ALLIANCEBERNSTEIN

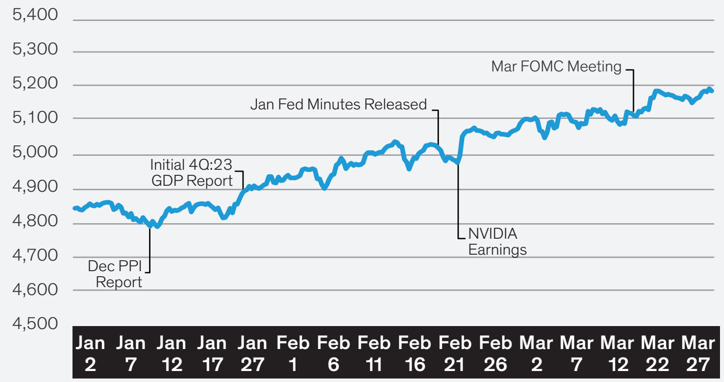
AB Global Capital Markets Outlook | 2Q 24

At the Intersection of Hope and Fear

The Manifestation of Hope: Most Major Equity Indices Rallied to All-Time Highs On the Back of Strong Economic Data and Artificial Intelligence Momentum

During the first quarter, the S&P 500 simply went up and to the right. All news was ultimately interpreted as good news, even traditionally "bad" news. Outside macroeconomic events, artificial intelligence also pushed markets higher, as NVIDIA largely served as the tail that wagged the dog.

S&P 500 PRICE CHART (US dollars)

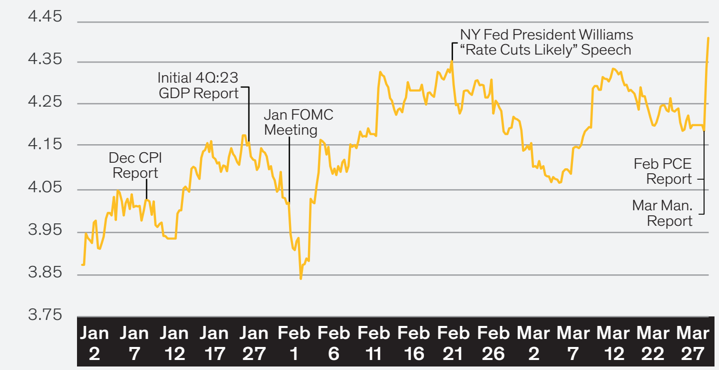


Past performance does not guarantee future results. | Returns are price returns; event dates are approximate. | PPI: Producer Price Index | FOMC: Federal Open Market Committee | As of 31 March 2024 | **Source:** Bloomberg, LPL Financial, S&P and AB

The Manifestation of Fear: The "Higher For Longer" Narrative Resurfaced After Stronger Than Expected Macro Data Surprised Markets

Conversely, virtually all macro variables pushed rates higher due to fears of the economy being "too strong" and inflation being more persistent than expected. However, even after the first quarter's move higher, we remain below the highwater mark set last fall.

US 10-YEAR TREASURY (Percent)

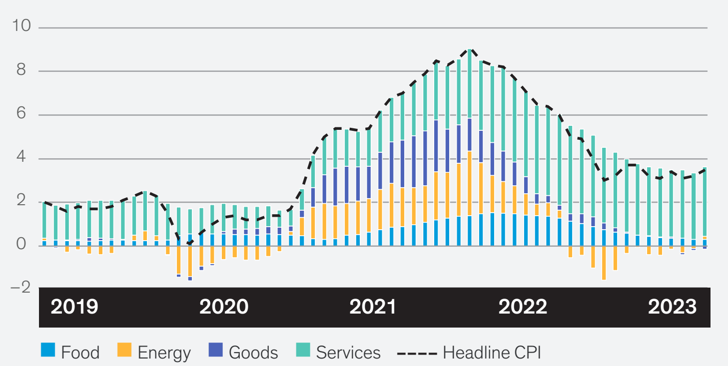


Past performance does not guarantee future results. | Event dates are approximate. | PCE: Personal Consumption Expenditures Price Index | ISM: Institute for Supply Management index | As of 31 March 2024 | **Source:** Bloomberg and AB

