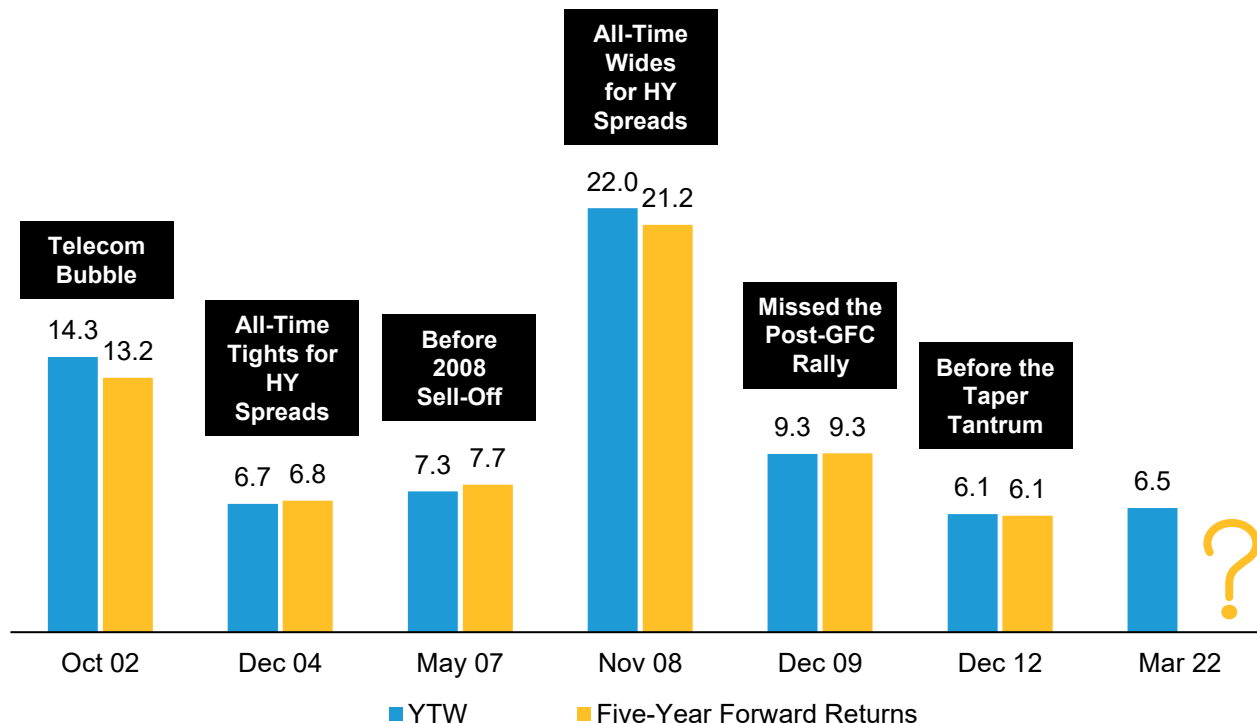


Elevated Yields Suggest Attractive Forward Five-Year Returns...

Starting YTW vs. Forward Five-Year Annualized Returns (Percent)



If You Invested During the...



Past performance and historical analysis do not guarantee future results.

HY: high-yield; GFC: global financial crisis

Left display YTW and returns represent Bloomberg US Corporate High Yield; right display YTW and returns represent Bloomberg Global Corporate High Yield (USD Hedged).

As of March 31, 2022

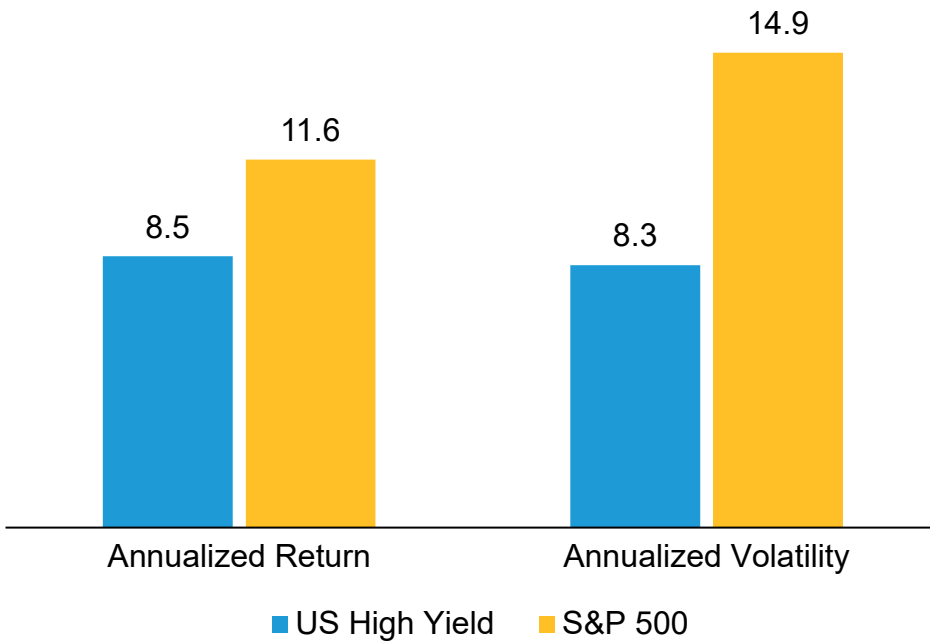
Source: Bloomberg and AB



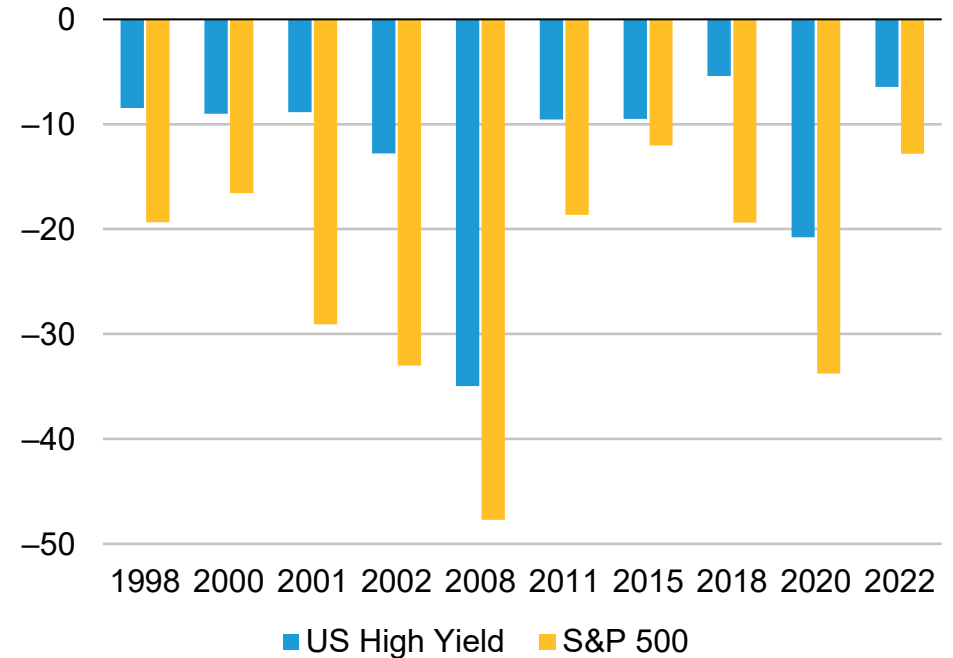
...and Offer an Opportunity to De-Risk Equities

Over time, high-yield bonds could generate equity-like returns with half the risk

Historical Returns and Volatility
July 1983–March 2022 (percent)



When HY Draws Down ~5%, Equities Draw Down More
Calendar year max. drawdown (percent)



Past performance and historical analysis do not guarantee future results. Individuals cannot invest directly in an index.

