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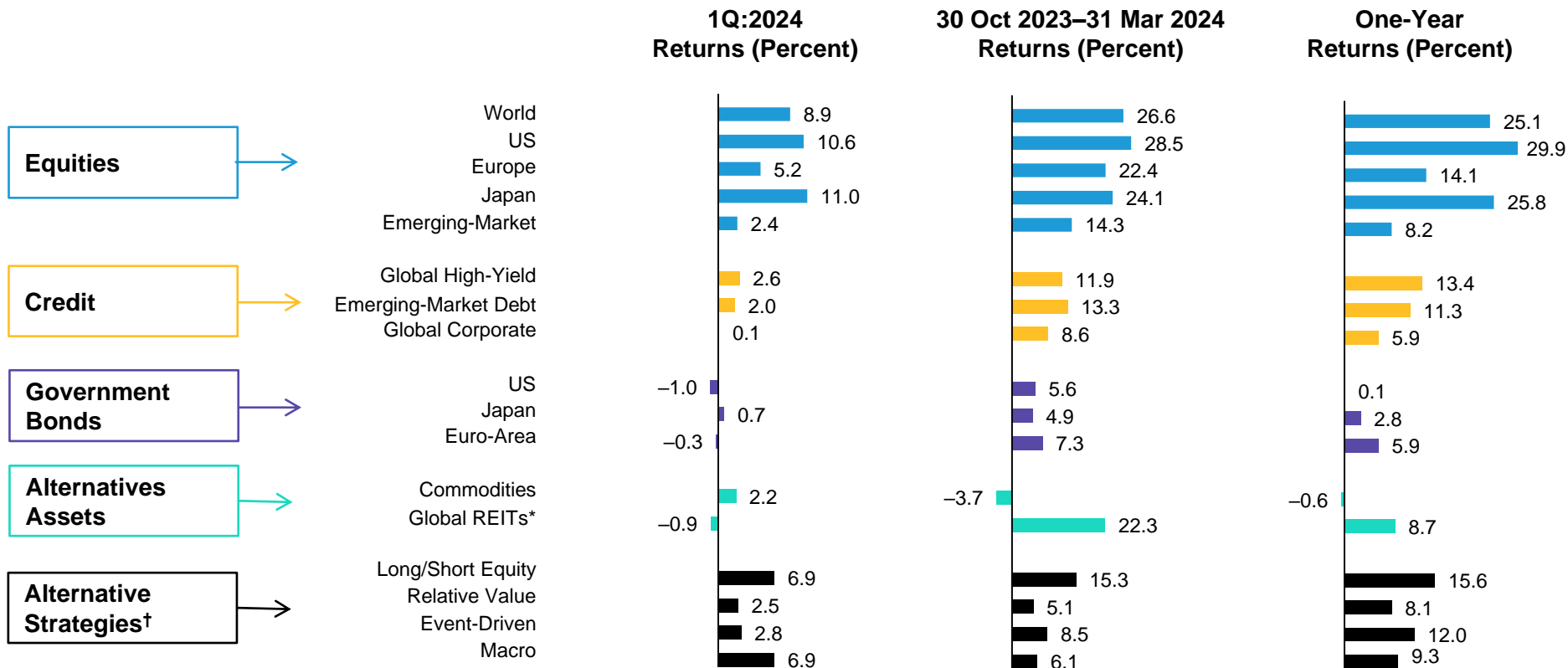
Global Capital Markets Outlook

At the Intersection of Hope
and Fear

Second Quarter 2024

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.

AI(I) Aboard the Momentum Train: The Increased Potential of an Artificial Intelligence Revolution Fueled Equity Markets During the First Quarter



Past performance does not guarantee future results.

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

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

As of 31 March 2024

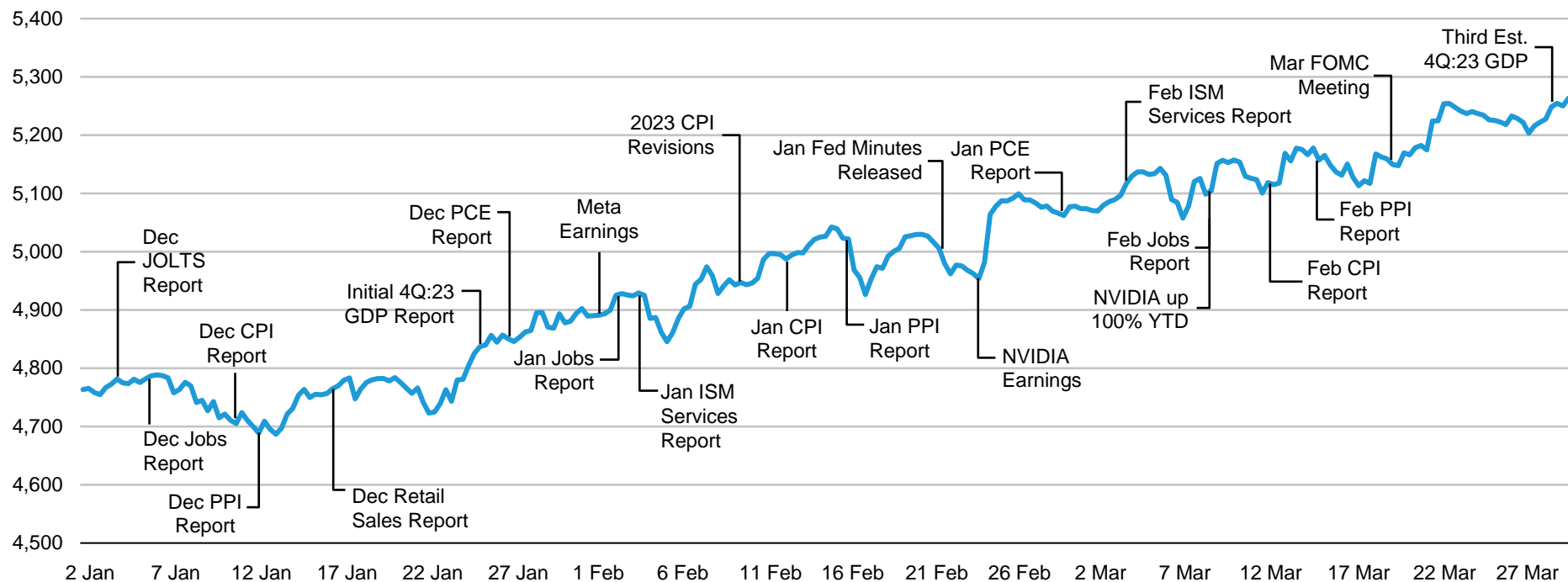
Source: Bloomberg Barclays, Hedge Fund Research, J.P. Morgan, Morningstar, MSCI, Standard & Poor's (S&P) Dow Jones and AB