All Roads Lead to Inflation: Growth, Labor Market and CPI Readings Are Being Highly Scrutinized for Signs of a Resurgence

Although inflation has fallen rapidly from its multi-decade highs, the "last mile" has remained more challenged. Even through higher rates, growth expectations have been revised materially higher for the first half of 2024, while the labor market continues to remain tight. Ultimately, robust demand, higher wages and the infamous shelter lag have kept inflation above the Fed's 2% target. But all hope is not lost…

CONTRIBUTION TO CPI BY CATEGORY (Percent)

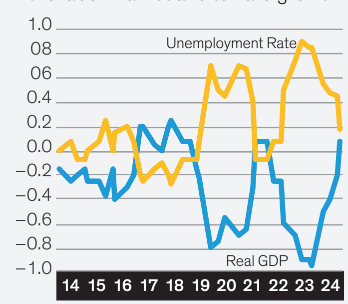


Current analysis does not guarantee future results. | As of 31 March 2024 | **Source:** Bloomberg, US Bureau of Labor Statistics and AB

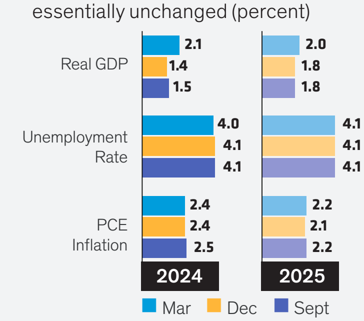
Don't Miss the Forest for the Trees: Normalization—and Subsequently Rate Cuts—Are Still on the Horizon

…while most macroeconomic variables have "beat" to the upside during the first quarter, if we zoom out and view them in a greater context, the data continues to suggest normalization, not a reacceleration, ahead. This reality has also manifested in the Fed's expectations… a very soft landing indeed.

FED'S RISK WEIGHTINGS
Increasingly skewing away from the labor market and toward growth



CHANGE IN FED'S YE ESTIMATES
Growth revised slightly higher, others essentially unchanged (percent)



Current analysis does not guarantee future results. | YE: year-end
As of 31 March 2024 | **Source:** US Federal Reserve and AB

2Q 2024 AB CAPITAL MARKETS OUTLOOK

AB'S CAPITAL MARKETS COMMITTEE MEMBERS

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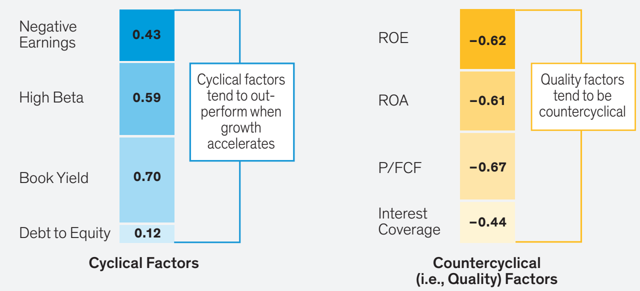
EQUITIES

Quality Exposures: A Friendly Neighborhood Where Staying Put Is Advised

Amid moderating economic growth and heightened valuations, investors would be wise to gravitate toward stocks with higher-quality factors. Our preferred factors have done well year to date—a trend we expect to continue, as they have historically tended to be more countercyclical.