US high yield is represented by Bloomberg US Corporate High Yield.

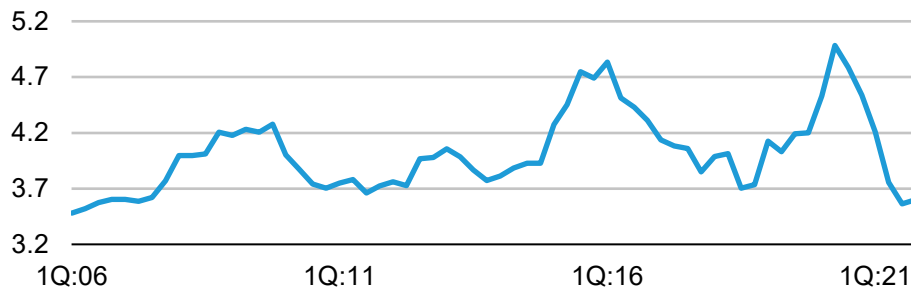
As of March 31, 2022

Source: Bloomberg, S&P and AB

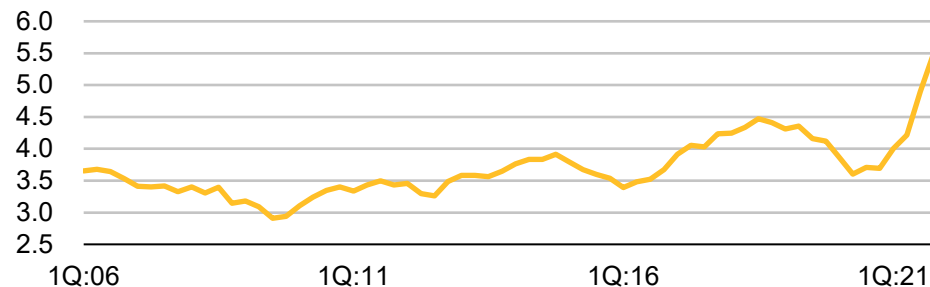


US High Yield Fundamentals Are Expected to Remain Robust

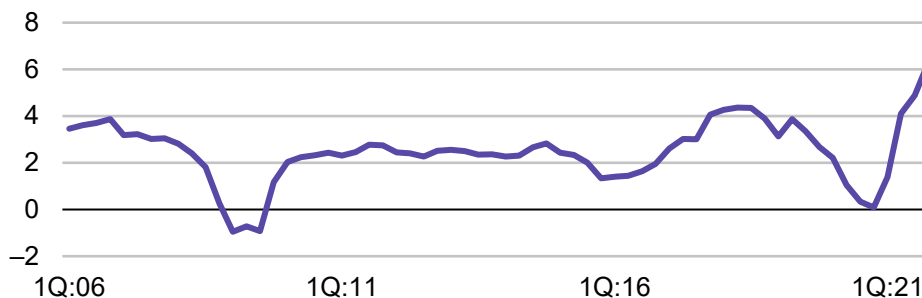
Net Leverage (Debt/EBITDA)



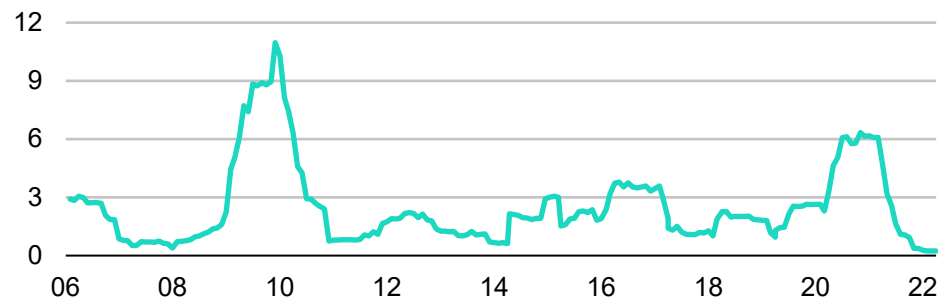
Interest Coverage (EBITDA/Interest)



Net Income Margin (Percent)



Default Rates (Percent)



Historical and current analyses do not guarantee future results.

Ex financials. Data represent ~70% of ex financials US High Yield in market value. Metrics data are calculated using median.

As of March 31, 2022

Source: Morgan Stanley, S&P Compustat and AB



Taxable Overview: Relative Opportunities Exist

High Yield

Overview

- High Yield can serve as a surrogate to equities
- Current yields are largely compensating you for volatility rather than default risk. When volatility declines, the market will rally
- HY does well in general when rates move higher, but there are often pockets of the market that perform very poorly in this environment

Positioning

- Reducing more cyclical credits and adding more defensive credits
- Adding BBs in the new issue market, reducing CCC exposure
- Having reduced energy exposure as valuations are less compelling

Investment Grade

Overview

- Uncertain macro backdrop gives cause for concern, though strong corporate fundamentals should assuage worries
- Balanced technical backdrop and valuations limit spread compression
- Recent macro volatility may impact corporate funding ambitions and reinforce balance sheet policy discipline, providing a near-term tailwind

Positioning

- Favor the belly of the curve in the US positioning for carry-over compression; flat credit curves in Europe warrant short exposure
- Maintain risk in lower-quality credit; selectivity is key amid expected dispersion in outcomes
 - BBB spreads offer further room for compression

Securitized

CRTs (Credit Risk–Transfer Securities)

- Floating-rate securities should benefit from higher coupons as the Fed hikes
- Exposure to the strong housing market, which benefits from strong technicals and fundamentals

Commercial Mortgage-Backed Securities (CMBX.6)

- Loss-adjusted yields point to expected returns in mid-single digits to mid-teens
- CMBX.6 has been benefiting from the reopening of the US economy, which is supportive of sectors like retail and lodging. Strong recent performance

