



ALLIANCEBERNSTEIN®

Capital Markets Outlook

Running Low on Participation Awards

Fourth Quarter 2021

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.

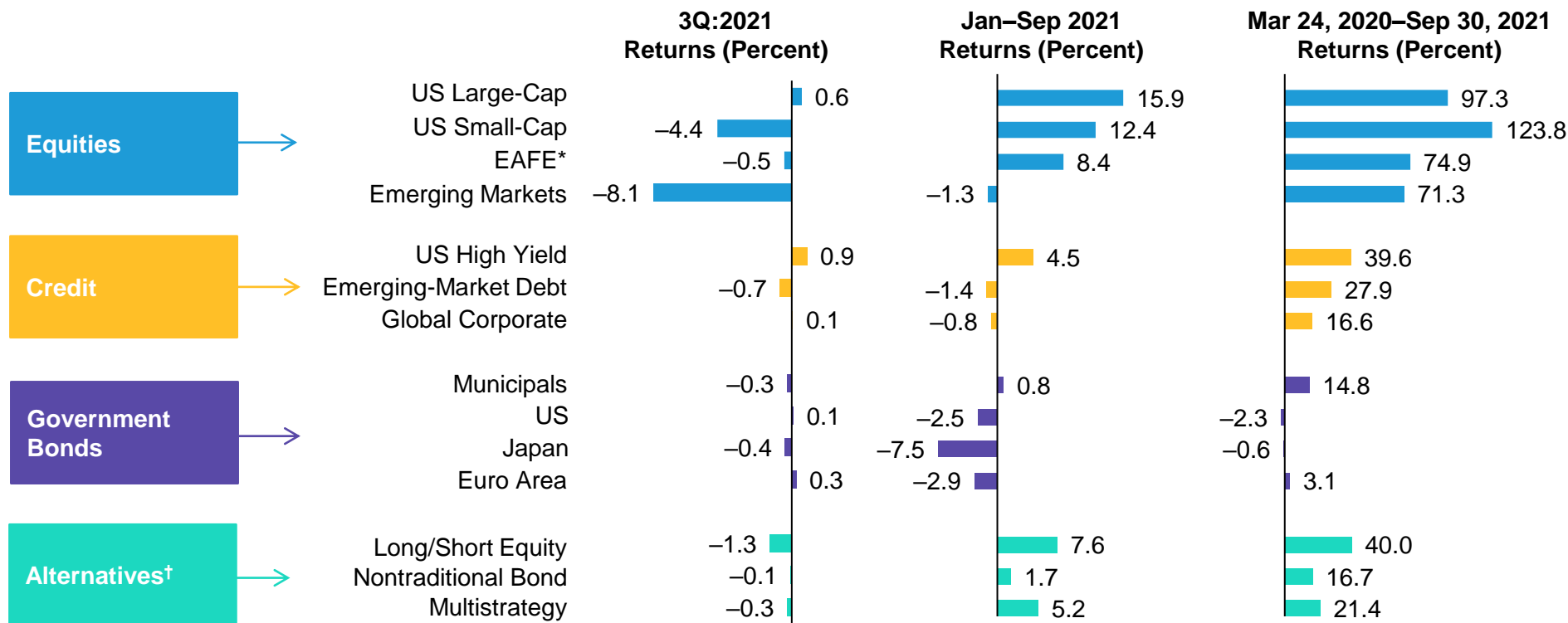
For investment professional use only. Not for inspection by, distribution or quotation to, the general public.

Investment Products Offered:

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

3Q 2021 Equity Returns Slow After Briefly Doubling from March 2020 Lows

Returns in US dollars



Past performance does not guarantee future results.

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.

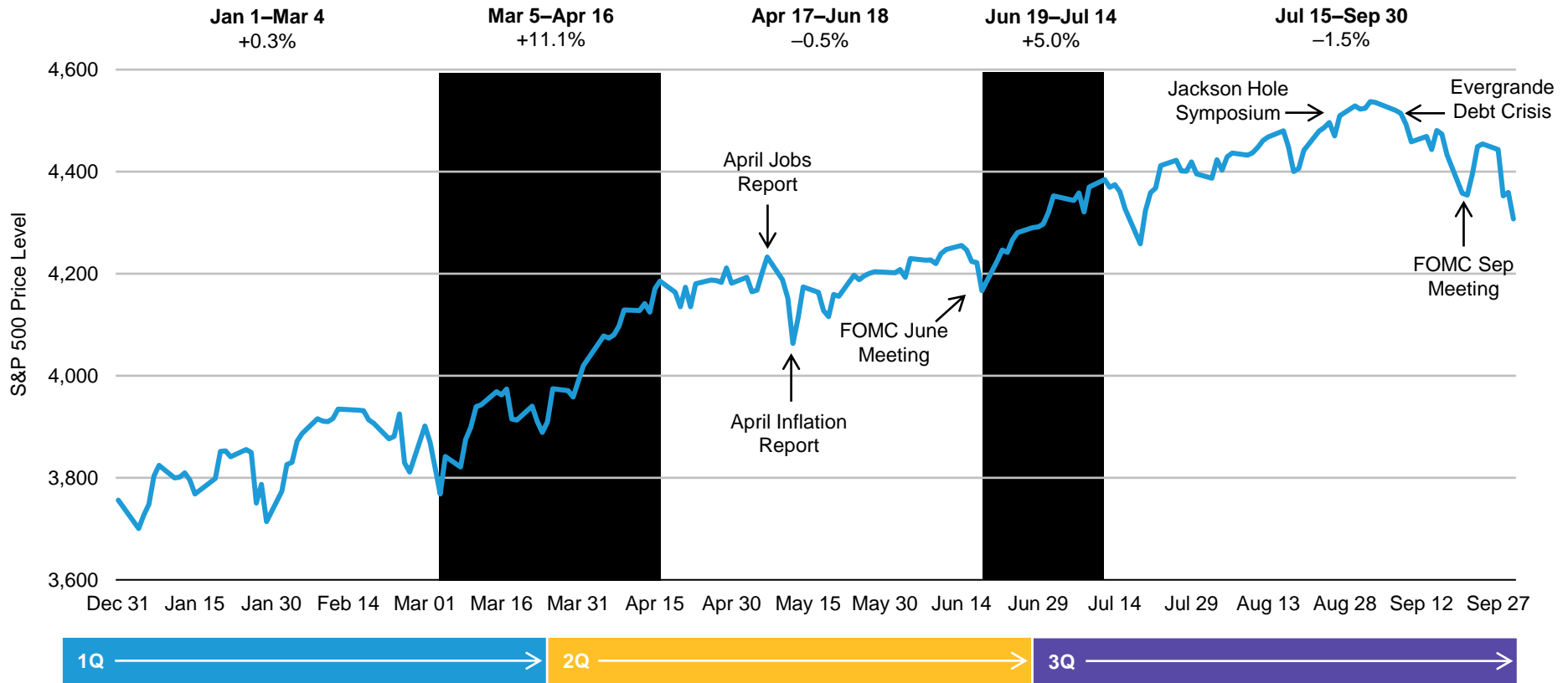
As of September 30, 2021

Source: Bloomberg, Morningstar Direct and AllianceBernstein (AB)



S&P Price Movement Underscores Market Questions/Concerns

Tapering on the near horizon and growth expected to slow: has all the good gettin' been gotten?



Historical analysis and current forecasts do not guarantee future results.

FOMC: Federal Open Market Committee; returns are price returns

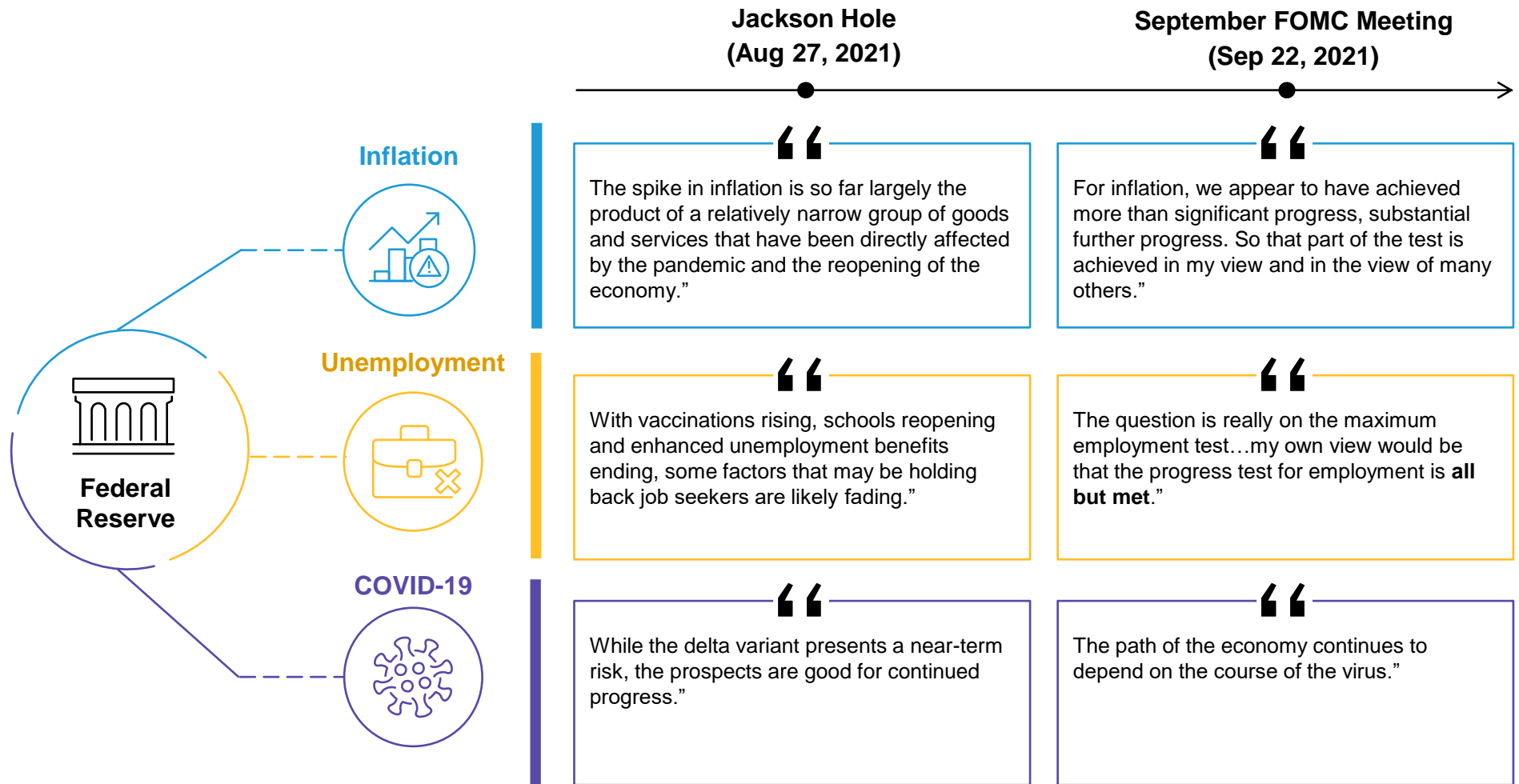
Through September 30, 2021

Source: Bloomberg and S&P



Substantial Further Progress “All but Met”

Inflation and labor market nearing Fed’s required threshold

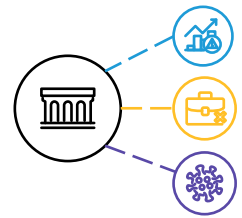


Historical analysis and current forecasts do not guarantee future results.

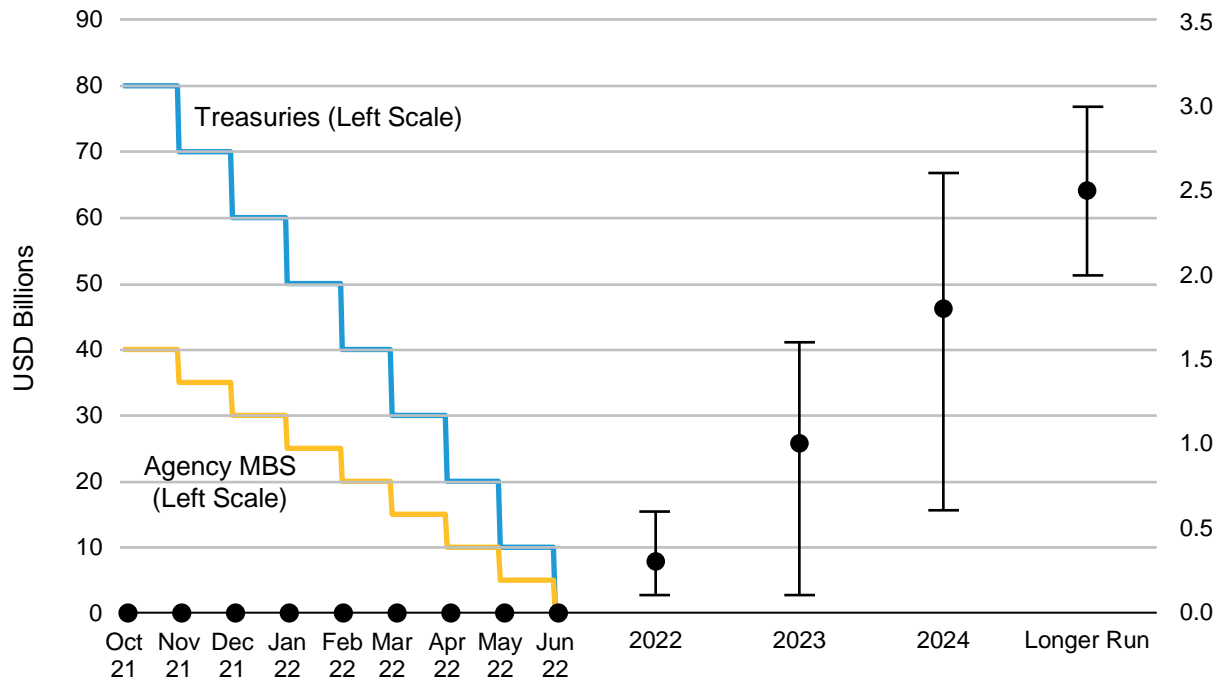
All quotes attributed to Fed Chair Jerome Powell.

As of September 30, 2021. Source: US Federal Reserve and AB

The Roadmap Has Been Laid Out for Tapering...



Tapering “Could Easily” Start as Soon as November 2021 and Is Likely to End by “Middle of Next Year”



Fed Dot Plot: However, Members Are Split on When to Start Raising Rates as “Test for Liftoff Is So Much Higher”

%	2021	2022	2023	2024	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.

MBS: mortgage-backed securities

As of September 30, 2021

Source: Bloomberg, US Federal Reserve and AB



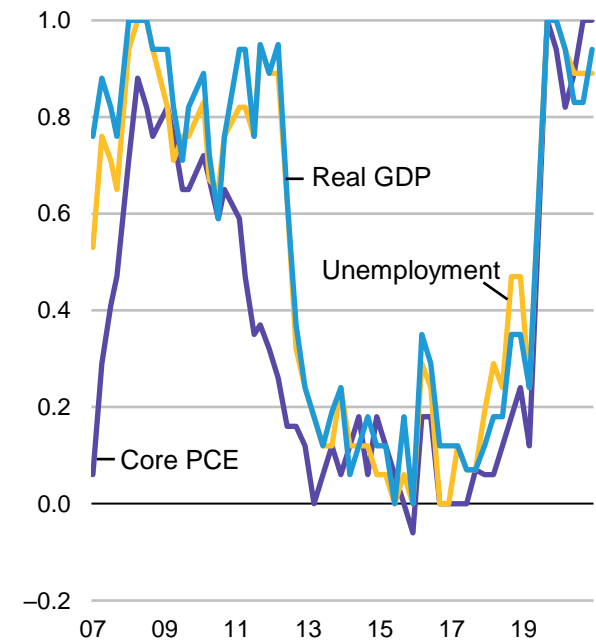
...but with Significant Uncertainty About the Road Ahead



Central Tendency of Members' Projections (Percent)



Measure of Members' Uncertainty*



Historical analysis and current forecasts do not guarantee future results.

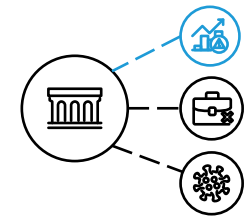
LR: longer run; PCE: personal consumption expenditures

*Participants provided responses to the following request: "Please indicate your judgment of the uncertainty attached to your projections relative to the levels of uncertainty over the past 20 years." Each point in the diffusion indices represents the number of participants who responded "Higher" minus the number who responded "Lower," divided by the total number of participants.