STICK WITH THEM AS THINGS CONTINUE TO MODERATE

Five-year factor correlations to retail sales



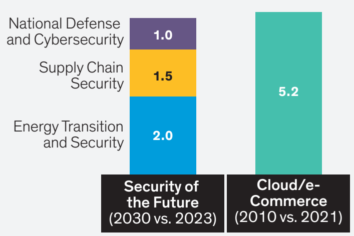
Past performance does not guarantee future results. | ROA: return on assets; ROE: return on equities; P/FCF: price to free cash flow | As of 31 March 2024 | **Source:** Piper Sandler, S&P and AB

QUALITY GROWTH AND VALUE

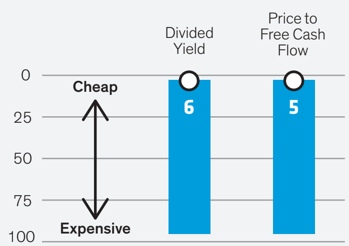
While healthcare lagged, it continues to offer durable earnings potential, and a broad range of valuations provides fertile ground for stock selection. Among value equities, persistent underperformance now offers an attractive entry point—particularly in companies poised to generate high free cash flow and solid earnings that are linked to secular trends.

THREE SECURITY THEMES POISED FOR STRONG GROWTH

Estimated annual spending as a percentage of global GDP (percent)



FINDING GROWTH WITHIN VALUE: KEY FACTORS REMAIN ATTRACTIVELY PRICED*



Current analysis does not guarantee future results. | Left display as of 31 December 2023; right display as of 29 February 2024 | **Source:** Bank of America, Bernstein Research, IEA and AB

FIXED INCOME

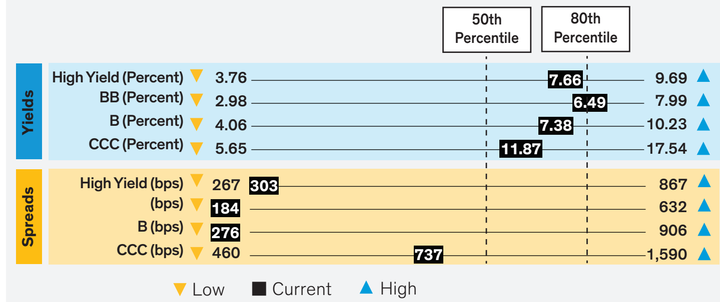
Corporate Finances Are Generally Healthy, Creating Great Potential For Investors

HIGH YIELD

High-yield spreads are now at the bottom part of the historical range. However, overall yields, historically a strong predictor of future returns, remain attractive.

YIELDS ARE AT 10-YEAR HIGHS AND SPREADS STILL AROUND AVERAGE

Percent of time yields and spreads were below today's levels since 2013



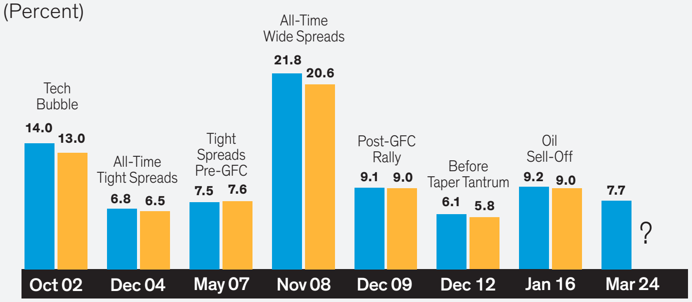
Current analysis and forecasts do not guarantee future results.
bps: basis points. Both displays are represented by the Bloomberg US Corporate High Yield Index.
As of 31 March 2024 | **Source:** Bloomberg and AB

CREDIT

Credit—specifically high yield—continues to look appealing. The level of yield is highly predictive of returns in the forward five years. As we move toward normalization, high yield represents a compelling risk-adjusted opportunity inside equity portfolios.

YIELD TO WORST HAS HISTORICALLY BEEN A STRONG PREDICTOR OF FUTURE RETURNS

(Percent)



Past performance does not guarantee future results. | High yield is represented by the Bloomberg US Corporate High Yield Index. | GFC: global financial crisis | As of 31 March 2024 | **Source:** Bloomberg, S&P and AB

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