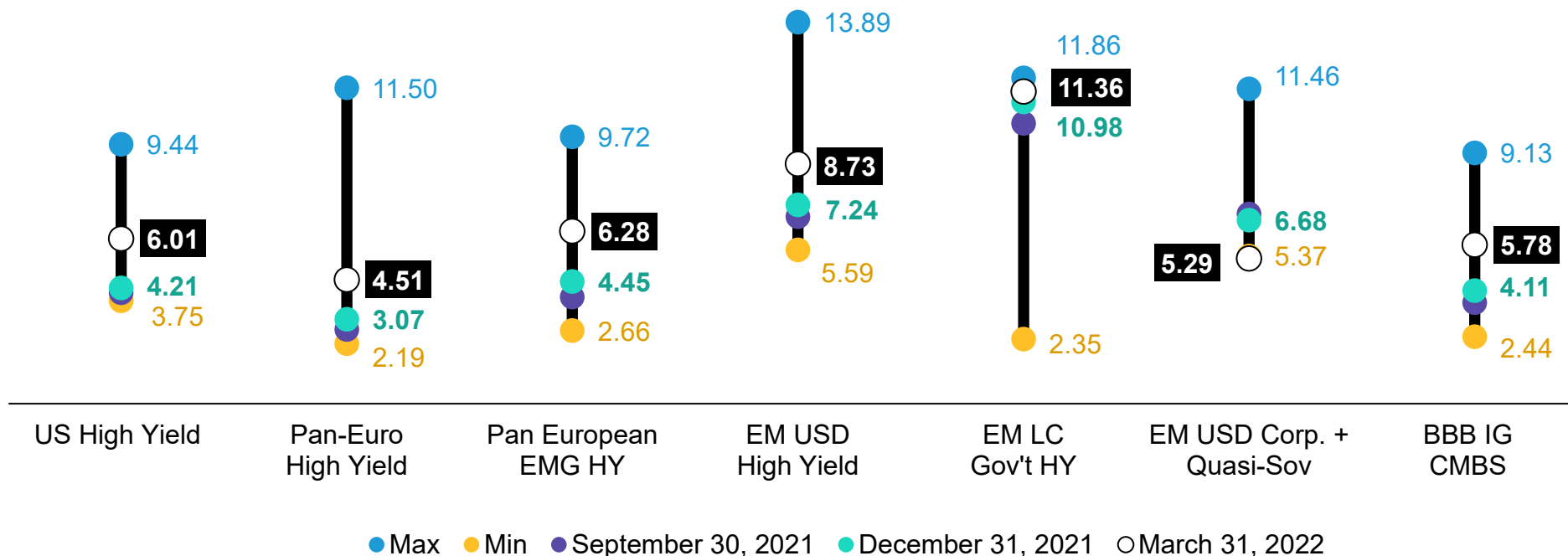
Collateralized Loan Obligations (CLOs)

- Very attractive spread pick up over similarly rated corporates
- Strong fundamentals of the underlying loans and strong structure

Yields Globally Have Risen Off Lows as Volatility Has Increased

10-Year Yield-to-Worst Range

October 2011–March 2022



Past performance does not guarantee future results.

EMG: emerging; EM: emerging markets; USD: US dollar; LC: local currency; IG: investment-grade; CMBS: commercial mortgage-backed securities

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

As of March 31, 2022

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	Mar 31, 2022	Sep 30, 2021	Mar 31, 2022	Sep 30, 2021
Percent Market Weight	50.0%	5.0%	15.0%	10.0%	7.5%	5.0%	7.5%	100%	100%	100%	100%
YTW (Percent)	6.5	3.9	8.7	8.3	11.4	6.3	5.8	7.2	5.5	6.0	4.0
OAS (b.p.)	428	142	632	586	121	606	329	439	402	325	289
Credit Quality	B+	BBB	B	BB/B	B	B-	BBB	Ba/B	Ba/B	Ba/B	Ba/B
Duration (Years)	4.3	8.6	5.6	4.6	4.3	0.2	4.5	4.6	4.6	3.9	4.0

Date	Starting YTW US HY	1-Year Forward Returns	5-Year Forward Returns
5/31/06	8.3%	13.2%	10.4%
7/31/07	9.1%	0.0%	11.7%
1/29/10	9.0%	16.1%	8.4%
6/30/11	7.3%	7.3%	8.2%
5/31/12	7.9%	14.4%	7.7%
11/30/15	8.0%	12.1%	9.0%
10/31/18	6.9%	8.5%	—
3/31/20	9.4%	23.9%	—
3/31/22	6.0%	—	—

Past performance does not guarantee future results.

EM: emerging markets; HC: hard currency; LC: local currency; CRTs: credit-risk transfers; CMBS: commercial mortgage-backed loans. 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 BBB Investment-Grade Corporates; EM HC Sov: 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 indices were used for the hypothetical portfolio characteristics.

As of March 31, 2022. Source: Bloomberg and AB

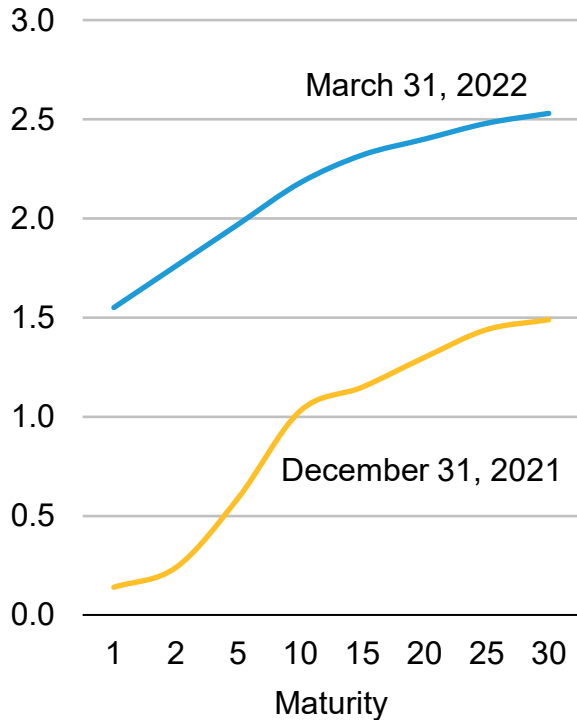


Municipals

Muni Yields Jumped and the Curve Flattened in 1Q

The municipal curve still upward sloping, but outflows magnified yield moves and volatility

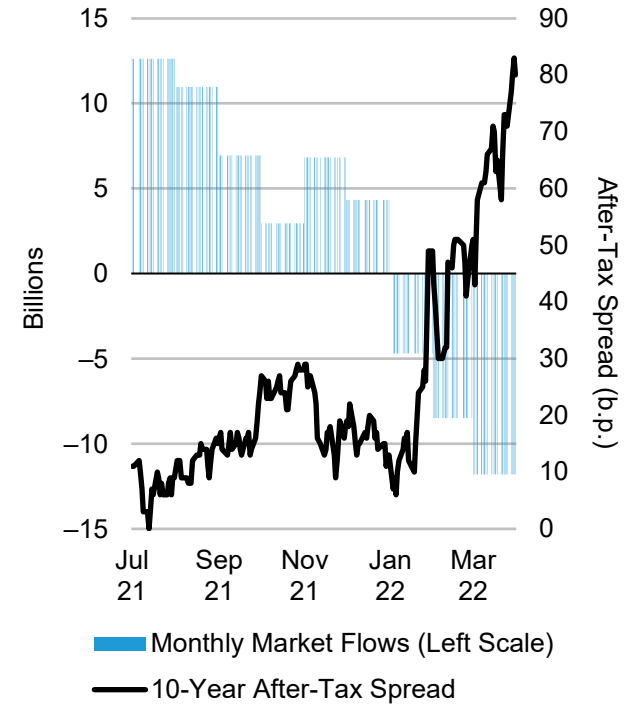
AAA Municipal Yields
Percent



10Y/2Y AAA Municipal Spread
Basis points



Reverse Thrust: Municipal Outflows Arrive Alongside Yields in 2022



Past performance does not guarantee future results.