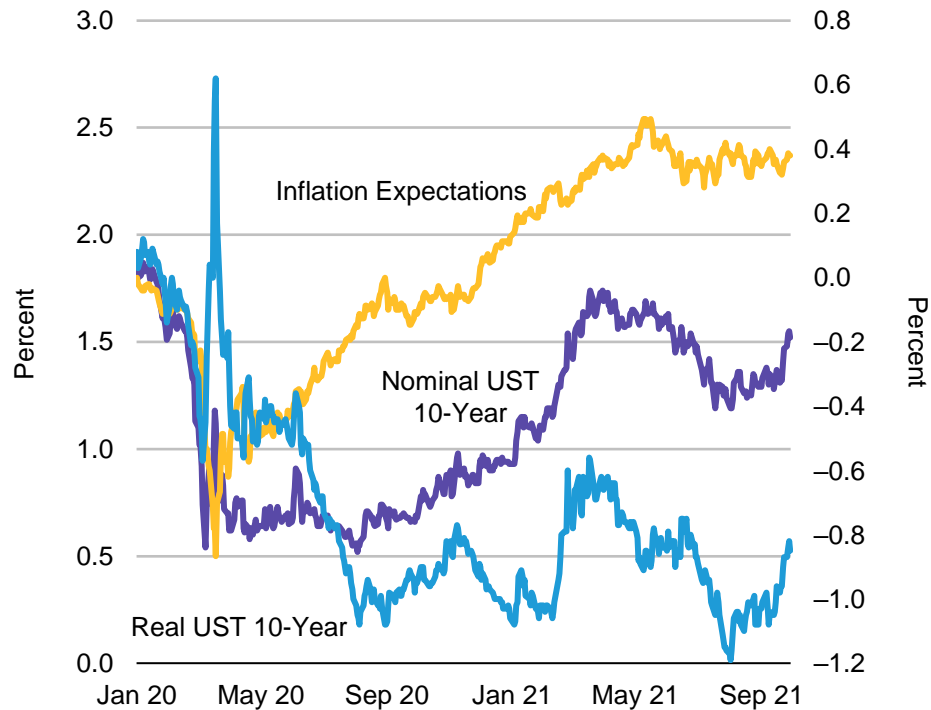
As of September 30, 2021

Source: Bloomberg, US Federal Reserve and AB

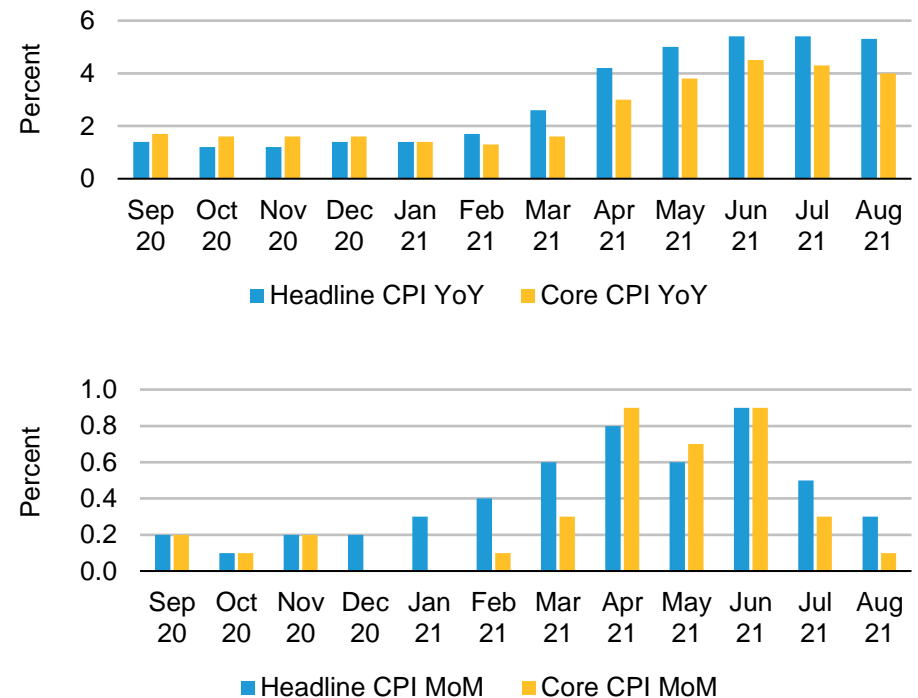
Yield Curve Steepens as the Market Begins to React to the Fed's Game Plan



10-Year Testing March 2021 Levels, but Inflation Expectations Remain Flat...



...as CPI Starts to Cool Off After a Red-Hot Summer



Historical analysis and current forecasts do not guarantee future results.

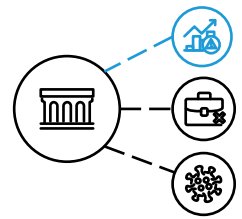
UST: US Treasury

Through September 30, 2021

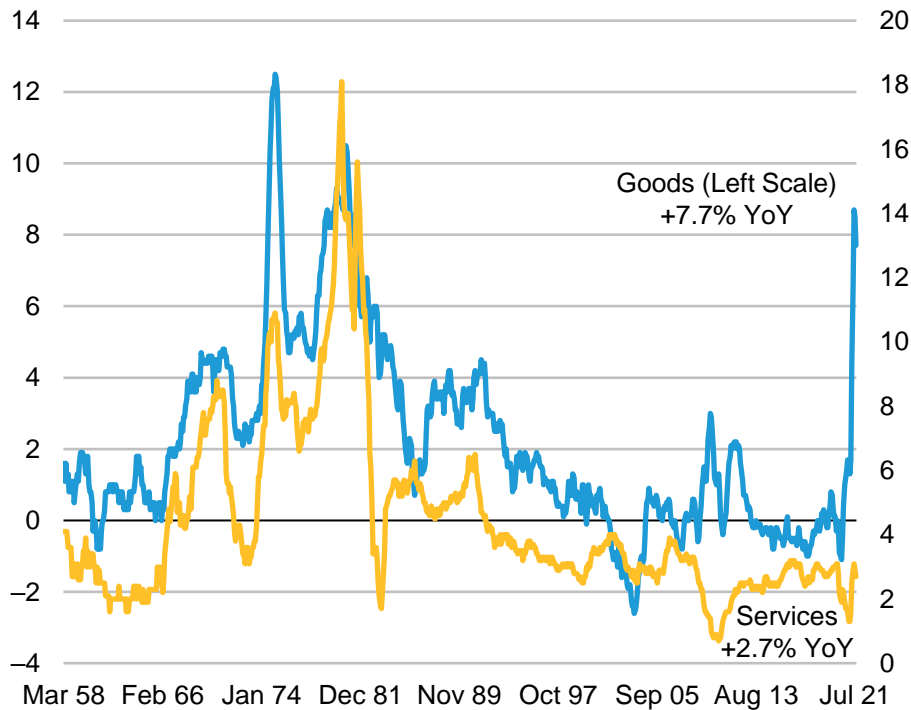
Source: Bloomberg, US Department of the Treasury and AB



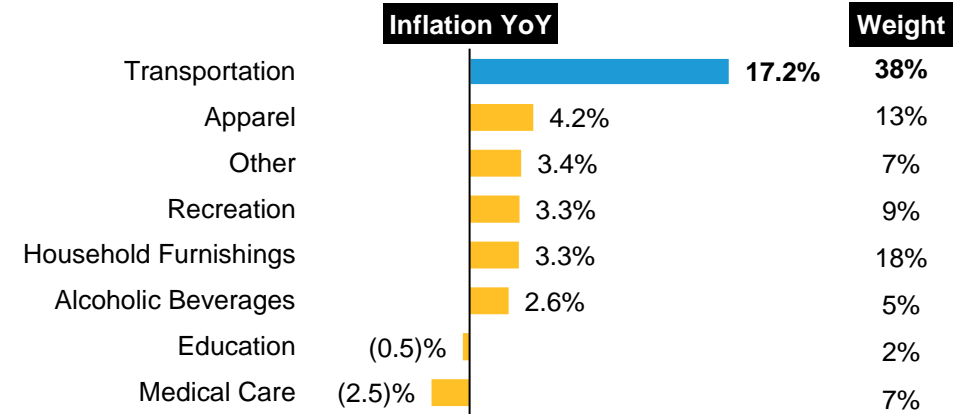
Elevated Core CPI Driven by an Increase in Prices for Goods



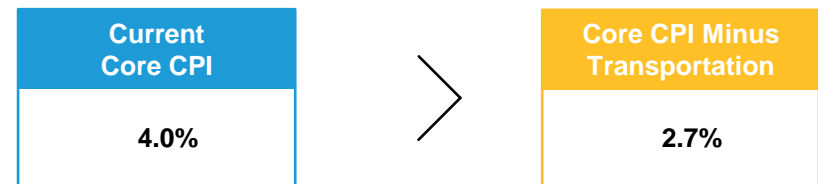
Spike in Goods Appears Concerning at First Glance (Percent)



However, After Looking Under the Hood, We See This Jump Is Driven by Transportation Goods



After Removing Effects of Transportation Goods...



Historical analysis and current forecasts do not guarantee future results.

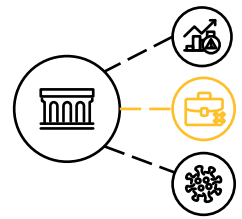
UST: US Treasury

Through September 30, 2021

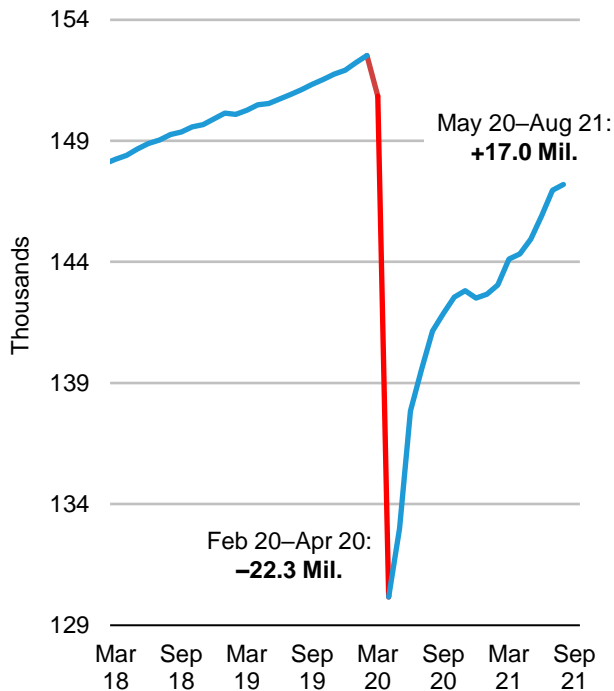
Source: Bloomberg, US Bureau of Labor Statistics (BLS) and AB

Employment Picture Continues to Improve Amid Delta Outbreak

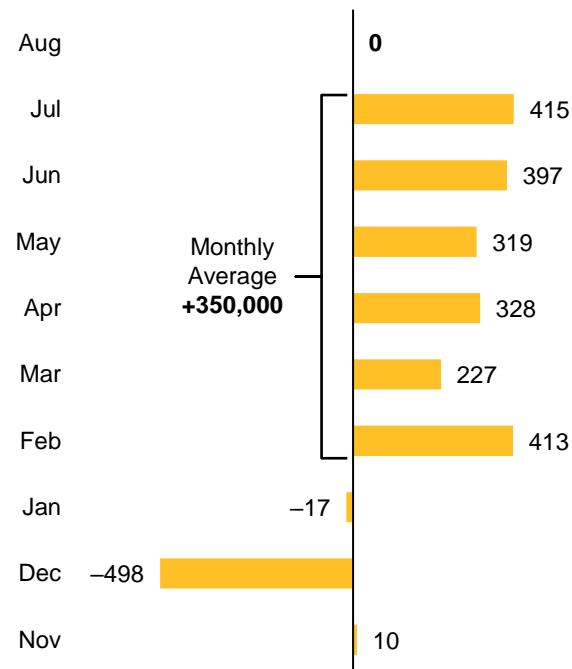
Even with miss in August, Powell doesn't need a "strong employment report" next month



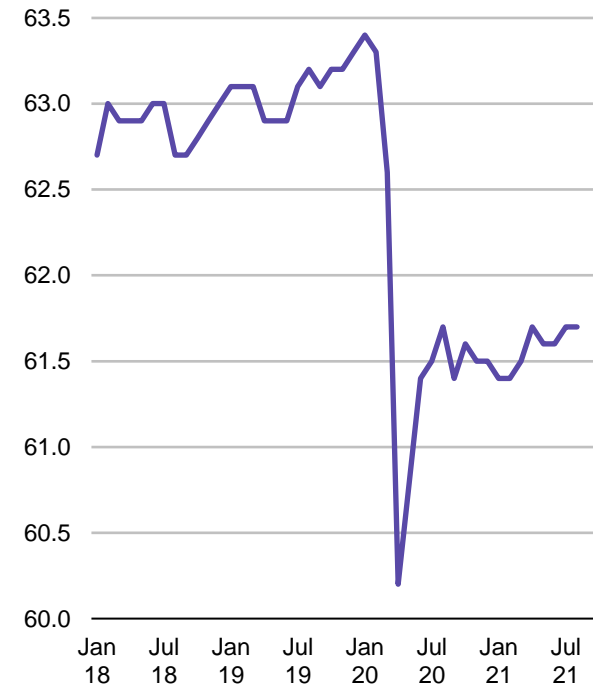
Total Nonfarm Payrolls Still Down About 5.3 Million Jobs Since February 2020



With Miss in August Largely Due to Delta Concerns, Leading to Massive Drop in Leisure and Hospitality Hiring



While Labor Force Participation Rate Is Largely Unchanged Since June 2020



Historical analysis and current forecasts do not guarantee future results.

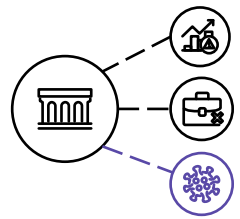
Through September 30, 2021

Source: BLS, Federal Reserve Economic Data (FRED) and AB

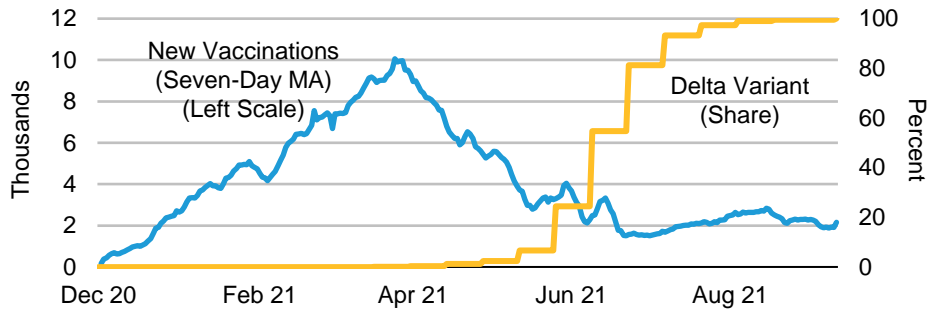


Delta Variant Dominates Resurgence of COVID-19 Infections

However, the fourth wave has yet to materially affect the economy

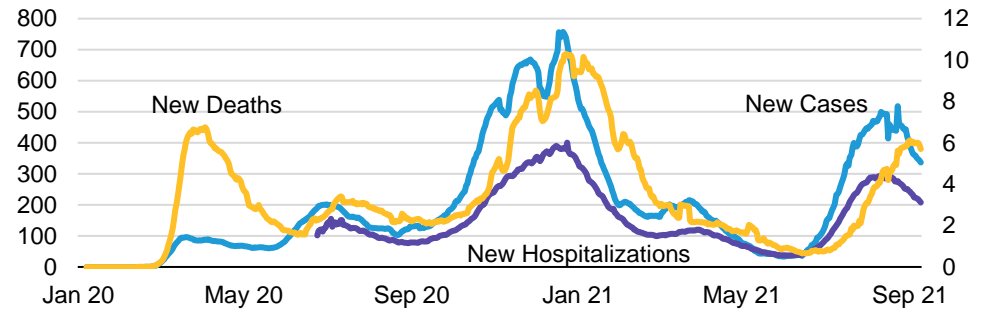


As the Vaccine Adoption Rate in the US Slowed, the Coronavirus Delta Variant Took Hold...

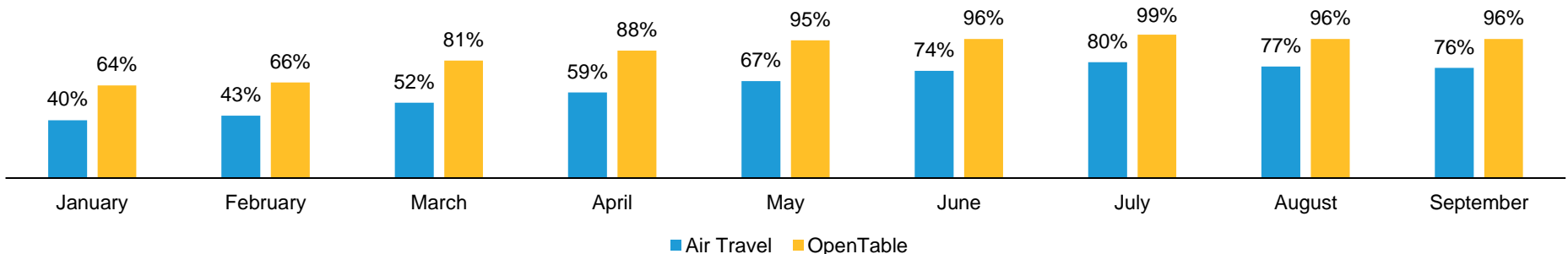


...Leading to a Fourth Wave of COVID-19 Infections

Seven-day moving average (MA), per million people



While Both Restaurant Activity and Air Travel Remained Resilient (2021 vs. 2019) Through Fourth Wave



Historical analysis and current forecasts do not guarantee future results.