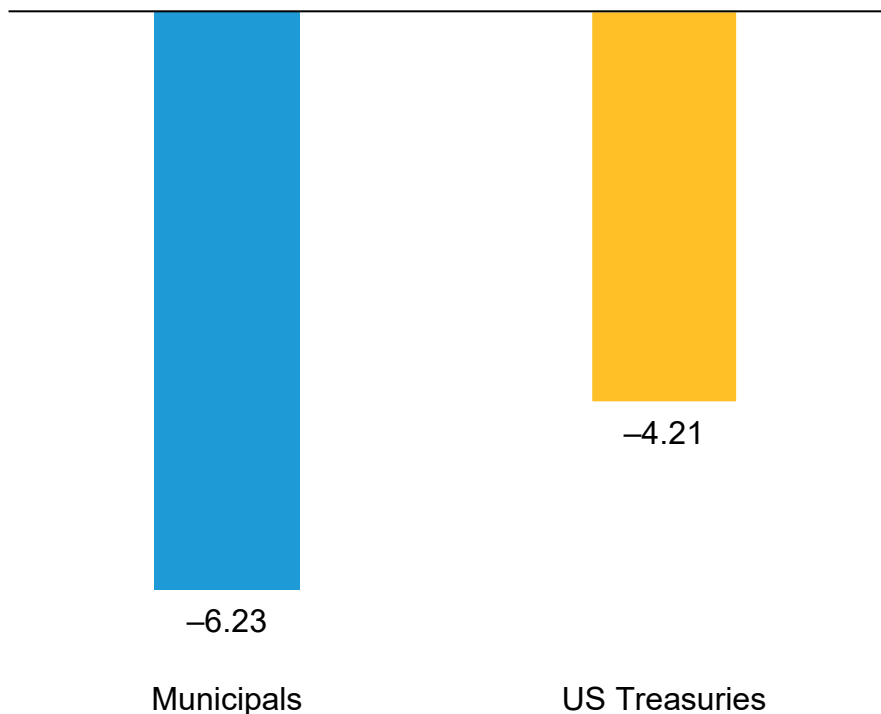
As of March 31, 2022

Source: Bloomberg, Municipal Market Data and AB



Good News/Bad News: Meaningful 1Q Underperformance Produced Significant Increases in Relative Yields

Municipal Outflows Contributed to First Quarter Underperformance (Percent)...



...Driving Big Jumps in Relative After-Tax Yields

AAA Muni vs. UST After-Tax Spreads (Basis Points)			
Maturity	Dec 31, 2021	Mar 31, 2022	LT Avg.*
2Y	-19	37	16
5Y	-15	50	23
10Y	14	81	53
15Y	20	95	76
20Y	18	84	85
30Y	37	108	93

AAA Muni vs. UST Pre-Tax Ratios			
Maturity	Dec 31, 2021	Mar 31, 2022	LT Avg.*
2Y	33%	75%	83%
5Y	47%	79%	77%
10Y	69%	95%	89%
15Y	72%	100%	97%
20Y	69%	91%	97%
30Y	79%	103%	97%

Past performance does not guarantee future results.

*Long-term average is the five-year average.

As of March 31, 2022

Source: Bloomberg, Morningstar, Municipal Market Data and AB

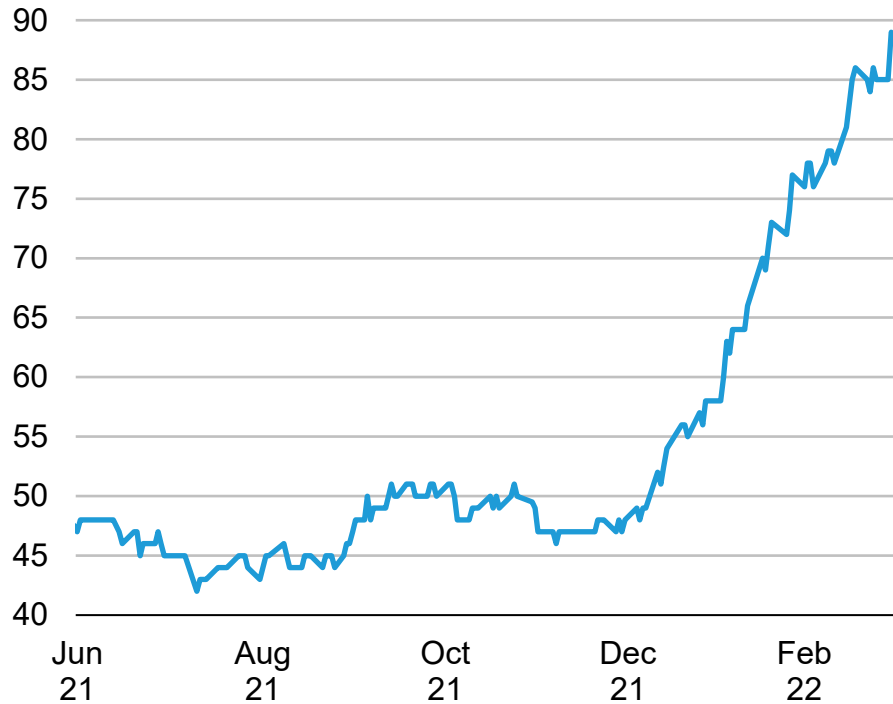


Municipal Credit Spreads Widened After Reaching Tights Last Year

Despite strong fundamentals, municipal credit underperformed

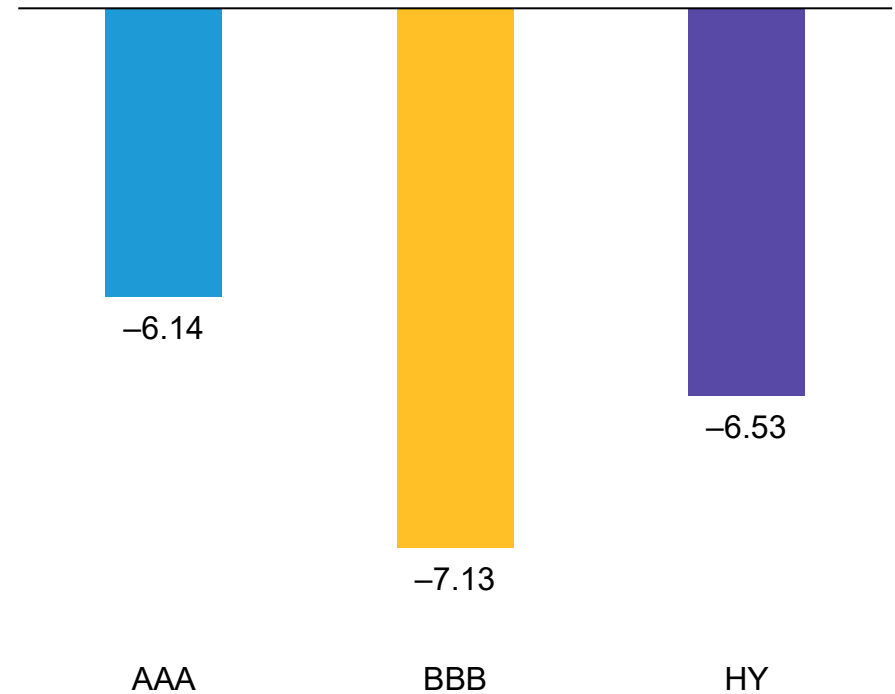
BBB Muni Credit Spreads

Basis points



1Q Returns by Credit Quality

Percent



Current analysis does not guarantee future results.

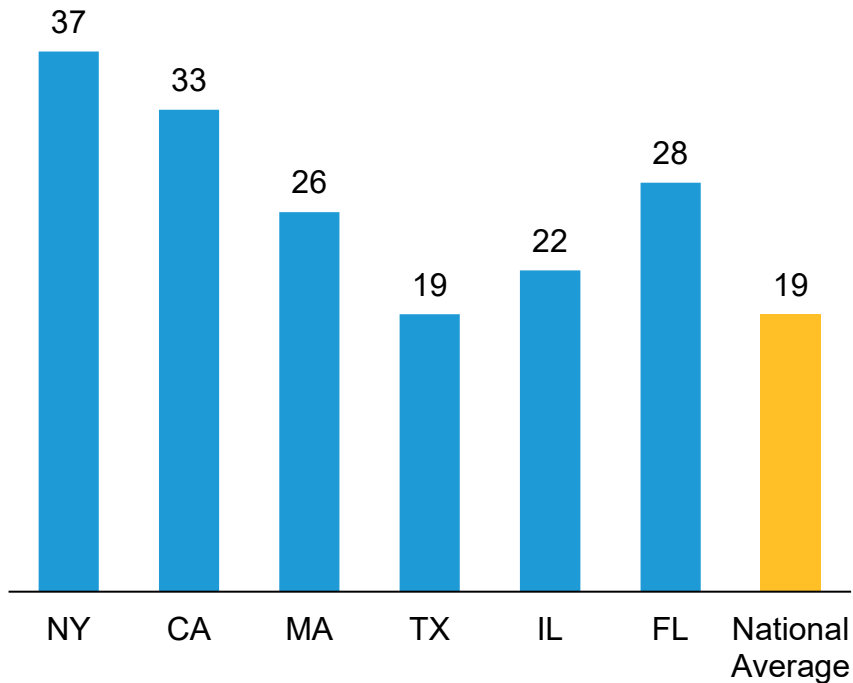
As of March 31, 2022

Source: Bloomberg, Municipal Market Data and AB

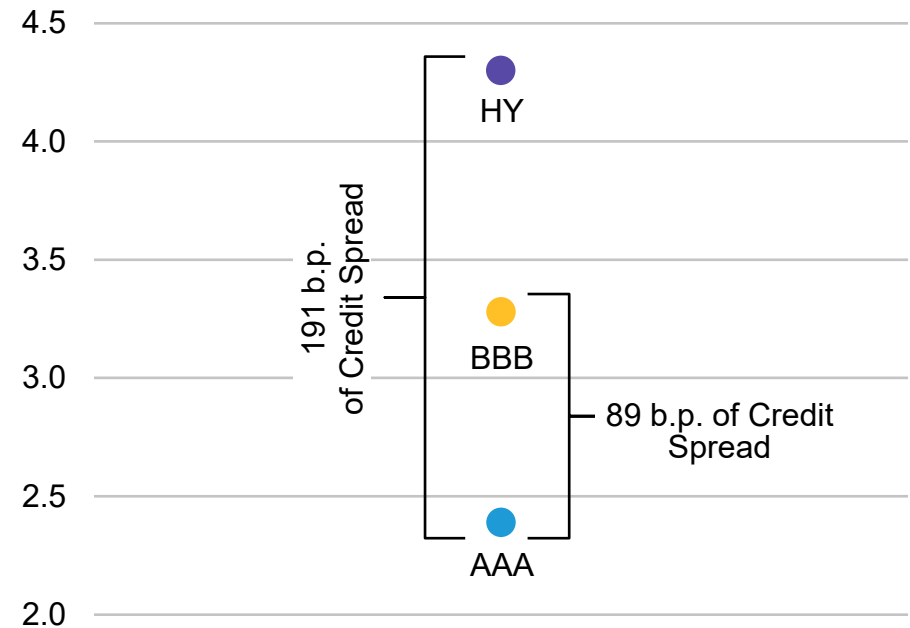


Good News/Bad News Pt. 2: Technically Driven Spread-Widening Typically Presents an Opportunity

2021 Tax Receipt Collections Change vs. 2020 (Percent)



Relative Muni Credit Carry Is Attractive YTW (percent)



Current analysis does not guarantee future results. There is no guarantee any investment objective will be achieved.

Muni Credit Blend is blend of Bloomberg Muni Credit indices. Construct is 55% High Grade, 15% A, 15% BBB and 15% High Yield.

Through March 31, 2022

Source: Bloomberg and AB

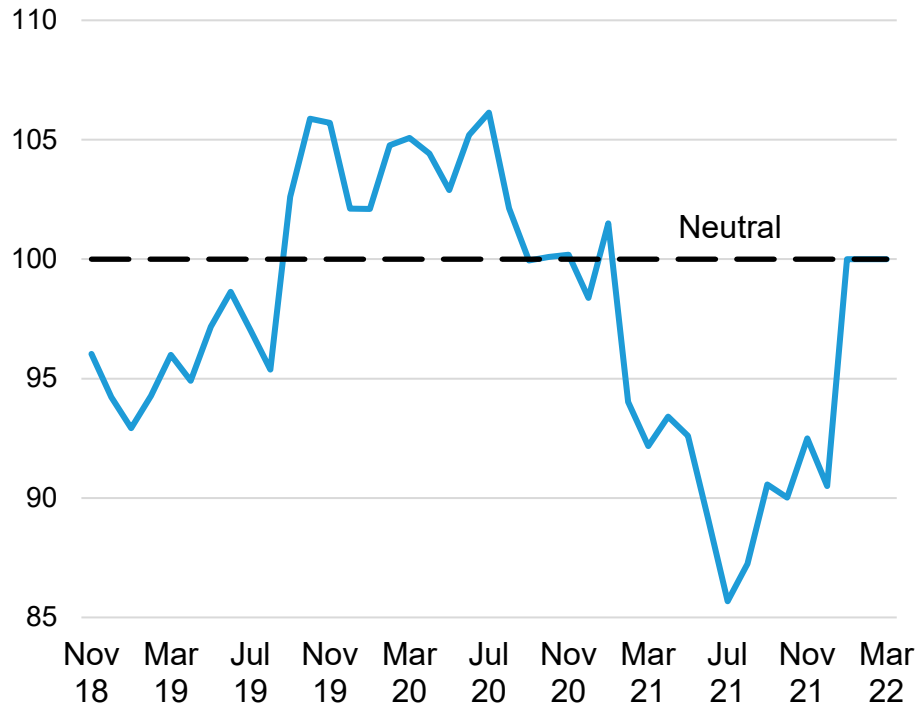


Thoughts on Risk Target Positioning Post-First Quarter Sell-Off

Increase allocation to credit, but be selective as volatility is likely to persist

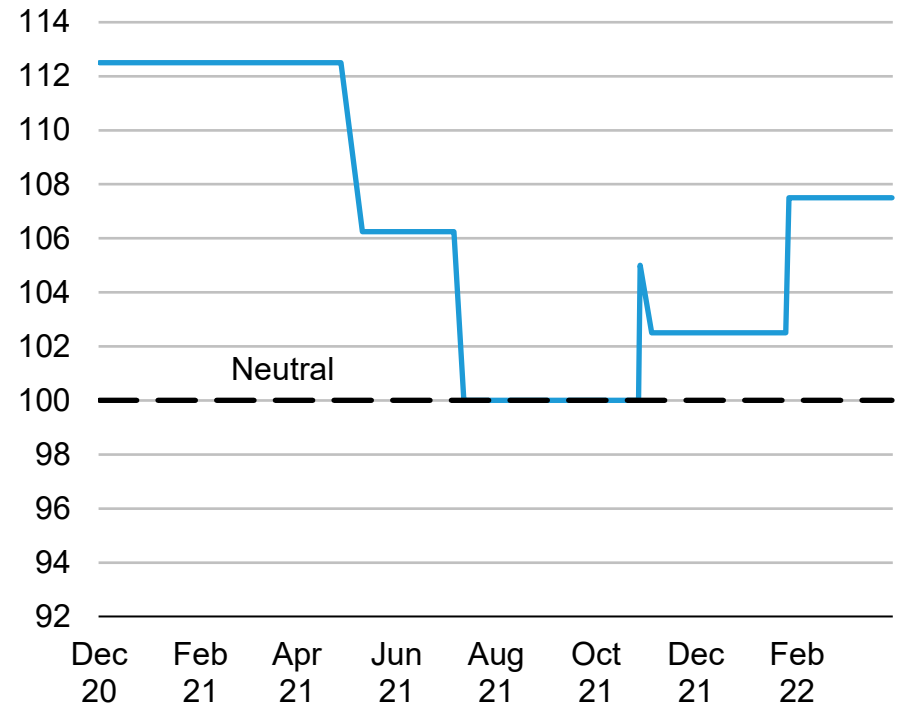
Duration Ratio vs. Benchmark

Percent



Target Credit Risk vs. Benchmark

Percent



Current analysis does not guarantee future results. There is no guarantee any investment objective will be achieved.