Through September 30, 2021

Source: OpenTable, Our World in Data, Transportation Security Administration and AB



Macro Summary

Global growth to slow in 2022; US numbers remain sturdy on back of strong consumer

AB Global Economic Forecast: October 2021

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	21F	22F	21F	22F	21F	22F	21F	22F
Global	5.9	4.2	3.2	2.6	1.46	1.50	2.40	2.73
Industrial Countries	5.2	4.0	2.9	2.2	-0.07	-0.02	0.97	1.37
Emerging Countries	5.9	4.6	3.6	3.3	3.80	3.81	4.63	4.83
US	6.1	3.9	4.0	2.3	0.13	0.13	1.75	2.25
Euro Area	5.1	4.0	2.4	2.5	-0.50	-0.50	-0.10	0.25
UK	6.2	5.3	2.3	3.0	0.10	0.75	1.15	1.50
Japan	2.1	3.7	-0.1	0.6	-0.10	-0.10	0.00	0.00
China	8.0	5.3	0.9	1.8	2.20	2.20	2.90	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 September 30, 2021

Source: AB

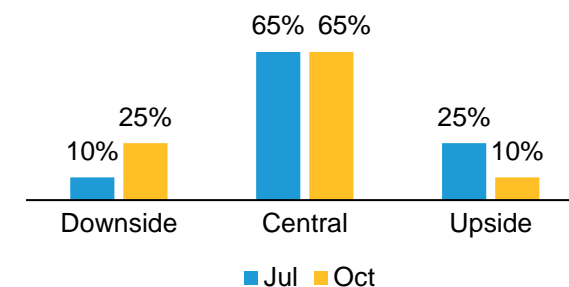


Central Narrative and Balance of Risks

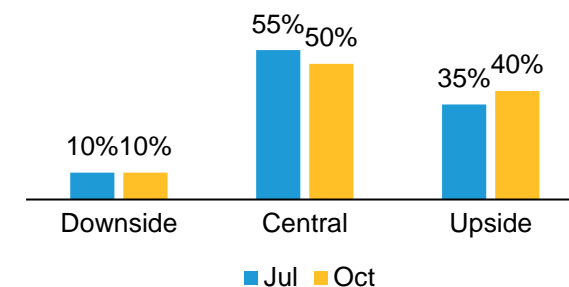
Central Narrative

- The skew of risks around global growth has shifted markedly in recent months: from widespread optimism and upside risks to a more sober assessment of the outlook
- China's property market, the US debt ceiling and soaring energy prices in Europe all cloud the outlook. We're also concerned that supply-side dislocations stemming from the coronavirus could be more pervasive and persistent than expected
- So, while our numbers haven't changed that much—we expect the global economy to grow by 5.9% this year before slowing to 4.2% in 2022—there's been an important change in the narrative
- Of particular concern is the specter of a more challenging growth/inflation mix and a less certain outlook for monetary policy—one in which the only choices available to central banks are hard ones
- For now, we share the view that inflation is likely to fall back next year. But upward pressure on prices has already been less transitory than expected, hinting at a more fundamental shift in inflation dynamics
- Central banks will respond according to their tolerance for higher inflation and the extent to which inflation expectations are well anchored. The Fed is key. We don't expect a US rate hike until 2023. But rapid tapering would, in theory at least, open the door to an earlier move

Balance of Risks: Growth



Balance of Risks: Inflation



Current analysis does not guarantee future results.

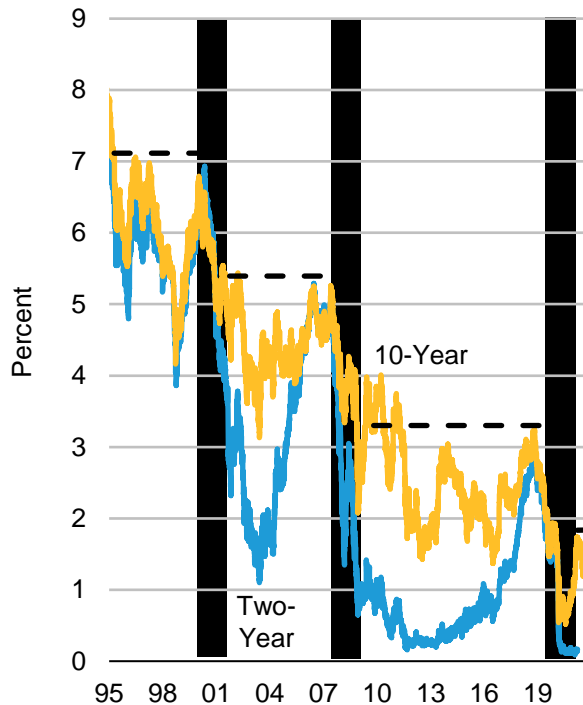
As of September 30, 2021

Source: AB

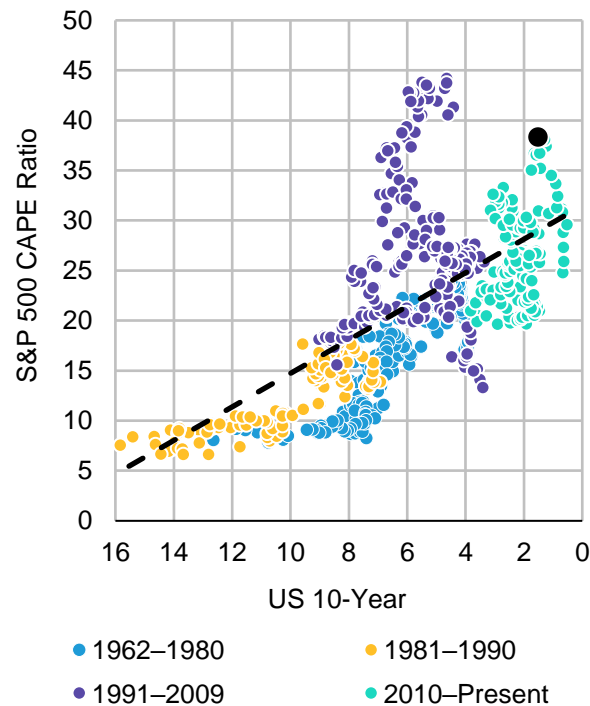


Elevated Valuations Suggest Much of Earnings Expectations Already Priced In

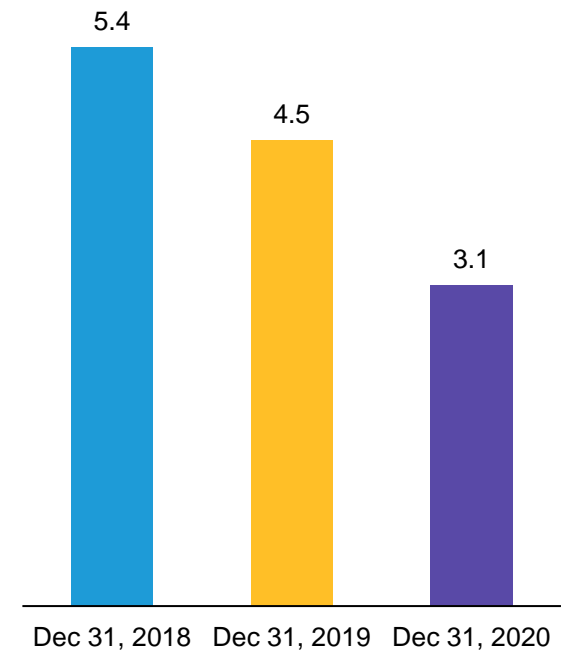
Yields Remain Low...



...While Equity Valuations Remain High



Resulting in Lowered 10-Year 60/40 Return Expectations Going Forward



Historical analysis and current forecasts do not guarantee future results.

CAPE ratio: cyclically adjusted P/E ratio

As of September 30, 2021

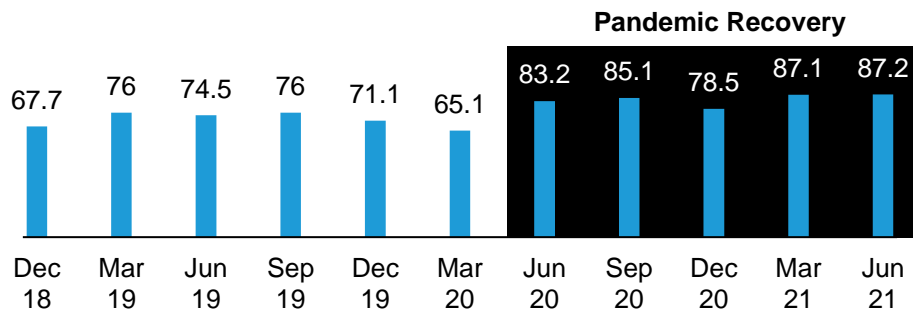
Source: US Department of the Treasury, Yale University and AB



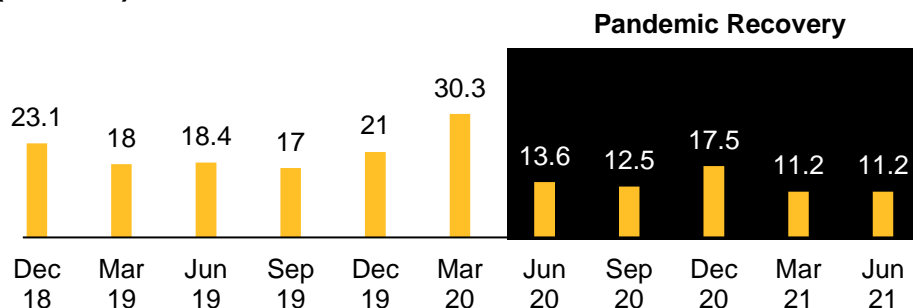
Equity

A Robust Earnings Backdrop Has Been Supportive for Equities

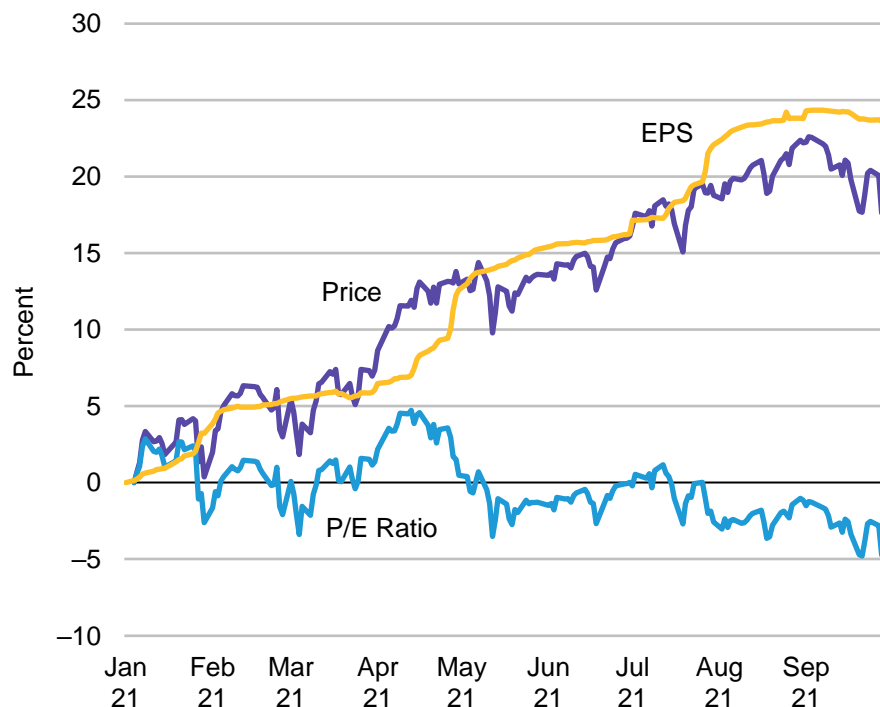
2Q Earnings Season Continued the Recovery Trend of Record-High Positive Earnings Surprises (Percent)



While Also Resulting in Lower Negative Earnings Surprises (Percent)



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



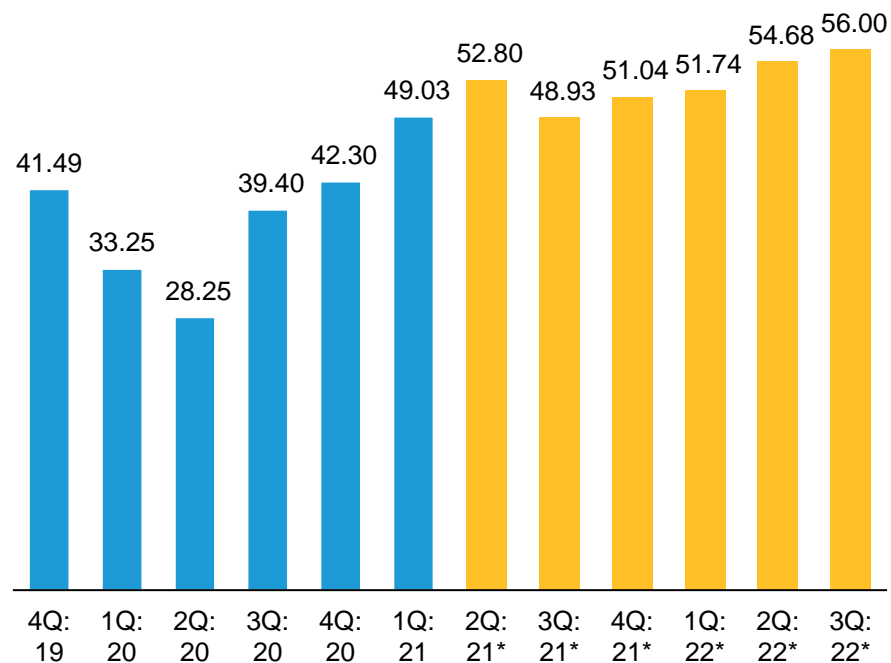
Historical analysis and current forecasts do not guarantee future results.

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 P/E Ratio is calculated by dividing price of the security by BEst EPS. As of September 30, 2021. Source: Bloomberg, FactSet and AB

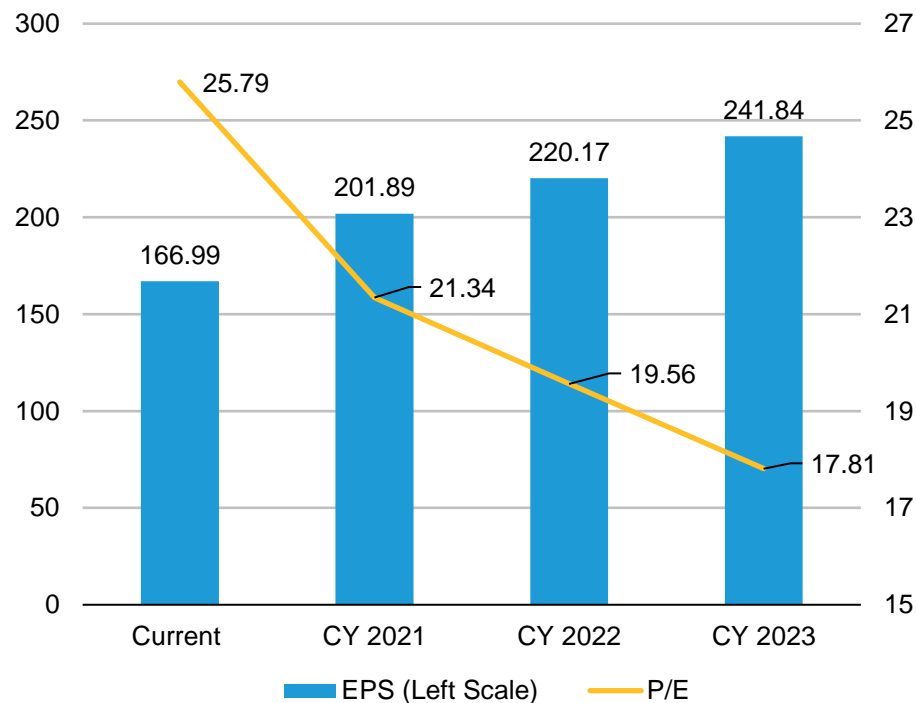
Peak Earnings Likely as Pandemic-Era Accommodation Fades

While the rate of growth may be plateauing, the absolute levels are strong

Going Forward: Bottom-Up Earnings Expectations Set to Peak and Level Off Before Slow Growth...



...However, Should Profit Gains Attain Forecast Levels, Aggregate Valuations Would Be More Reasonable



Historical analysis and current forecasts do not guarantee future results.

*Forward estimates

As of September 30, 2021

Source: Bloomberg, FactSet and AB

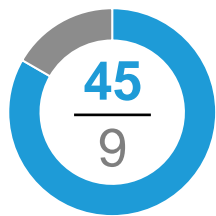
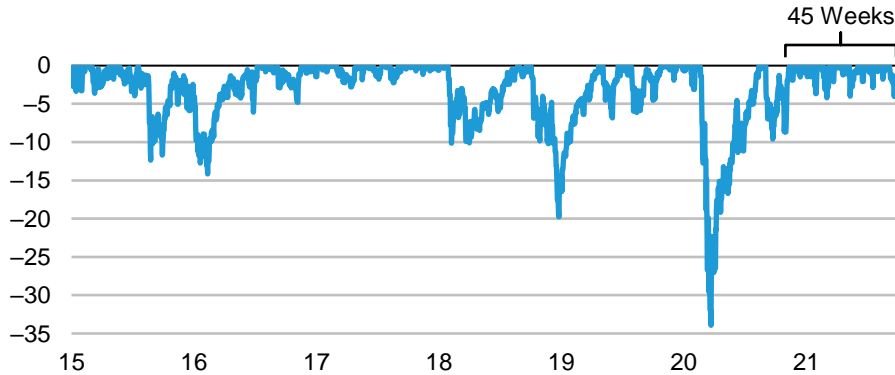


After an Extended Hiatus, Stocks Ultimately Had a Material Pullback

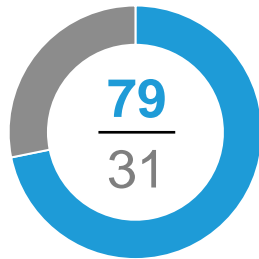
Regardless, do not allow near-term volatility to scuttle a sound, long-term plan

Time Between Market Corrections

S&P 500 price return (percent)



Weeks Between
5% Sell-off*

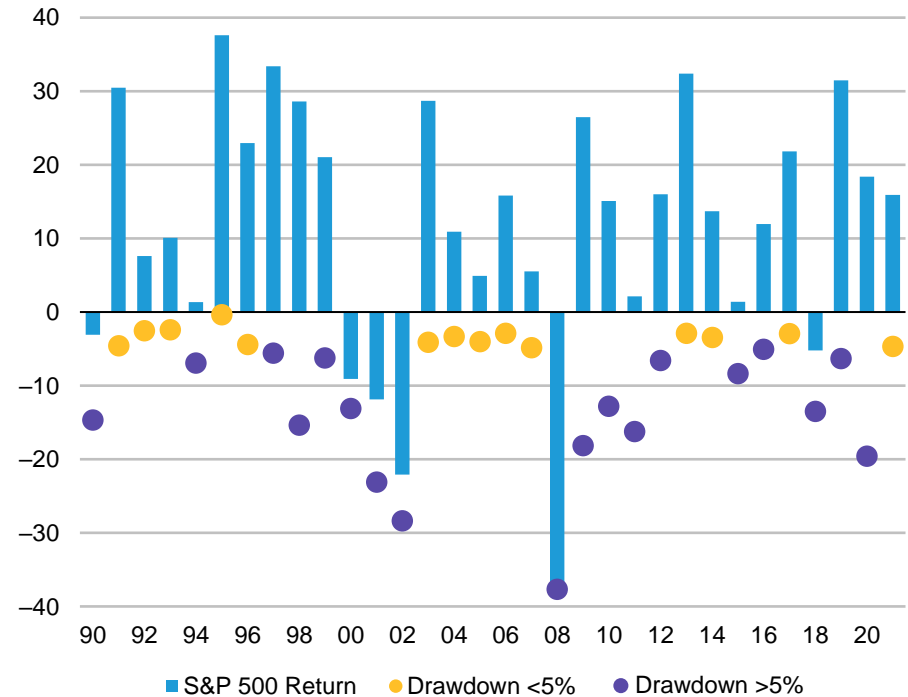


Weeks Between
10% Sell-off*

- Period Ending Sep 29, 2021
- Average Number of Weeks

Stocks Usually Rebound After Large Intra-Year Declines

S&P 500 total returns by calendar year (percent)



Past performance and historical analysis do not guarantee future results.

*Refers to return series for the S&P 500 Index from January 1928 to September 30, 2021

As of September 30, 2021

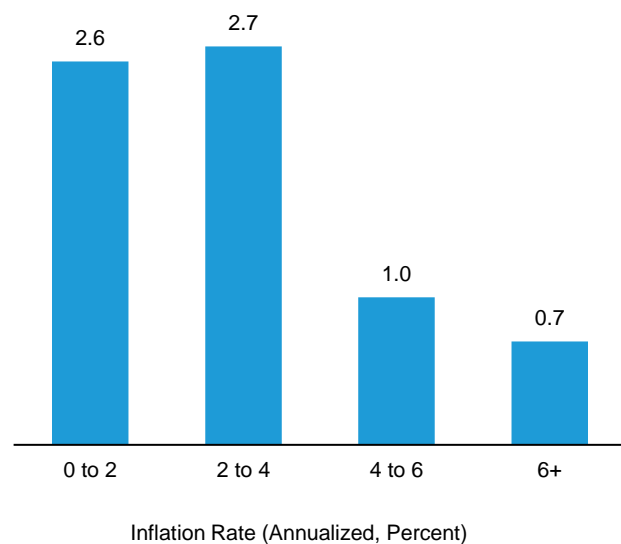
Source: Bloomberg, Morningstar and AB



Stocks: A Resilient Asset Class Through Many Headwinds

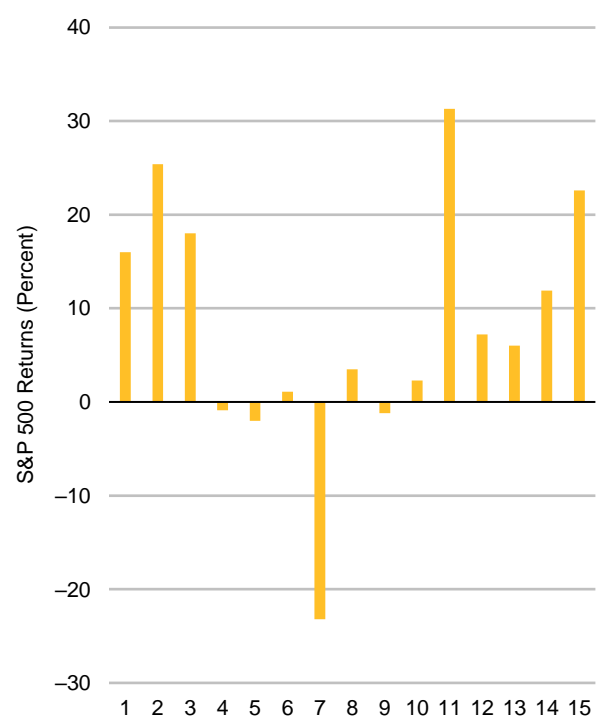
Including periods of rising inflation, Fed tightening and higher corporate taxes

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



Number of Quarterly Observations			
84	108	44	43

Caveat: A Tighter Fed in a Phase of Moderating Economic Growth Will Make Stock Selection Especially Critical*



Historically, We've Seen the Market Move Past Corporate Tax Increases

Date of Corp. Tax Increase	Delta Rate	Legislation	S&P 500 Returns	
			Next Three Mths.	Next 12 Mths.
6/25/40	3.1%	Revenue Act of 1940	10.7%	1.3%
10/8/40	1.9	Second Revenue Act of 1940	3.0	-6.6
9/20/41	7.0	Revenue Act of 1941	-18.4	-14.9
10/21/42	9.0	Revenue Act of 1942	8.9	26.0
9/23/50	4.0	Revenue Act of 1950	4.5	19.8
10/31/51	9.0	Revenue Act of 1951	5.1	7.5
6/28/68	4.8	Revenue and Expenditure Control Act of 1968	2.7	-1.5
8/10/93	1.0	Omnibus Budget Reconciliation Act of 1993	2.4	1.9
		Average	2.4	4.2
		Median	3.8	1.6
		Percent Positive	87.5	62.5

Past performance and current analysis do not guarantee future results.

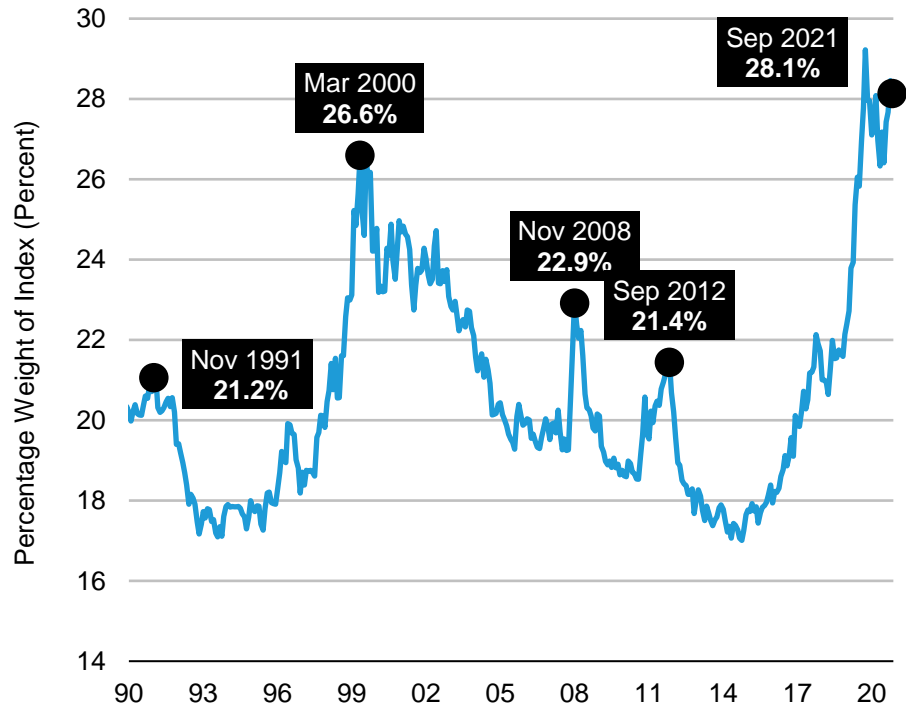
*1 = 11/30/1954–10/31/1957; 2 = 7/31/1958–11/30/1959; 3 = 7/31/1961–11/30/1966; 4 = 10/31/1967–8/31/1969; 5 = 2/28/1971–8/31/1971; 6 = 2/29/1972–8/31/1973; 7 = 2/28/1974–7/31/1974; 8 = 11/30/1976–4/30/1980; 9 = 3/31/1981–5/29/1981; 10 = 4/29/1983–8/31/1984; 11 = 11/28/1986–5/31/1989; 12 = 1/31/1994–2/28/1995; 13 = 5/31/1999–5/31/2000; 14 = 5/31/2004–6/30/2006; 15 = 12/31/2015–12/31/2018; identified time periods correspond with periods of Fed rate hikes

Left display as of December 31, 2020; middle and right displays as of September 30, 2021

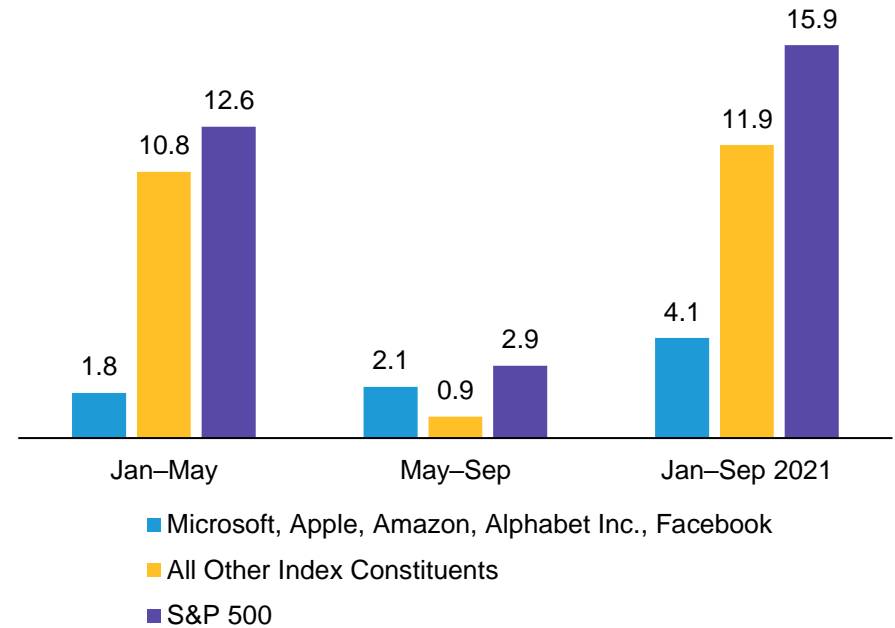
Source: Bloomberg, Cornerstone Macro, FactSet, LPL Research, Morningstar, Strategas Research Partners and AB

Concerns Over Index Concentration Are Reemerging...

10 Largest Companies in the S&P 500 Index



Composition of S&P 500 Returns: A Measurable Uptick from the Five Largest Names as Growth Overtook Value in May



Historical analysis and current forecasts do not guarantee future results.

Peaks shown are for the last day of each month displayed.

As of September 30, 2021

Source: Bloomberg, Morningstar and AB

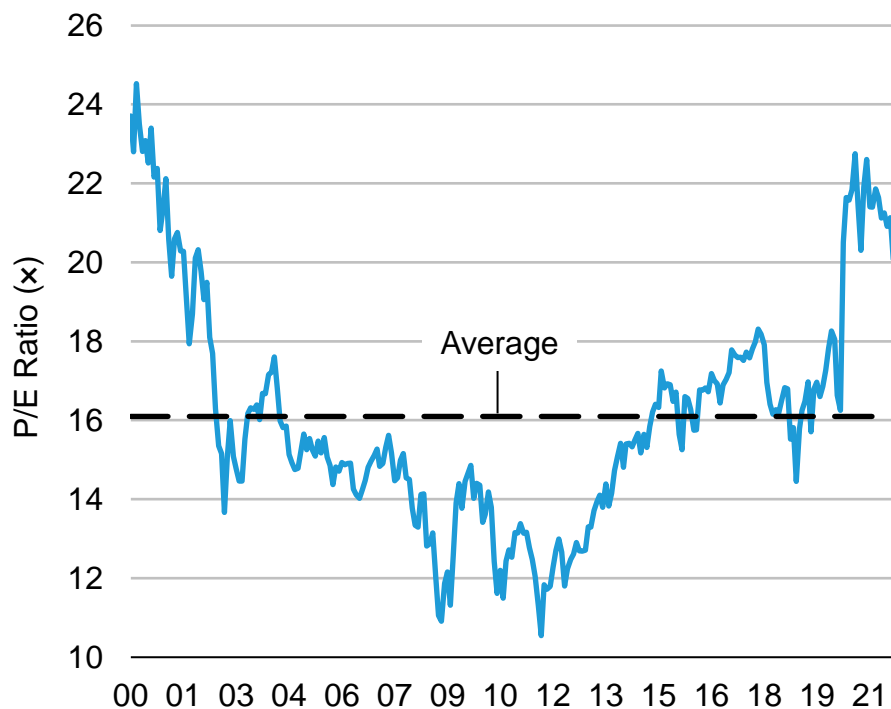


...and Valuations Remain Elevated, but Look Beyond Mega-Caps

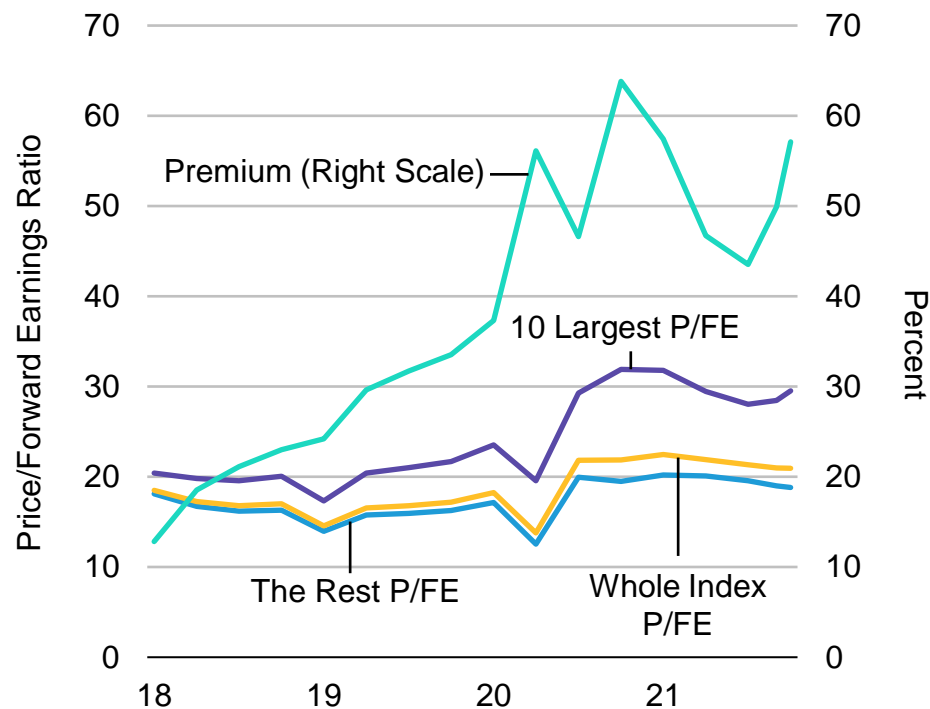
A case for being active

S&P 500 Price-to-Earnings Ratio*

Well above the long-term average



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



Historical analysis and current forecasts do not guarantee future results.

*All data are for S&P 500. Earnings estimates are represented by Bloomberg consensus blended forward 12-month estimates.

As of September 30, 2021

Source: Bloomberg and AB



In a Heightened Risk Environment, Stay Focused on Quality

Avoid low-quality value and high-valuation growth stocks in this environment

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 Returns	Up-Market Capture	Down-Market Capture
Index Returns	1986–2021	8.5	11.7	95	77

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 Offerings		✓
Sustainable Themes		✓
High-Valuation Growth		✗
Higher-Cost Operators	✗	✗
High Levels of Debt	✗	✗

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 April 1, 1986, through September 30, 2021. Up and down market capture are for the MSCI World Quality with the MSCI World as the calculation benchmark.