Muni Credit Blend is blend of Bloomberg Muni Credit indices. Construct is 55% High Grade, 15% A, 15% BBB and 15% High Yield.

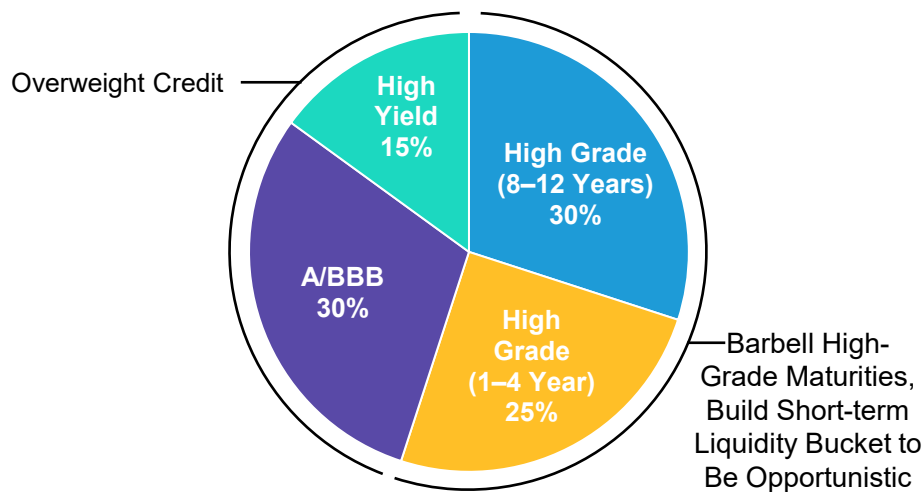
As of March 31, 2022

Source: Bloomberg and AB

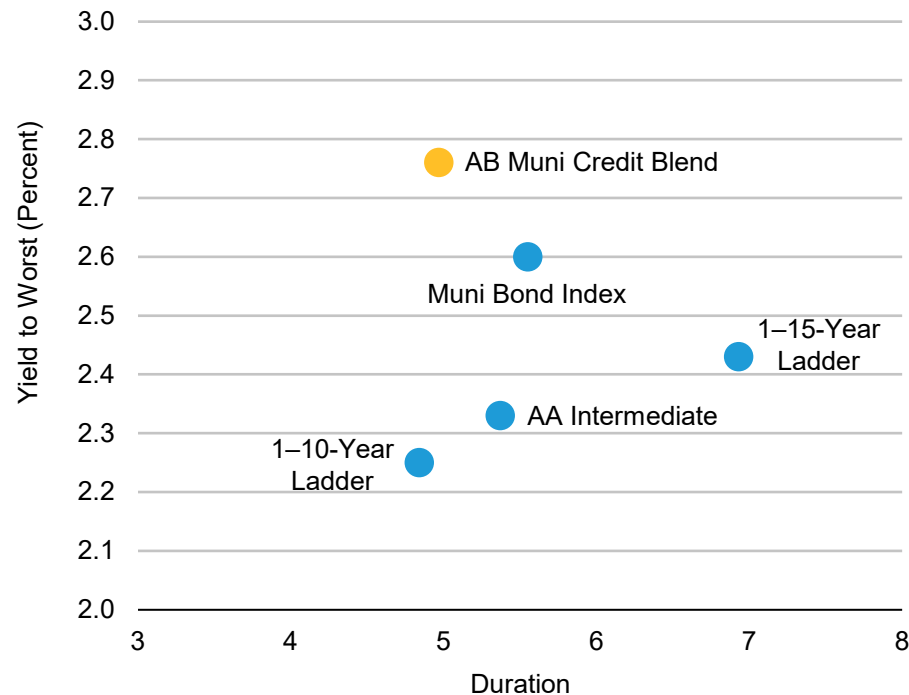


Portfolio Structure Suggested Weightings Unchanged from Last Quarter...but with a Significant Jump in the Cumulative Yield

Portfolio Construction for Today's Environment



Bond Ladders Fall Short



Current analysis does not guarantee future results. There is no guarantee any investment objective will be achieved.

Muni Credit Blend is blend of Bloomberg Muni Credit indices. Construct is 55% High Grade, 15% A, 15% BBB and 15% High Yield.

As of March 31, 2022

Source: Bloomberg and AB



Appendix

Global Forecast Overview

Key Assumptions

- **Geopolitical:** The war in Ukraine is likely to keep commodity prices elevated for some time to come
- **COVID-19:** Caseloads may wax and wane, but we do not expect widespread economic disruption
- **Fiscal policy:** European fiscal policy may mitigate some downside risk from the war
- **Monetary policy:** Rates will move higher and faster than previously anticipated

Central Narrative

- **Global growth:** Challenged consumers will have to allocate more money to commodity-based essential goods and reduce discretionary spending
- **Inflation:** Rising commodity prices will push inflation higher and keep it there for longer
- **Yields:** Tighter monetary policy will push yields up and flatten yield curves
- **USD:** Stronger for now, as the Fed pulls ahead of other central banks in policy tightening

Key Risks

Key Upside Risks

- A timely resolution to the Ukraine war could provide relief through lower commodity prices
- Fiscal authorities could provide significant relief to consumers struggling with higher energy prices

Key Downside Risks

- A protracted military conflict could dampen sentiment throughout Europe and beyond
- Inflation expectations could de-anchor, forcing very aggressive monetary-policy tightening

Past performance and current analysis do not guarantee future results.