As of September 30, 2021

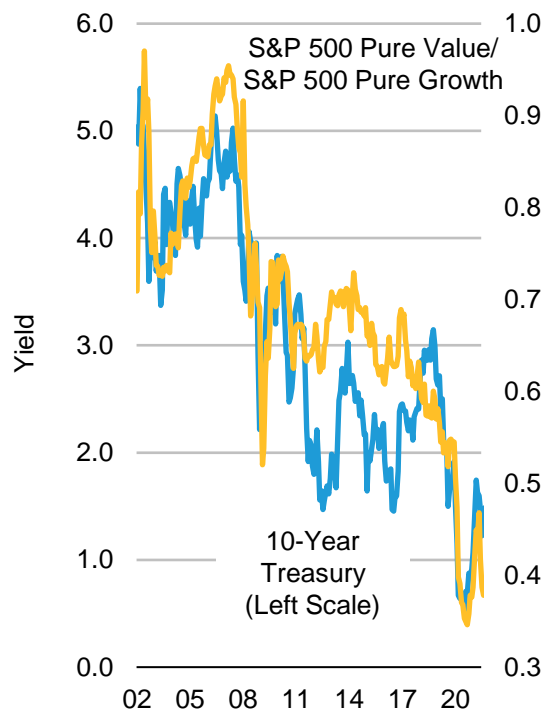
Source: Bloomberg, FTSE Russell, Morningstar and AB



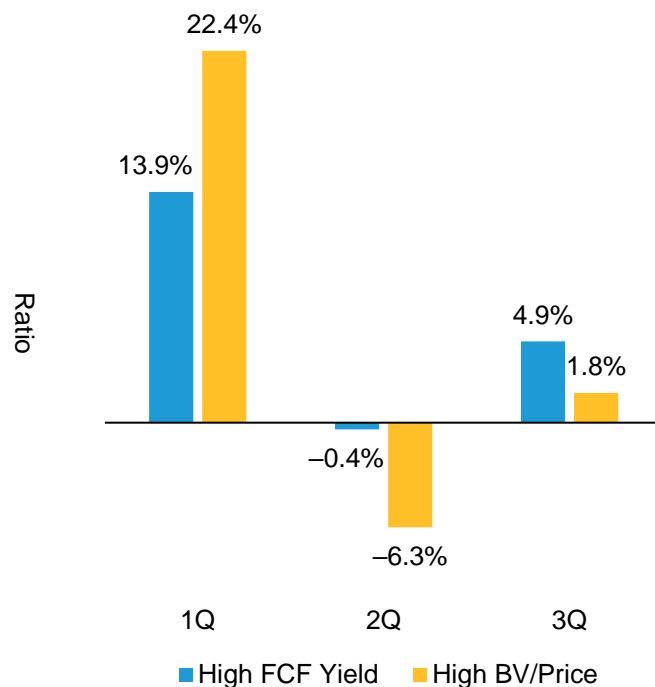
Value Stocks: Higher Interest Rates May Provide a Lift, but be Selective

Higher quality value has gained traction as the cycle progresses and remains inexpensive

Higher Yields: A Tailwind for Value Stocks



Higher-Quality Value Has Taken the Lead Since the Second Quarter



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 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 and middle displays as of September 30, 2021; right display as of August 31, 2021

Source: FactSet, FTSE Russell, MSCI and AB

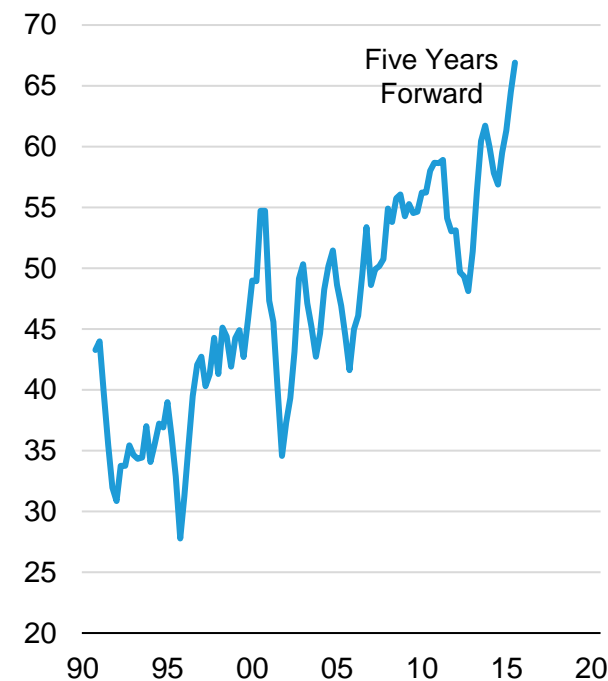


Evolving Economic Cycles Demand Factor Diversity

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. Past performance does not guarantee future results.

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 January 1, 1991, through May 31, 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 five-year period. Four-quarter smoothing applied.

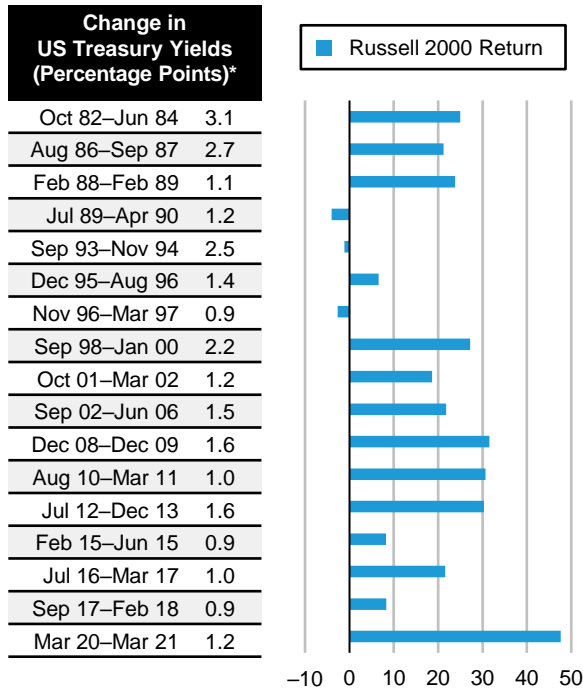
Right display as of September 30, 2021

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

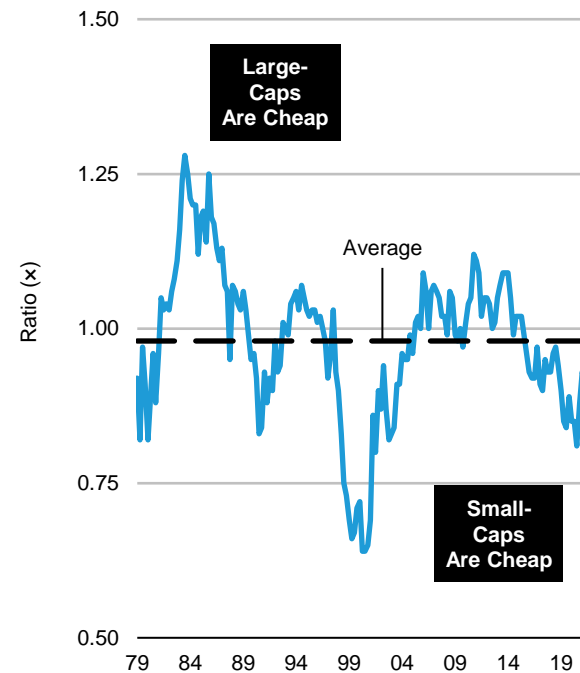
Further Small-Cap Upside Expected, but Be Discerningly Active

Currently favoring more economically sensitive versus defensive sectors

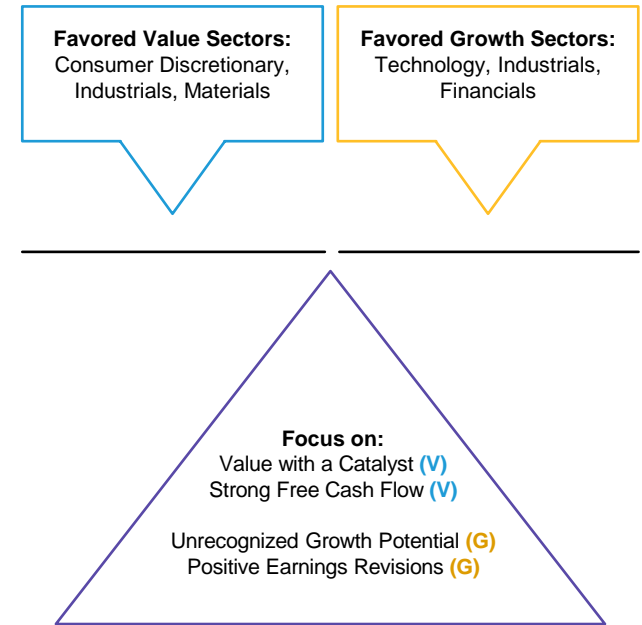
Historically, Small-Caps Have Generated Positive Returns in Rising Rate Environments...



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



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



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 display as of September 30, 2021; middle display as of August 31, 2021

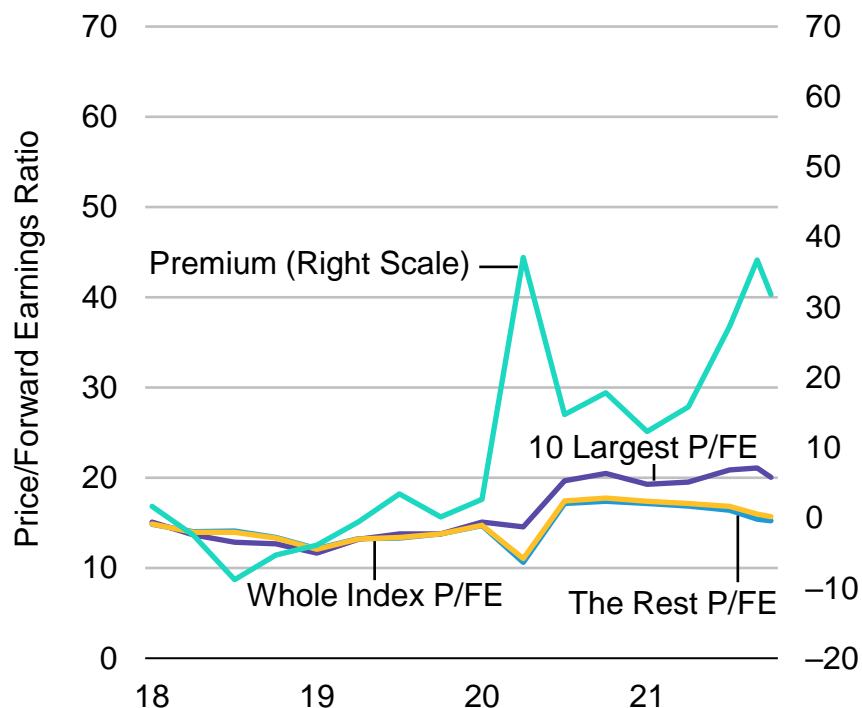
Source: FactSet, FTSE Russell and AB



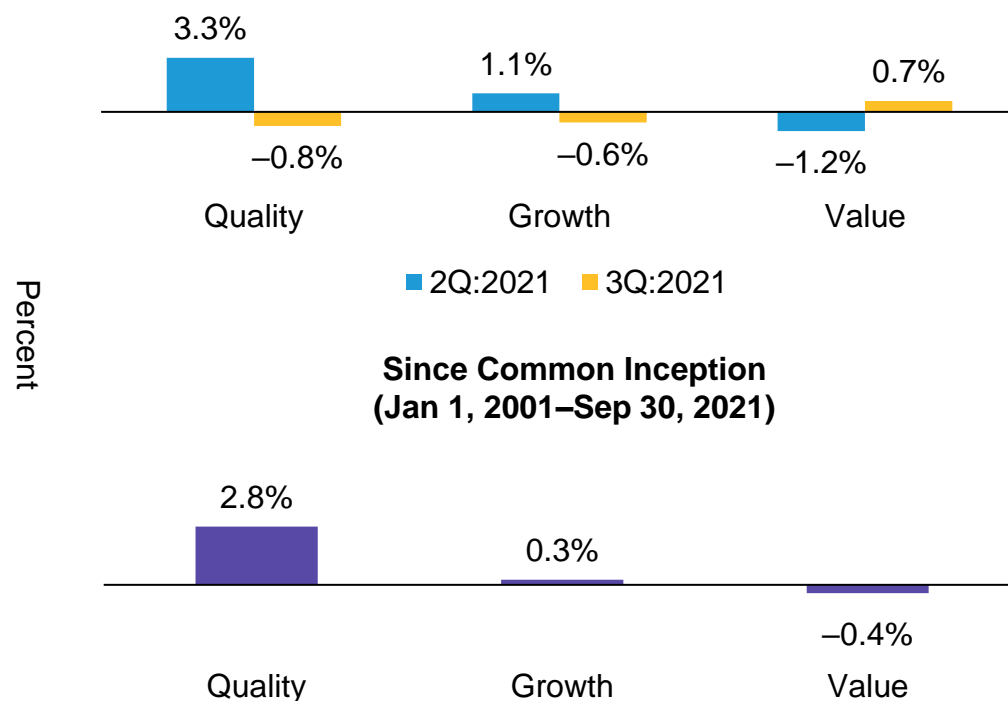
Mega-Caps also Trade at a Premium in International Markets

An active approach with a quality foundation can mitigate risk and generate favorable returns

Valuation Premium of 10 Largest Stocks by Market Cap vs. Rest of EAFE Index



This Quarter's Lag Notwithstanding, Quality over Style Is a Sound, Long-Term Formula for Success*



Past performance and current analysis do not guarantee future results.

*Relative performance vs. MSCI ACWI ex US (in US dollars)

As of September 30, 2021

Source: Morningstar and AB

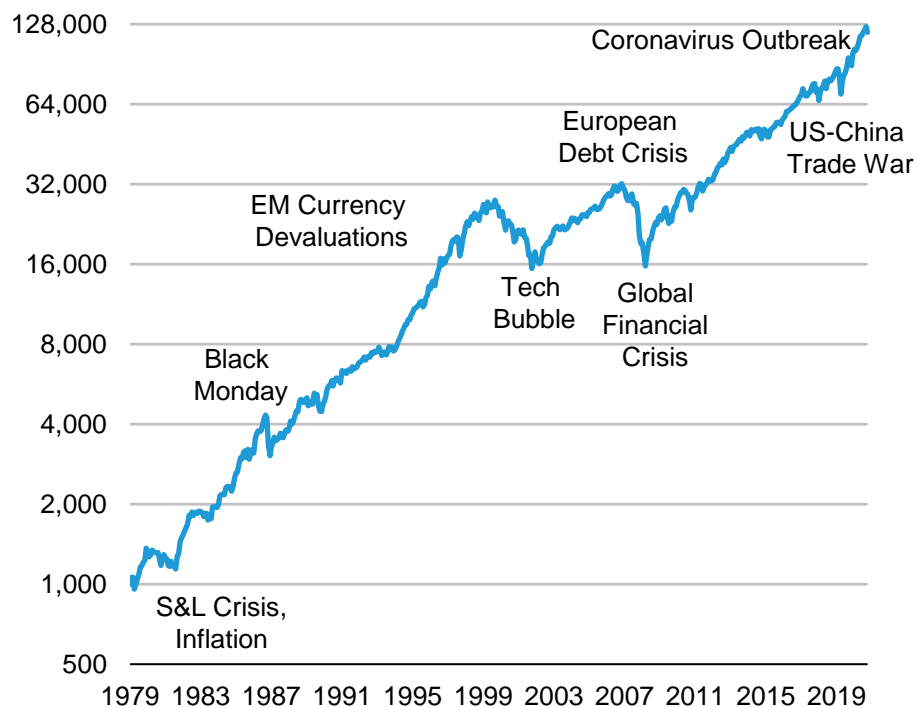


The Price of Long-Term Growth Has Always Been Periodic Uncertainty

Think time in the market, not timing the market

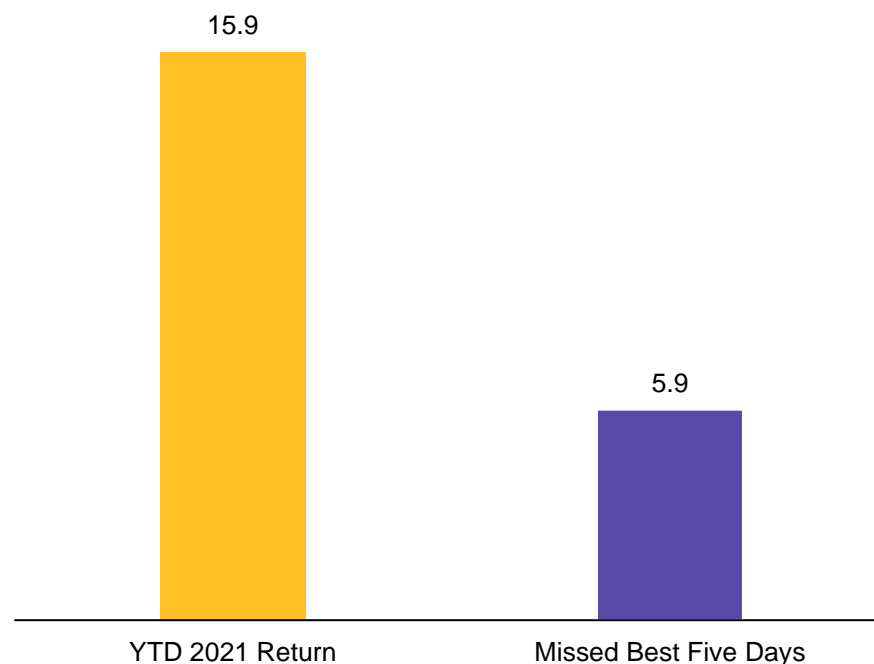
S&P 500 Index: 1980 Through Present

Log scale



The Cost of Missing Out: S&P 500 Return in 2021

Percent



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

EM: emerging-market

As of September 30, 2021

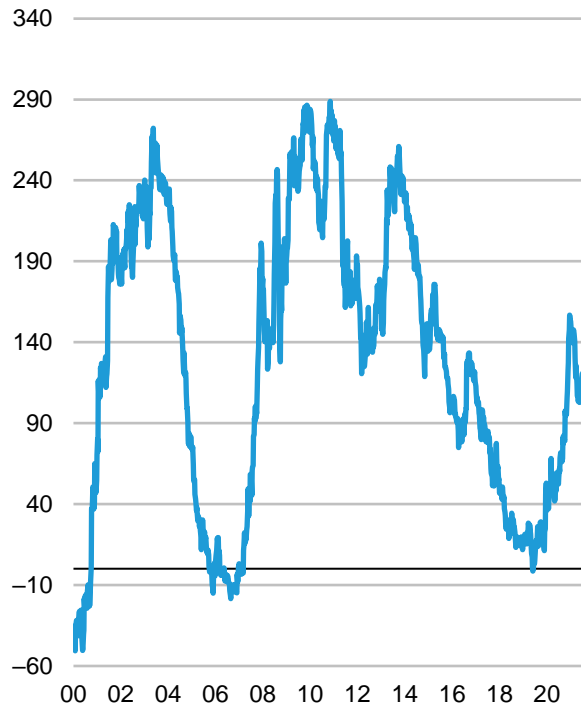
Source: Morningstar, S&P and AB



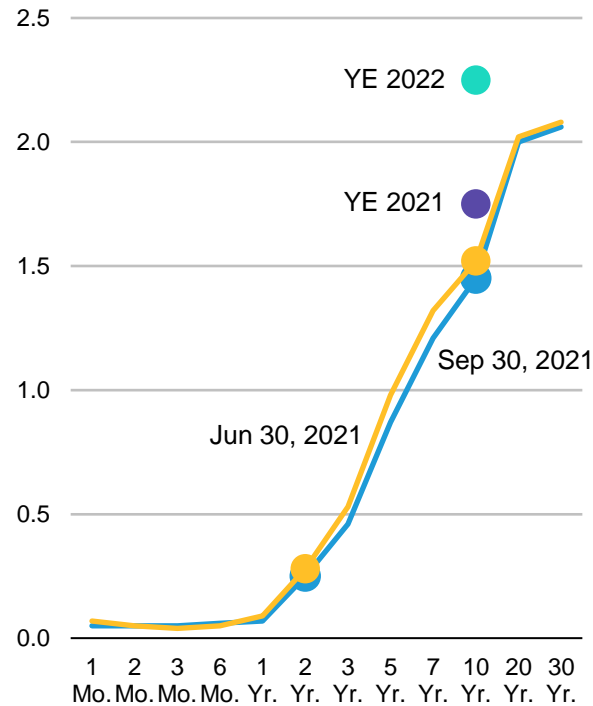
Taxable Fixed

Longer Yields Relatively Unchanged, but with Lots of Intra-Quarter Movement

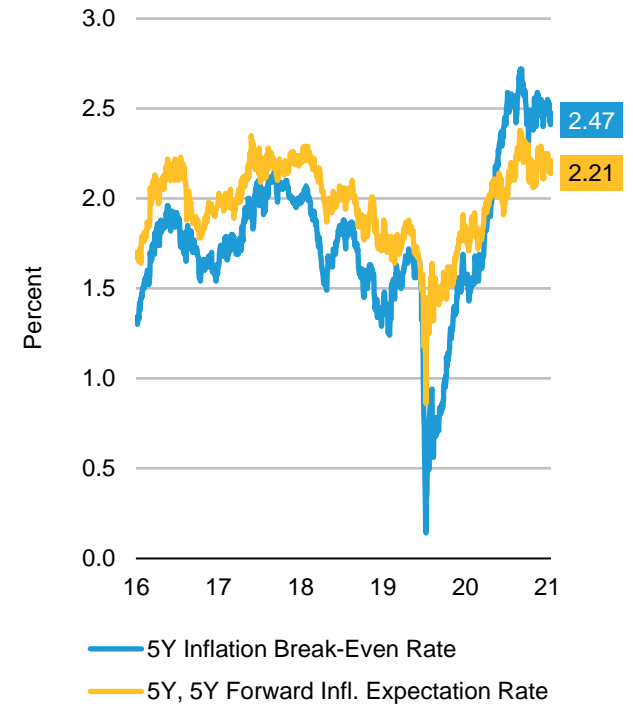
Yield Curve Began to Steepen Late in Q3



In Anticipation of Higher Yields Going Forward



While Forward Measures of Expected Inflation Remain Benign



Historical analysis and current forecasts do not guarantee future results.

YE: year-end

As of September 30, 2021

Source: Bloomberg, US Department of the Treasury and AB

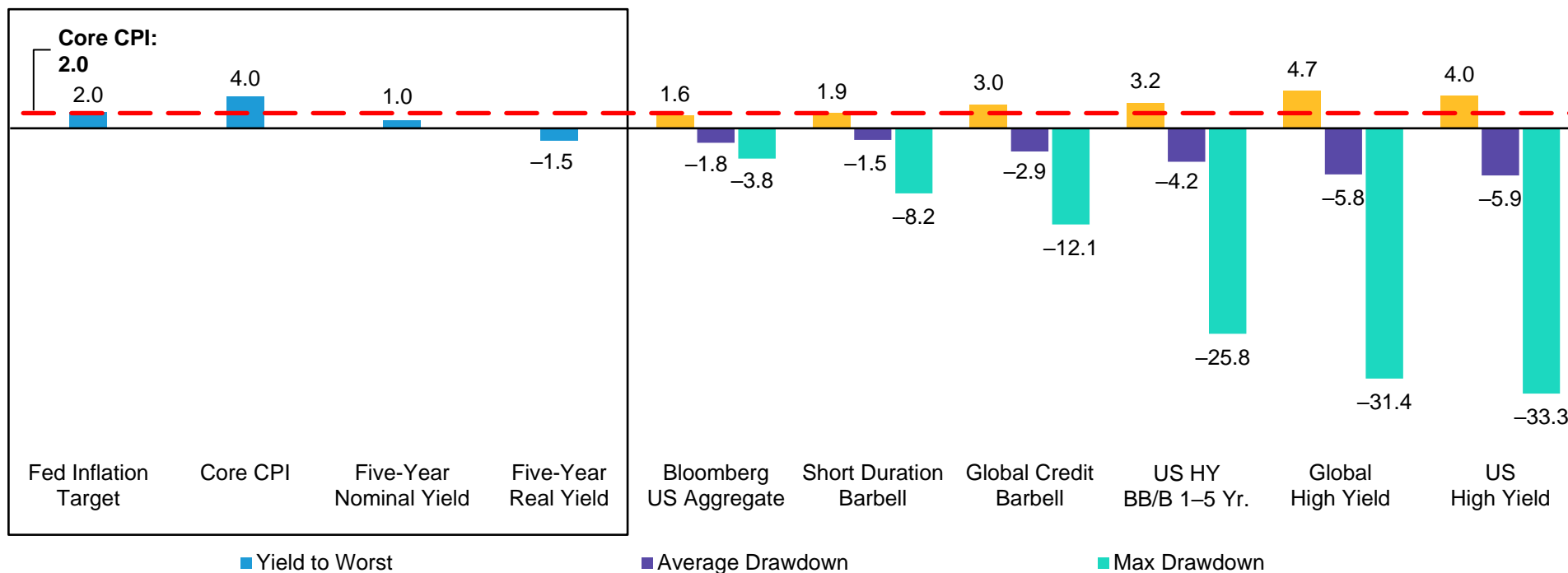


Focus on Efficient Income in a Low-Yield Environment

Credit exposure required to exceed inflation

Yield-to-Worst and Historical Drawdowns (Percent)

January 2007–September 2021



Past performance does not guarantee future results.

Short Duration Barbell is a hypothetical risk-weighted portfolio made up of 65% Bloomberg US Treasury 1–5 Yr. Index and 35% Bloomberg 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 US Treasury and 35% Bloomberg 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 September 30, 2021. Source: Morningstar Direct and AB

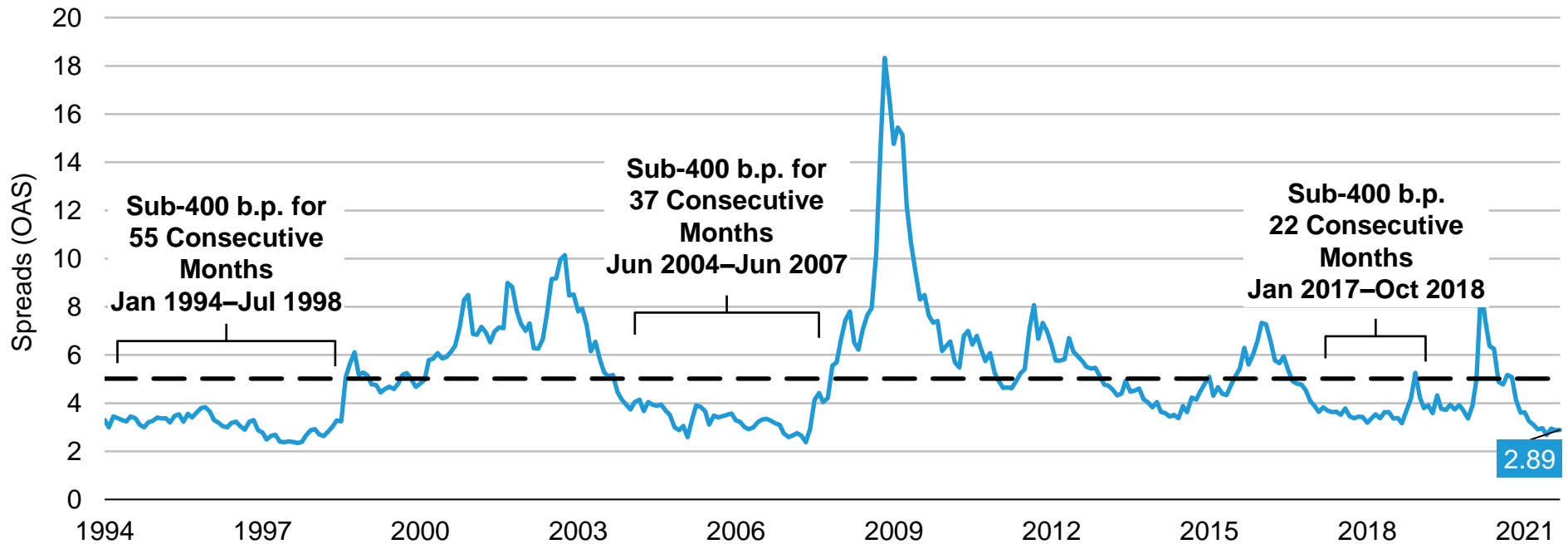


High-Yield Spreads Can Remain Tight for a Long Time

High-yield spreads have traded below 400 b.p. ~43% of the time

Historical US High-Yield Spreads (OAS)

January 1994–September 2021



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

b.p.: basis points; OAS: option-adjusted spreads

As of September 30, 2021

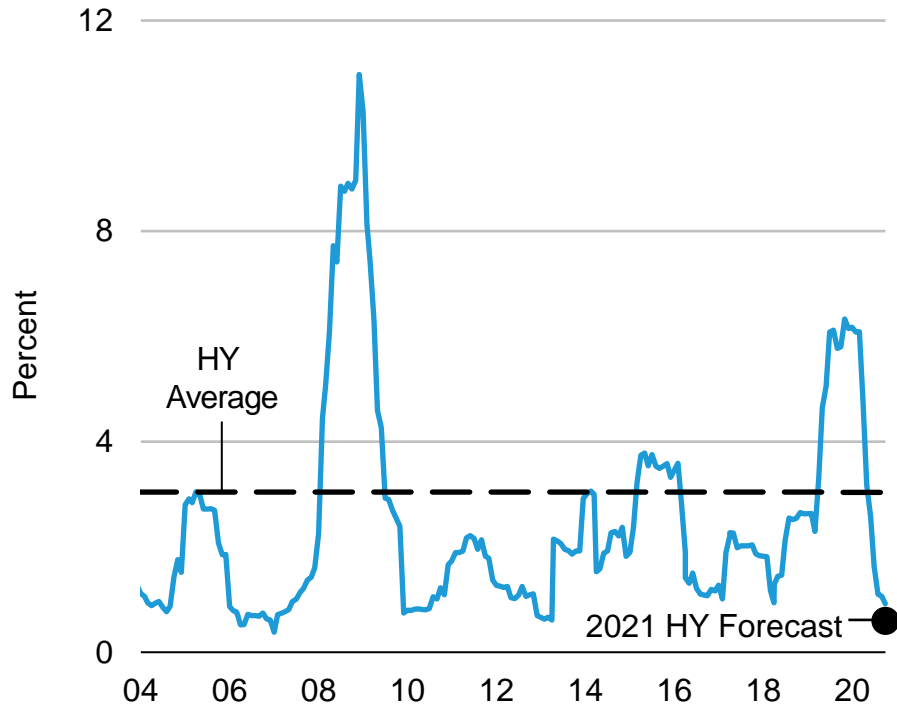
Source: Bloomberg and AB



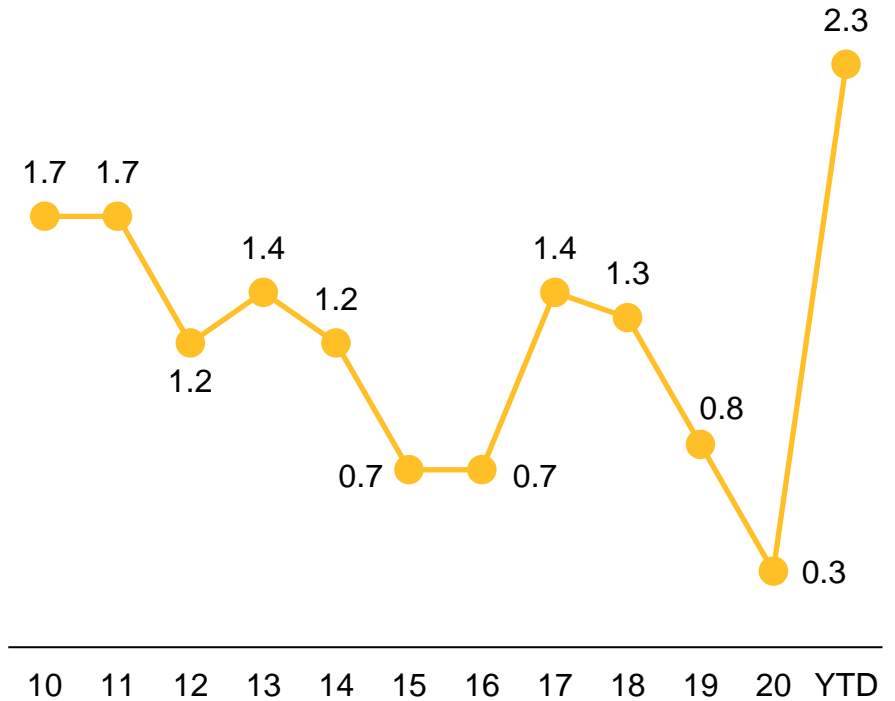
High-Yield and Loan Defaults Are Declining and Expected to Stay Low

Full-year 2021 defaults are expected to be 1% or lower

US HY and Loan Default Rates



Upgrade/Downgrade Ratio



Historical and current analyses do not guarantee future results.

HY: high yield

US average since 1998

As of September 30, 2021

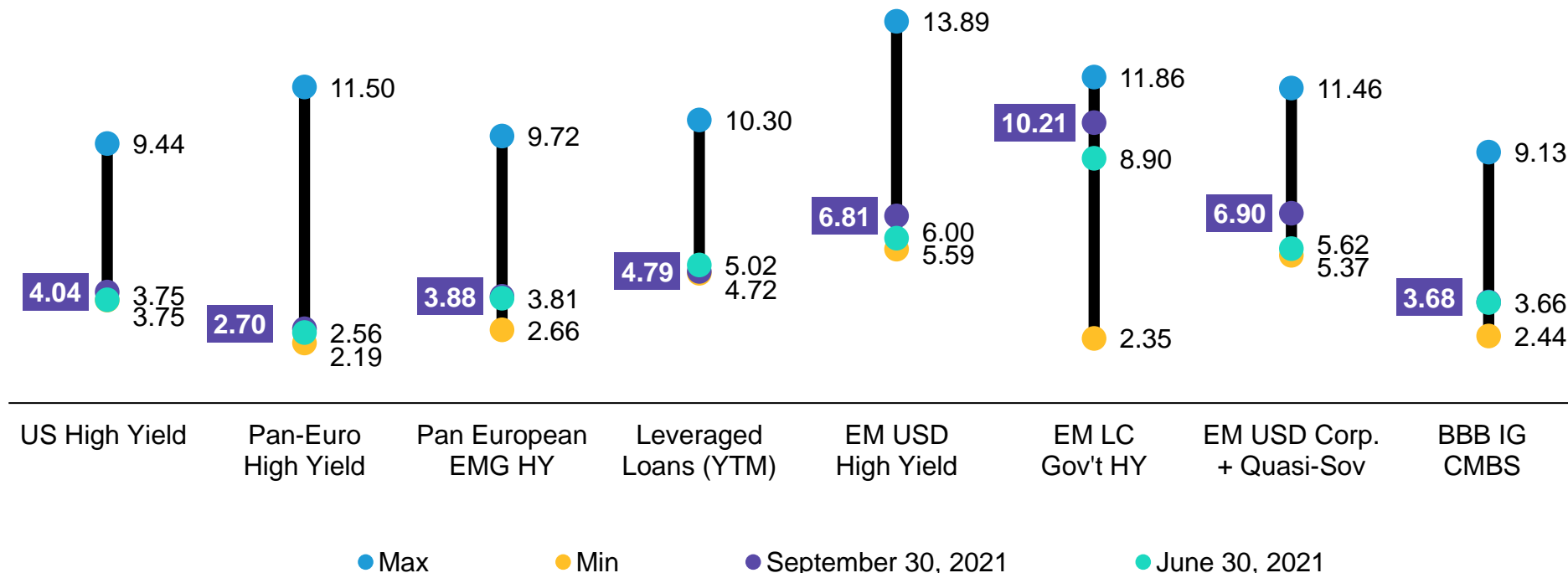
Source: J.P. Morgan



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

10-Year Yield-to-Worst Range

October 2011–September 2021



Past performance does not guarantee future results.