As of March 31, 2022

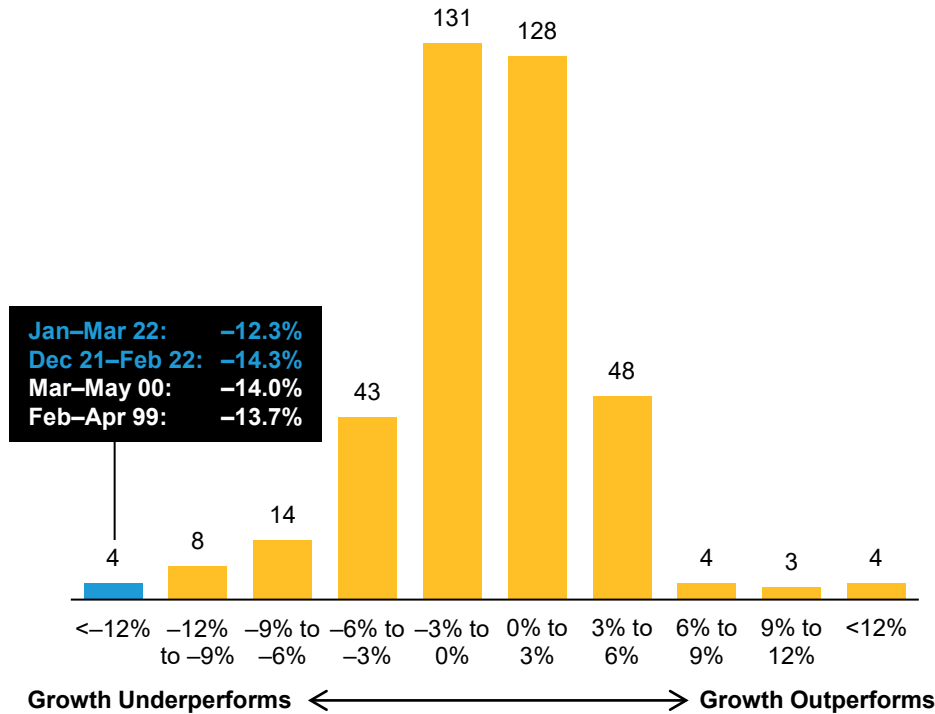
Source: AB



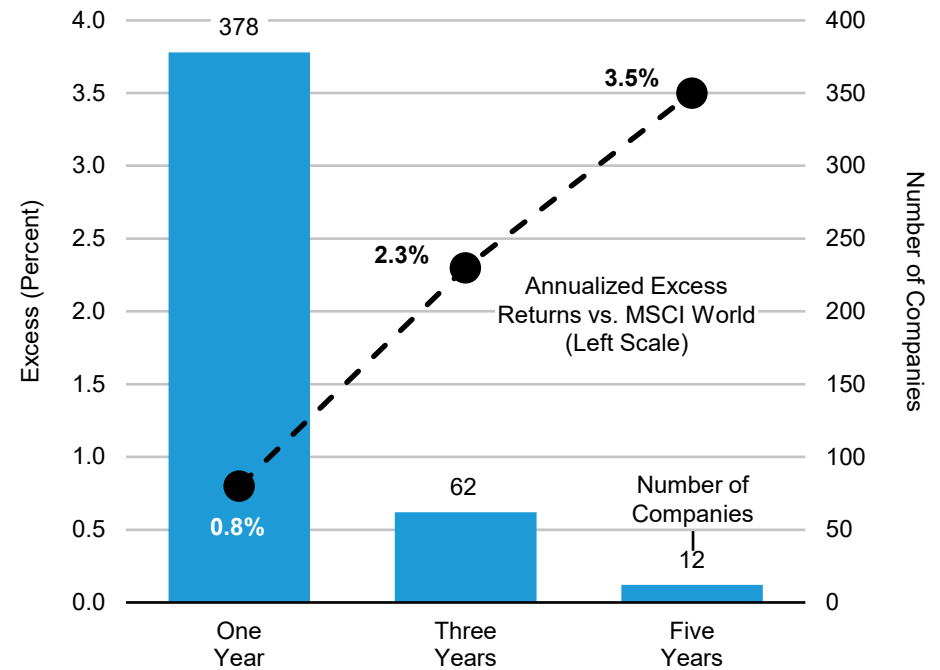
Growth Stocks Experienced Extreme and Unusual Underperformance

December 2021–February 2022 was the worst three-month period of growth underperformance in more than 30 years: –14.3%

EAFE Growth vs. Value Indices: Three-Month Rolling Performance Differential (Since 1990)



Companies Persisting with $\geq 10\%$ YoY Earnings Growth
Top 1,000 global companies (1989–2021)



Performance does not guarantee future results.

YoY: year-over-year

Based on MSCI EAFE Growth Index and MSCI EAFE Value Index

Left display through March 31, 2022; right display through December 31, 2021

Source: MSCI and AB

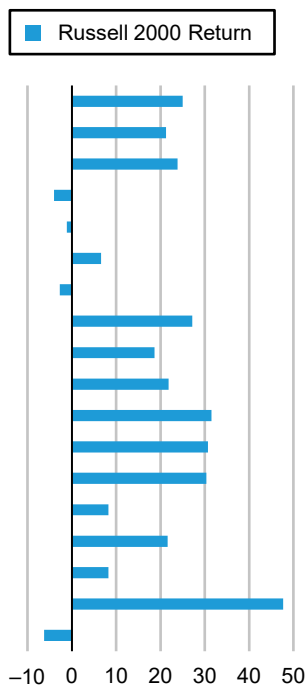
Further Small-Cap Upside Expected, but Be Discerningly Active

Currently favoring more economically sensitive versus defensive sectors

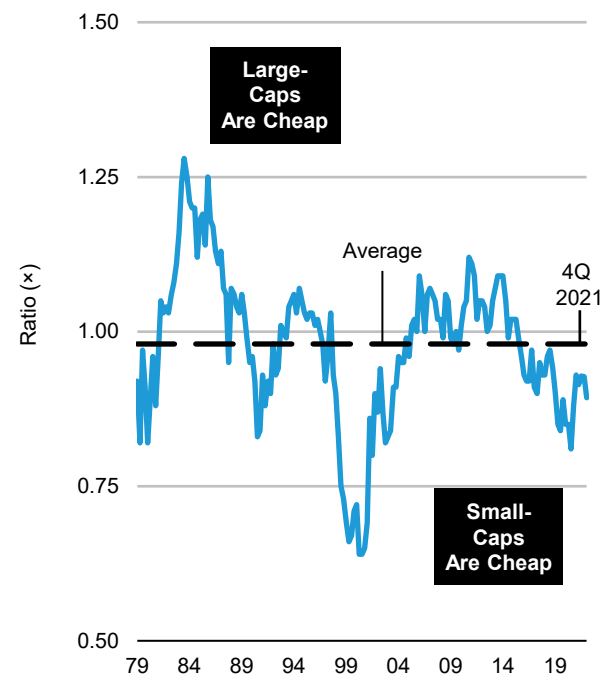
Historically, Small-Caps Have Generated Positive Returns in Rising Rate Environments...

Change in US Treasury Yields (Percentage Points)*

Oct 82–Jun 84	3.1
Aug 86–Sep 87	2.7
Feb 88–Feb 89	1.1
Jul 89–Apr 90	1.2
Sep 93–Nov 94	2.5
Dec 95–Aug 96	1.4
Nov 96–Mar 97	0.9
Sep 98–Jan 00	2.2
Oct 01–Mar 02	1.2
Sep 02–Jun 06	1.5
Dec 08–Dec 09	1.6
Aug 10–Mar 11	1.0
Jul 12–Dec 13	1.6
Feb 15–Jun 15	0.9
Jul 16–Mar 17	1.0
Sep 17–Feb 18	0.9
Mar 20–Mar 21	1.2
Aug 21–?	1.1



...and Remain Attractive Relative to Large-Cap Stocks Russell 2000 vs. Russell 1000



Maintain an Even Measure Between Small/SMID Value and Growth Styles

Favored Value Sectors:
Consumer Discretionary,
Industrials, Technology

Favored Growth Sectors:
Financials, Technology,
Industrials

Focus on:
Value with a Catalyst (V)
Strong Free Cash Flow (V)
Unrecognized Growth Potential (G)
Positive Earnings Revisions (G)

Historical analysis and current forecasts do not guarantee future results.