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; Leveraged Loans (YTM) by Credit Suisse Leveraged Loan Index; BBB IG CMBS by Bloomberg CMBS IG BBB Index

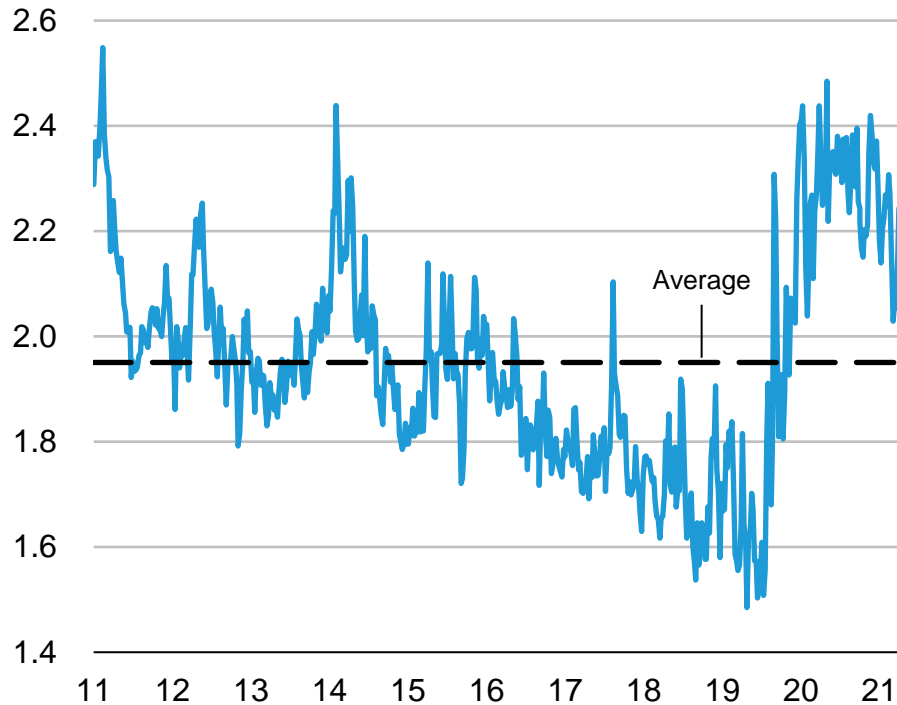
As of September 30, 2021

Source: Bloomberg, Morningstar and AB



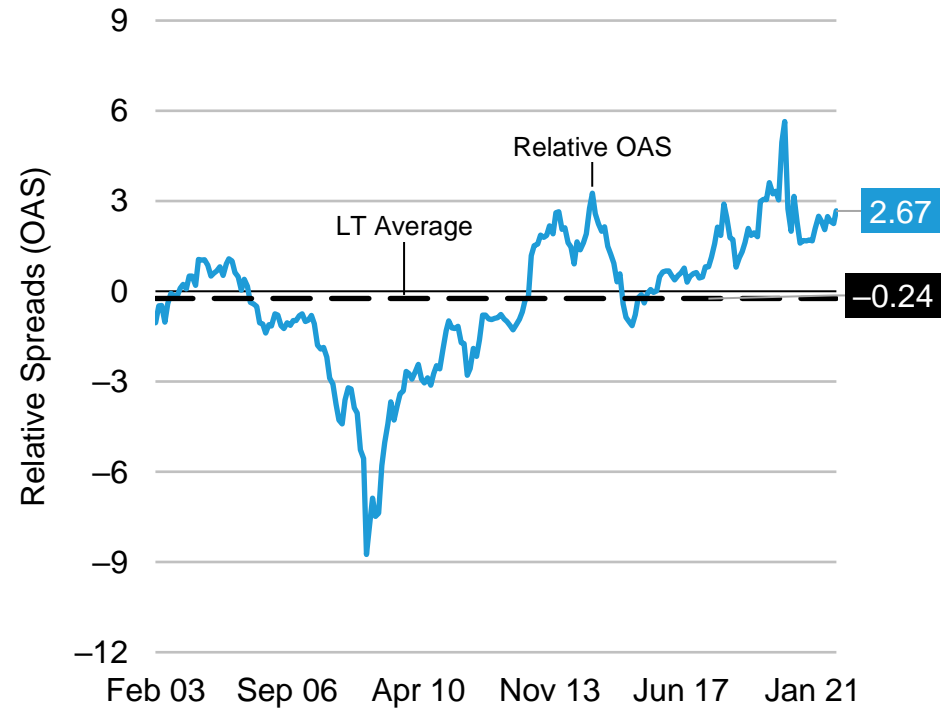
Relative Value Opportunities in BB Bonds and EM HC Sov HY

Ratio of BB to BBB Spreads



EM HC Sovereign HY vs. US High Yield

Relative spreads: February 2003–September 24, 2021



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

HC: hard currency; LT: long-term

Left display as of September 30, 2021; right display as of September 24, 2021

Source: Bloomberg and AB



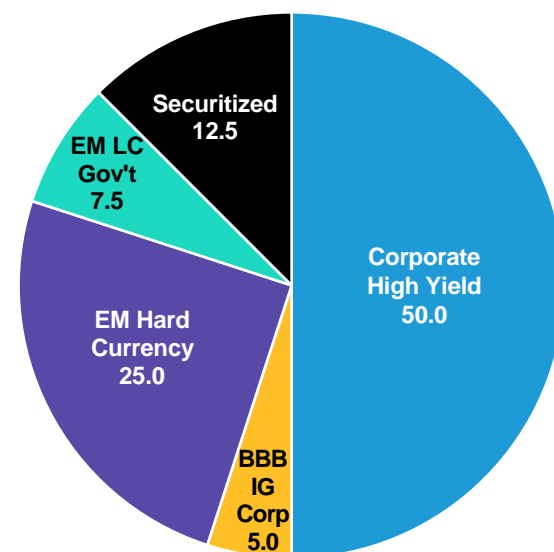
By the Numbers

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)	4.7	2.3	7.1	6.9	10.2	5.2	3.7	5.5	4.0
OAS (b.p.)	382	104	595	603	144	505	271	402	289
Credit Quality	B+	BBB	B	BB/B	B	B	BBB	Ba/B	Ba/B
Duration (Years)	4.4	8.6	5.6	4.3	4.1	0.1	4.8	4.6	4.0

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 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 September 30, 2021. Source: Bloomberg and AB

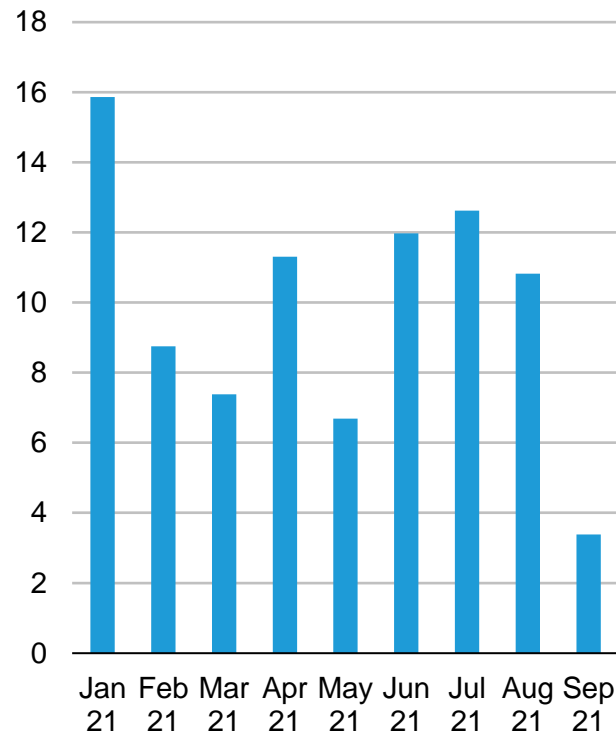
Municipals

Market Inflows Remain Positive but Slowed in September

As investors shopped for value, high-grade munis have cheapened versus treasuries

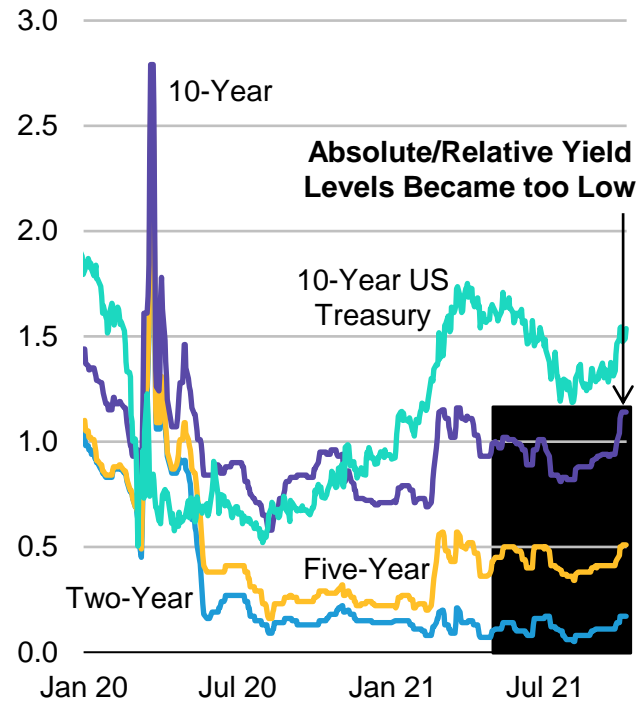
Muni Mutual Fund + ETF Inflows

USD Billions



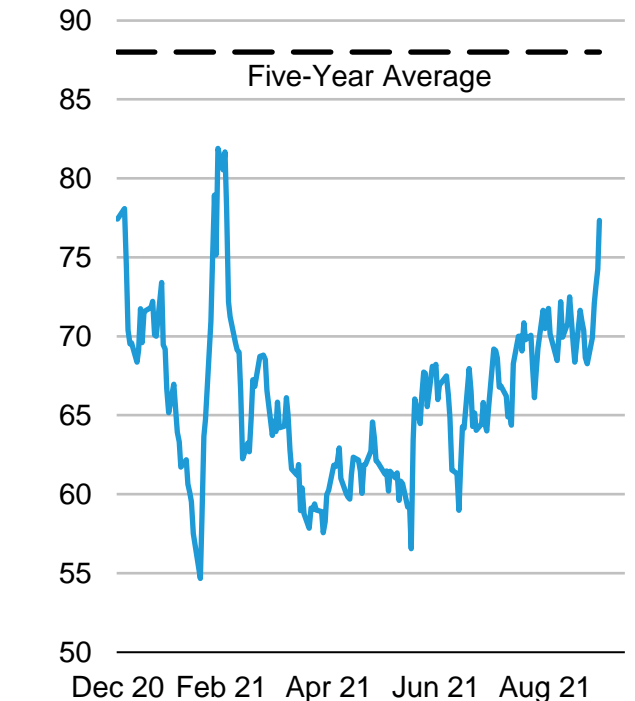
Treasury/Municipal Yields

Percent



10-Year AAA Muni/Treasury Ratio

Percent



Current analysis does not guarantee future results.

ETF: exchange traded fund

*Through June 2019

As of September 30, 2021

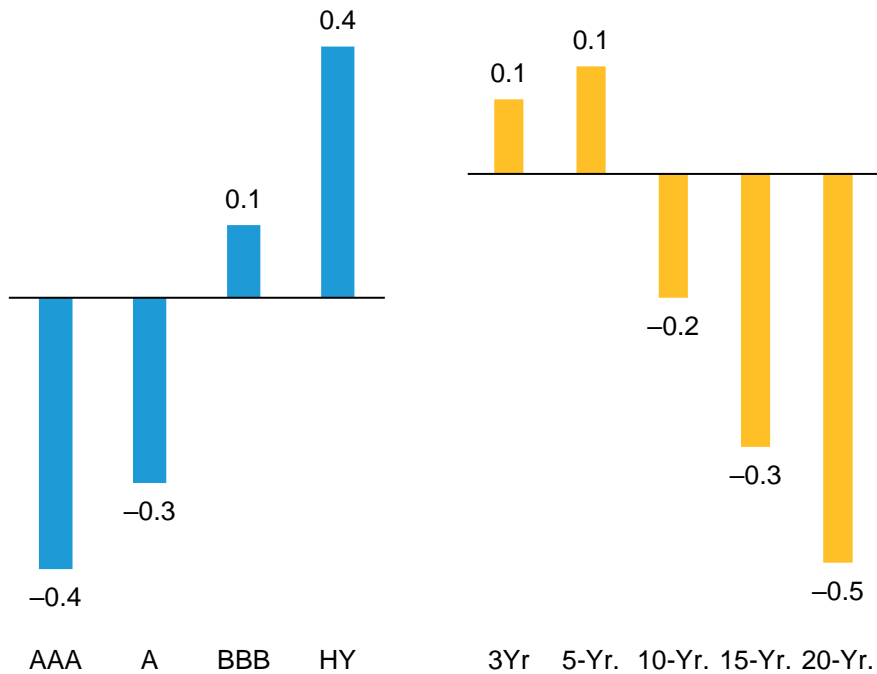
Source: Bloomberg, J.P. Morgan, Municipal Market Data and AB



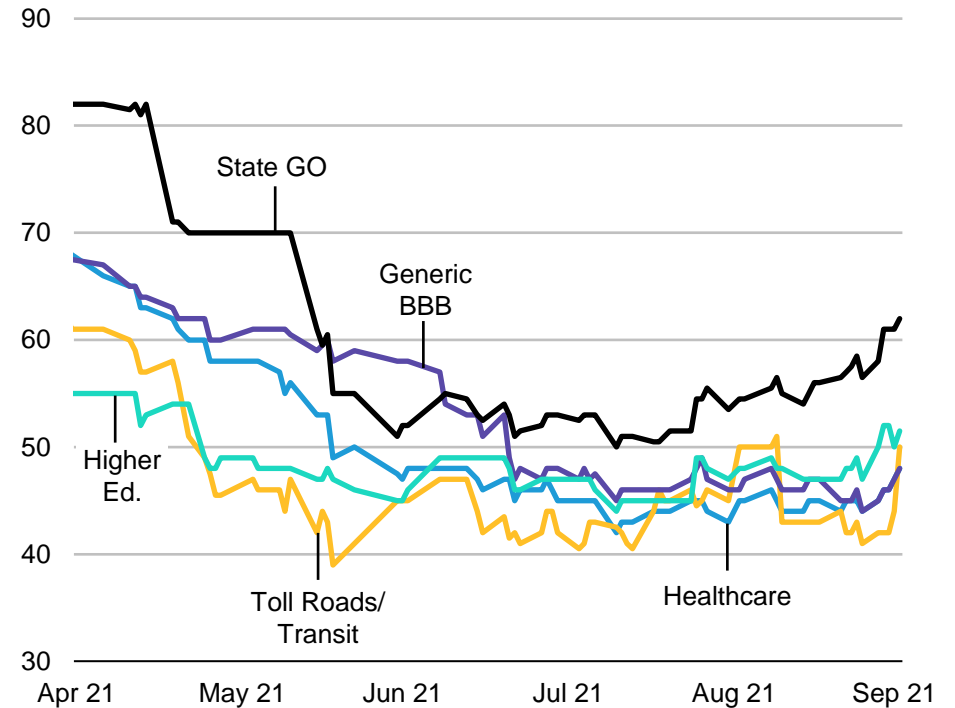
Credit Outperformed, Short Duration Helped

Excess yield is attractive, but investors need to be selective

Quarterly Returns by Credit Quality and Maturity
Percent



BBB Spreads Began to Widen Modestly in Certain Sectors
Basis points



Current analysis does not guarantee future results.

GO: general obligation

As of September 30, 2021

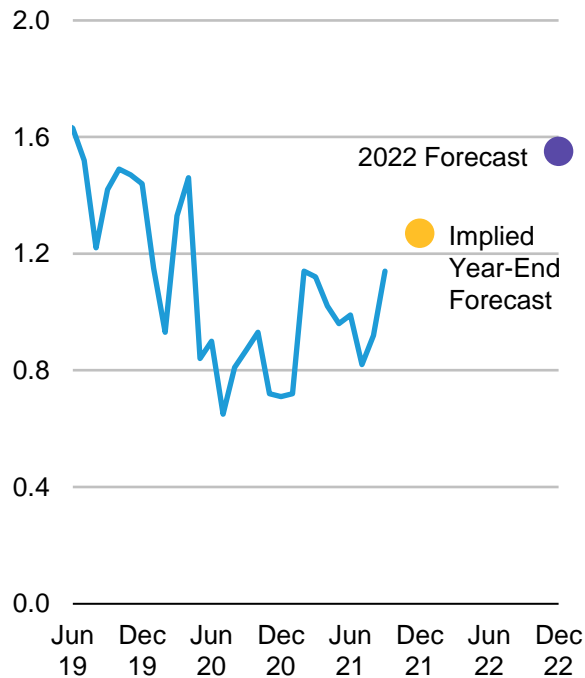
Source: Bloomberg, J.P. Morgan and AB



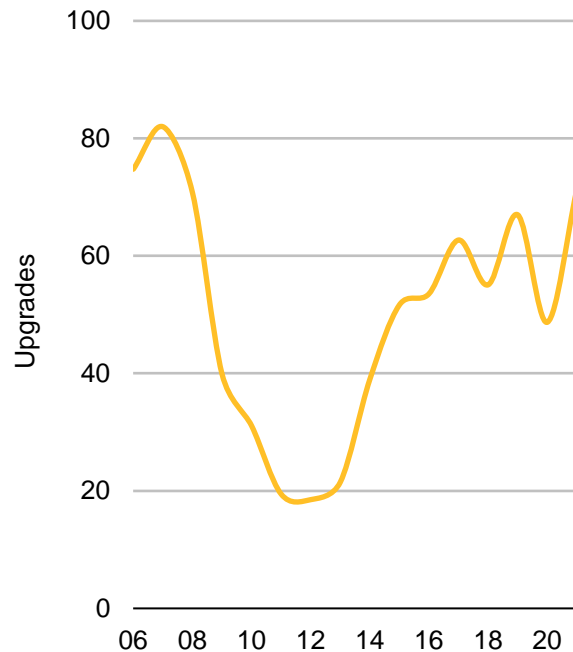
Yields Likely to Rise into 2022

Partially offset by positive credit fundamentals and limited supply

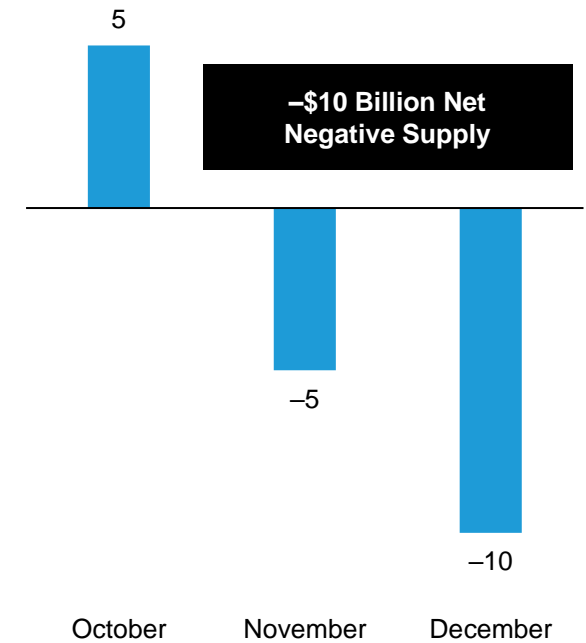
10-Year AAA Municipal Yield
Percent



Upgrades Have Begun to Outpace Downgrades
Quarterly rating activity (percent)



4Q:21 Municipal Net Supply Forecast*
Billions



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

*Difference between expected new issue volume and the amount of bonds that will be called and mature.

As of September 30, 2021

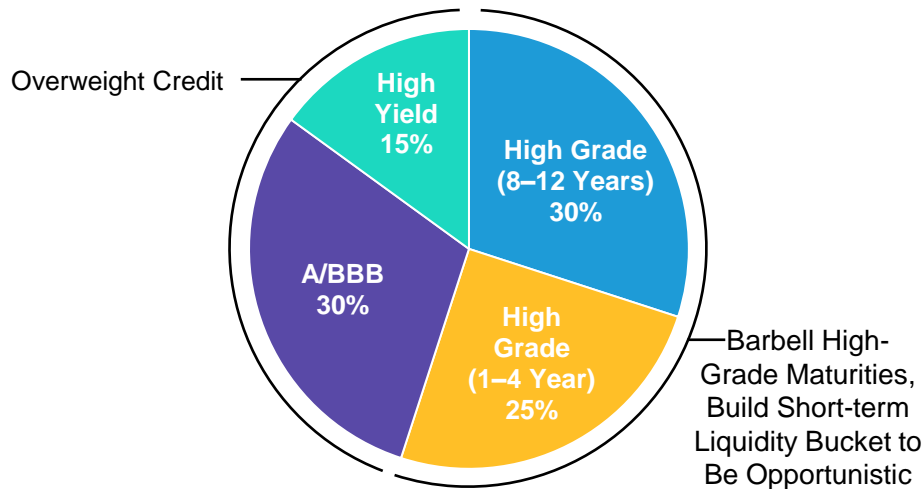
Source: BLS, FRED, J.P. Morgan and AB



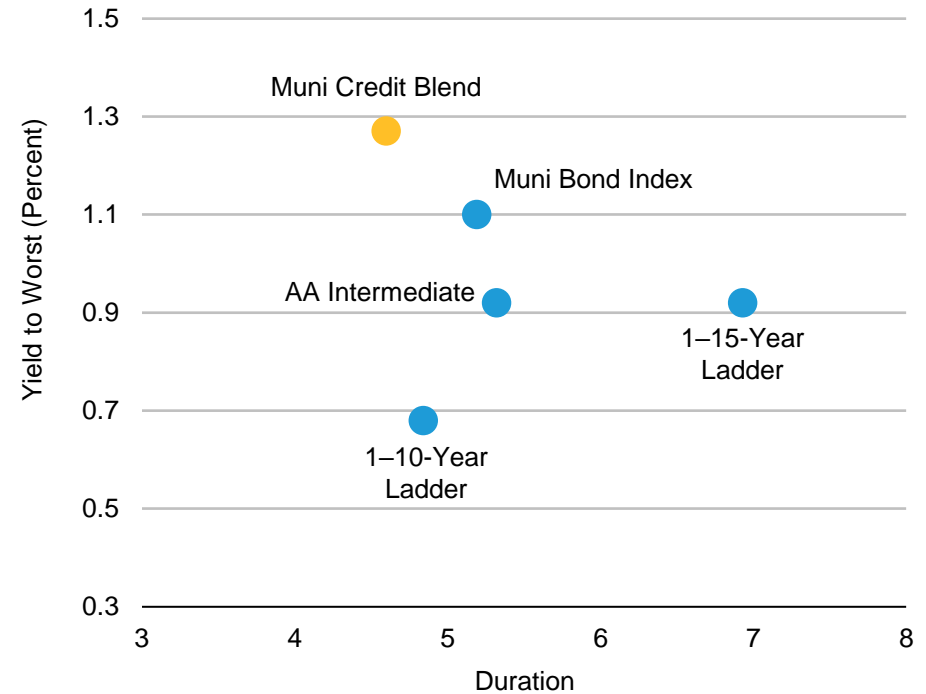
Portfolio Structure Is Critical in a Rising Rate Environment

Maintain duration underweight, overweight municipal credit

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 September 30, 2021

Source: Bloomberg and AB



Appendix

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...

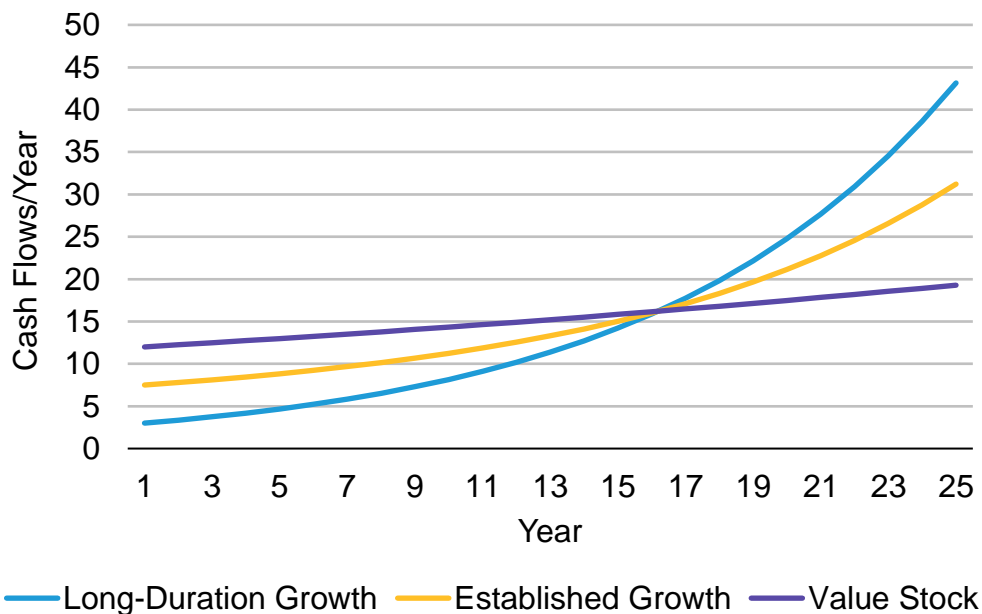


Growth Multiples

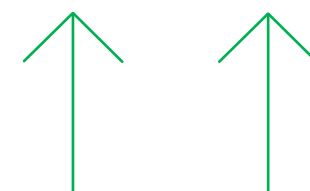
...and many longer-duration growth stock P/Es decline, as future cash flows become less valuable today

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/Es

Past performance and current analysis do not guarantee future results.

As of September 30, 2021

Source: 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

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

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

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

Growth and Momentum Outperform While Small-Cap and Value Struggle

		3Q Returns (Percent)	Jan–Sep 21 Returns (Percent)	Historical P/FE	Pre-Pandemic P/FE	2Q:21 P/FE	3Q:21 P/FE
Index	Russell 1000 Growth	1.16	14.3	17	24	30	28
	S&P 500	0.58	15.9	15	19	21	20
	MSCI EAFE	-0.33	8.8	13	15	16	15
	Russell 1000 Value	-0.78	16.1	14	16	17	16
	Russell 2000	-4.36	12.4	21	25	31	27
Factor*	Momentum	1.48	8.8	20	26	20	19
	Growth	1.36	14.7	18	26	33	30
	Quality	-0.09	14.9	17	20	24	23
	Value	-0.55	15.7	13	15	16	15
	Small Cap	-2.79	15.4	20	22	24	21
Sector	Financials	2.74	29	13	13	14	14
	Utilities	1.78	4.2	15	21	18	19
	Communication Services	1.6	21.6	14	18	21	19
	Healthcare	1.43	13.5	15	16	17	17
	Technology	1.34	15.3	16	23	26	25
	Real Estate	0.88	24.4	39	46	50	44
	Consumer Discretionary	0.01	10.3	17	22	30	28
	Consumer Staples	-0.31	4.7	17	21	21	20
	Energy	-1.72	43.1	16	17	17	13
	Materials	-3.51	10.5	15	19	18	16
	Industrials	-4.22	11.5	15	18	23	20

Current analysis does not guarantee future results.

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

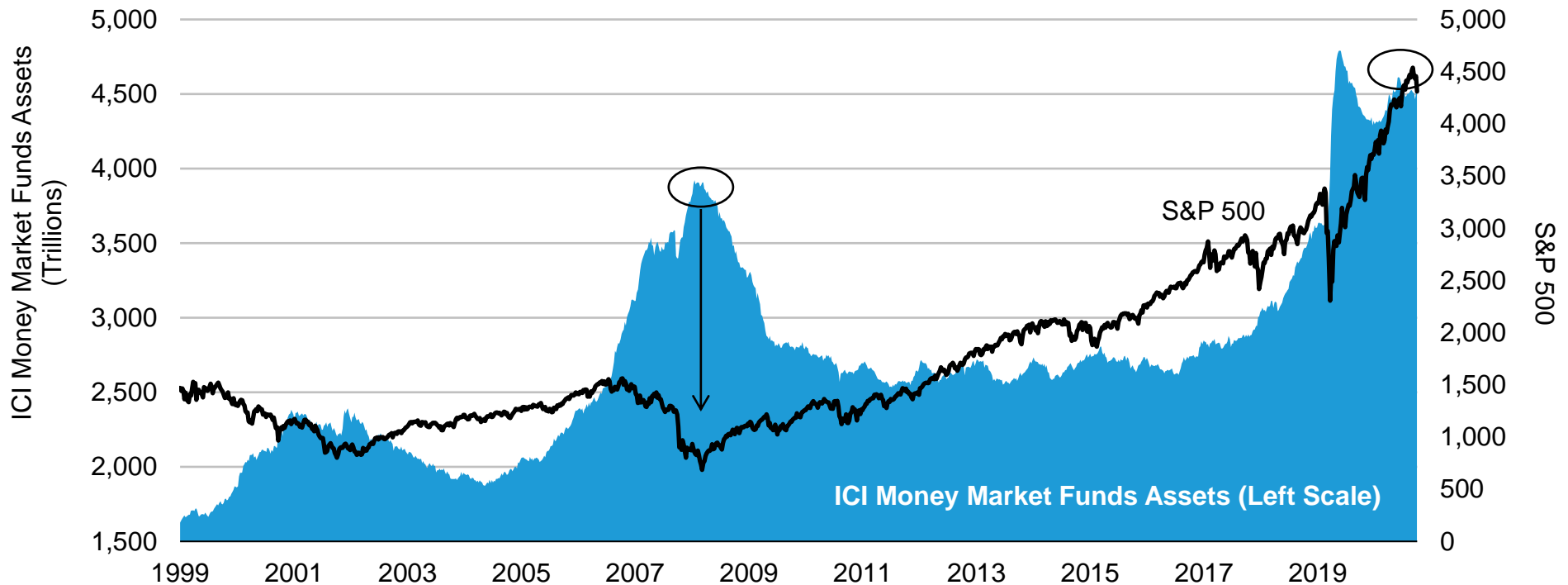
*MSCI USA Factor indices

As of September 30, 2021

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

Cash in Money Market Funds Remains at High Levels

Added buying power during improved terms of trade



Historical analysis and current forecasts do not guarantee future results.

ICI Money Market Funds Assets: total assets in money market funds for the week. Figure is a total of taxable and tax-exempt funds that report to the Investment Company Institute.

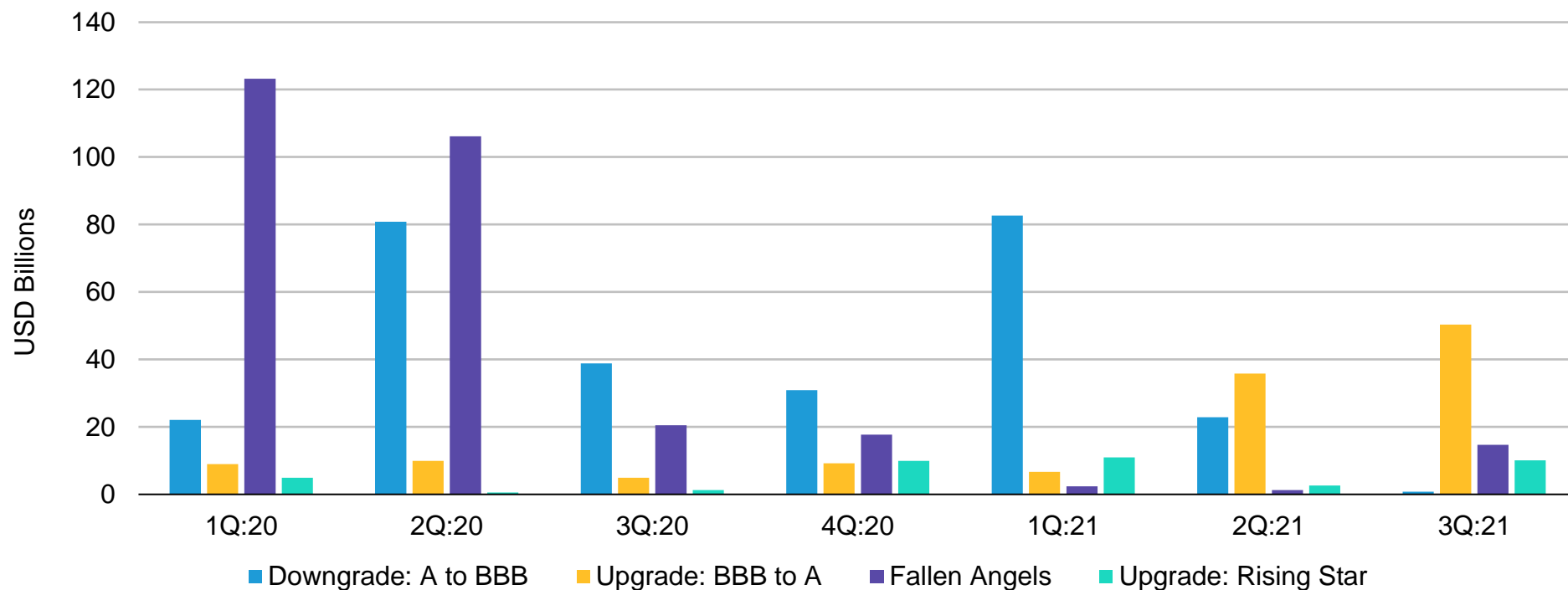
As of September 30, 2021

Source: Bloomberg and AB



Opportunities Within Rising Stars Exist

Rating Transitions: IG As and BBBs



Historical and current analyses do not guarantee future results.

As of September 30, 2021

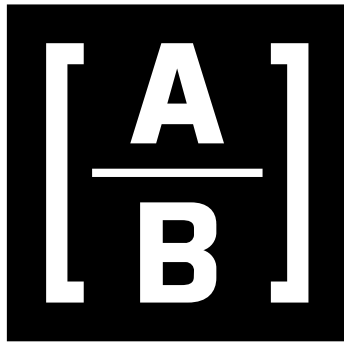
Source: Morgan Stanley



Disclosures and Important Information

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.

The information contained here reflects the views of AllianceBernstein L.P. or its affiliates and sources it believes are reliable as of the date of this publication. AllianceBernstein L.P. makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized. Past performance does not guarantee future results. The views expressed here may change at any time after the date of this publication. This document is for informational purposes only and does not constitute investment advice. AllianceBernstein L.P. does not provide tax, legal or accounting advice. It does not take an investor's personal investment objectives or financial situation into account; investors should discuss their individual circumstances with appropriate professionals before making any decisions. This information should not be construed as sales or marketing material or an offer of solicitation for the purchase or sale of, any financial instrument, product or service sponsored by AllianceBernstein or its affiliates.



ALLIANCEBERNSTEIN®

The [A/B] logo is a registered service mark of AllianceBernstein and AllianceBernstein® is a registered service mark used by permission of the owner, AllianceBernstein L.P.
© 2021 AllianceBernstein L.P. www.AllianceBernstein.com

UMF-217716-2021-10-07