*Total percentage-point change in nominal 10-year US Treasury bond yield
Left and right displays as of March 31, 2022; middle display through February 28, 2022
Source: FactSet, FTSE Russell and AB

Geopolitical Events Only Rarely Have a Lasting Market Impact

Select geopolitical events since 1970 and S&P 500 returns (percent)

Event	First Trading Day	1 Week	1 Month	1 Quarter	1 Year
Watergate	6/19/1972	-0.1	-1.4	0.4	-3.0
Yom Kippur War*	10/8/1973	1.4	-3.9	-10.0	-43.2
Three Mile Island Accident	3/28/1979	-0.1	-0.7	-0.2	-4.2
Iran Hostage Crisis*	11/5/1979	-1.0	3.6	12.3	24.3
Reagan Assassination Attempt*	3/30/1981	0.6	0.6	-1.6	-16.9
Challenger Space Shuttle	1/28/1986	3.2	9.3	16.8	32.0
Iran-Contra Affair	11/3/1986	0.7	2.1	12.3	3.2
Iraq Invades Kuwait*	8/2/1990	-4.7	-8.9	-12.8	12.8
Desert Storm/First Gulf War*	1/17/1991	4.5	17.2	23.6	36.6
LA Riots	4/29/1992	2.0	2.3	2.8	10.2
WTC Bombing (1993)	2/26/1993	1.2	2.1	2.2	8.3
Oklahoma City Bombing	4/19/1995	1.4	3.1	11.3	30.5
Centennial Olympic Park Bombing	7/29/1996	4.3	4.6	10.8	50.6
Kenya/Tanzania Embassy Bombings	8/7/1998	-1.3	-0.5	5.1	21.0
USS Cole Bombing*	10/12/2000	-1.6	0.2	-2.5	-18.5
Bush-Gore Hanging Chad*	11/7/2000	-5.6	-5.5	-5.3	-20.9
9/11*	9/17/2001	-4.9	-0.9	4.7	-15.5
War in Afghanistan*	10/8/2001	1.9	3.0	9.8	-24.2
SARS†	2/11/2003	-0.1	-3.2	12.2	39.5
Second Gulf War	3/20/2003	-0.5	2.4	14.3	29.2

Key Takeaway: Stocks have generally shrugged off geopolitical events, as they rarely have a lasting impact on the business cycle.

Event	First Trading Day	1 Week	1 Month	1 Quarter	1 Year
Madrid Train Bombings	3/11/2004	0.0	1.5	1.5	9.5
Orange Revolution-Ukraine	11/22/2004	1.1	2.2	3.1	8.6
Asian Tsunami	12/27/2004	0.3	-3.4	-2.7	6.8
London Bombings	7/7/2005	2.4	2.7	0.2	8.6
Hurricane Katrina	8/29/2005	1.1	1.0	5.7	9.5
Arab Spring	12/17/2010	1.2	4.2	1.6	0.2
Hurricane Sandy	10/29/2012	1.1	-0.0	7.0	27.3
Boston Marathon Bombing	4/15/2013	-2.1	3.0	6.3	16.7
Russia/Ukraine/Crimea	2/27/2014	1.6	0.5	3.5	16.8
Greek Referendum	11/5/2015	-1.2	-0.3	-8.4	1.4
Brexit	6/24/2016	-0.7	3.1	3.0	17.8
Trump Surprise Election Win	11/8/2016	1.6	5.4	8.1	24.0
Hurricane Harvey/Irma/Maria	8/25/2017	1.4	2.8	7.2	20.2
US-China Trade War‡	1/22/2018	2.2	-2.6	-3.7	-3.1
Coronavirus Outbreak	2/19/2020	-7.1	-28.7	-13.3	15.9

Summary	1 Week	1 Month	1 Quarter	1 Year
Average	0.1	0.2	4.1	9.3
% of Events Negative	40	37	29	29
Conflict/War Avg.	0.7	1.7	4.7	4.7
Terrorism Avg.	-0.1	0.7	4.4	12.4
Political Avg.	-0.2	1.1	2.4	5.3
Environmental Avg.	0.8	-0.1	3.4	11.9
Social Avg.	-0.5	-3.9	7.6	16.2

Historical analysis does not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.

*Denotes the geopolitical event occurred during a recession or six months prior to the start of a recession. †Date that China officially notified the WHO of the outbreak. ‡Tariffs on imports of solar panels and washing machines imposed

As of September 30, 2021. Source: FactSet, National Bureau of Economic Research, S&P, World Health Organization and AB

As Expansion Leads to Moderation, Seek Profitable Growth and Quality

	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		

For illustrative purposes only. Past performance does not guarantee future results.

Small-cap: market capitalization; cyclical value: book to price, forward earnings to price; quality: return on equity; growth/momentum: 12-month price momentum, year-over-year earnings growth; low volatility: low historical beta; defensive value: earnings to price, dividend yield. Cycles based on PMI. From January 1, 1991, through May 31, 2021. As of December 31, 2021

Source: Bloomberg, Center for Research in Security Prices (CRSP), Cornerstone Data, IHS Markit, Morningstar, MSCI, S&P Compustat, Thomson Reuters I/B/E/S and AB

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Hypothetical, back-tested or simulated performance has many inherent limitations only some of which are described herein. The hypothetical performance shown herein has been constructed with the benefit of hindsight and does not reflect the impact that certain economic and market factors might have had on the decision-making process. No hypothetical, back-tested or simulated performance can completely account for the impact of financial risk in actual performance. Therefore, it will invariably show better rates of return. The hypothetical performance results herein may not be realized in the actual management of accounts. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in constructing the hypothetical returns have been stated or fully considered. Assumption changes may have a material impact on the returns presented. This material is not representative of any particular client's experience. Investors should not assume that they will have an investment experience similar to the hypothetical, back-tested or simulated performance shown. There are frequently material differences between hypothetical, back-tested or simulated performance results and actual results subsequently achieved by any investment strategy. Prospective investors are encouraged to contact the representatives of the investment manager to discuss the methodologies (and assumptions) used to calculate the hypothetical performance shown herein.

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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 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 Municipal Bond Index:** A rules-based, market value-weighted index engineered for the long-term tax-exempt bond market. (Represents municipals on slide 1.)
- **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.)
- **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.

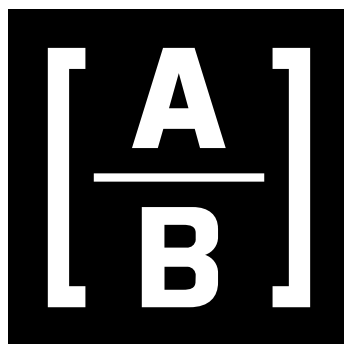
Index Definitions (cont.)

- **HFRI Equity Hedge Index:** Investment managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. Equity Hedge managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.
- **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.)
- **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. (Represents EAFE on slide 1.)
- **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 Europe ex UK Index:** Captures large- and mid-cap representation across 14 developed markets countries in Europe. With 345 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European developed markets, excluding the UK.
- **MSCI Japan Index:** Designed to measure the performance of the large- and mid-cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.
- **MSCI United Kingdom Index:** Designed to measure the performance of the large- and mid-cap segments of the UK market. With 97 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the UK.
- **MSCI World Index:** A market capitalization-weighted index that measures the performance of stock markets in 24 countries.
- **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. (Represents US small-cap on slide 1.)

Index Definitions (cont.)

- **S&P 500:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US large-cap on slide 1.)

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IMA-261640-2022-04-11 - '2Q22 CMO'