The Manifestation of Hope

Most major equity indices rallied to all-time highs

S&P 500 Price Chart (in US Dollars)



Past performance does not guarantee future results.

CPI: Consumer Price Index; FOMC: Federal Open Market Committee; ISM: Institute for Supply Management; JOLTS: Job Openings and Labor Turnover Survey; PCE: Personal Consumption Expenditures Price Index; PPI: Producer Price Index; YTD: year to date

Returns are price returns; event dates are approximate.

Through 31 March 2024

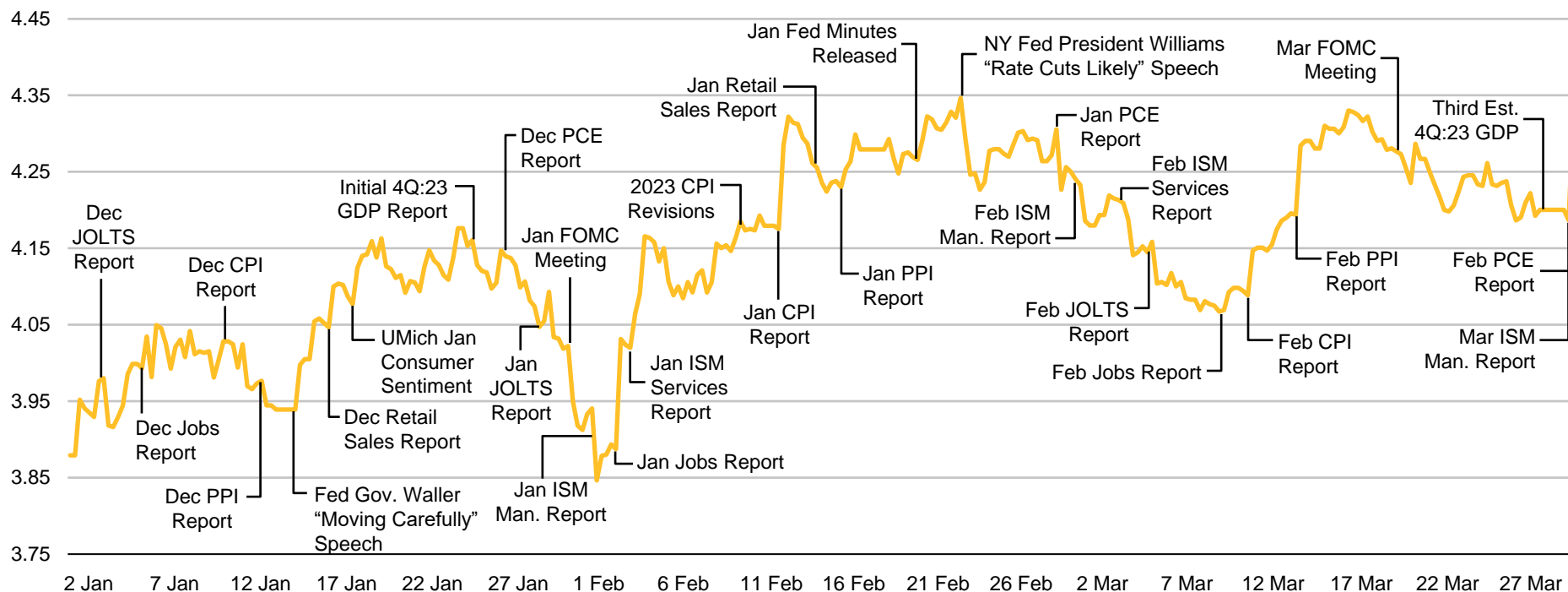
Source: Bloomberg, S&P and AB



The Manifestation of Fear

Longer-dated rates pushed higher...

US 10-Year Treasury (Percent)



Past performance does not guarantee future results.

CPI: Consumer Price Index; FOMC: Federal Open Market Committee; ISM: Institute for Supply Management; JOLTS: Job Openings and Labor Turnover Survey; Man.: manufacturing; PCE: Personal Consumption Expenditures Price Index; PPI: Producer Price Index; UMich: University of Michigan; event dates are approximate.

Through 2 April 2024

Source: Bloomberg, S&P and AB

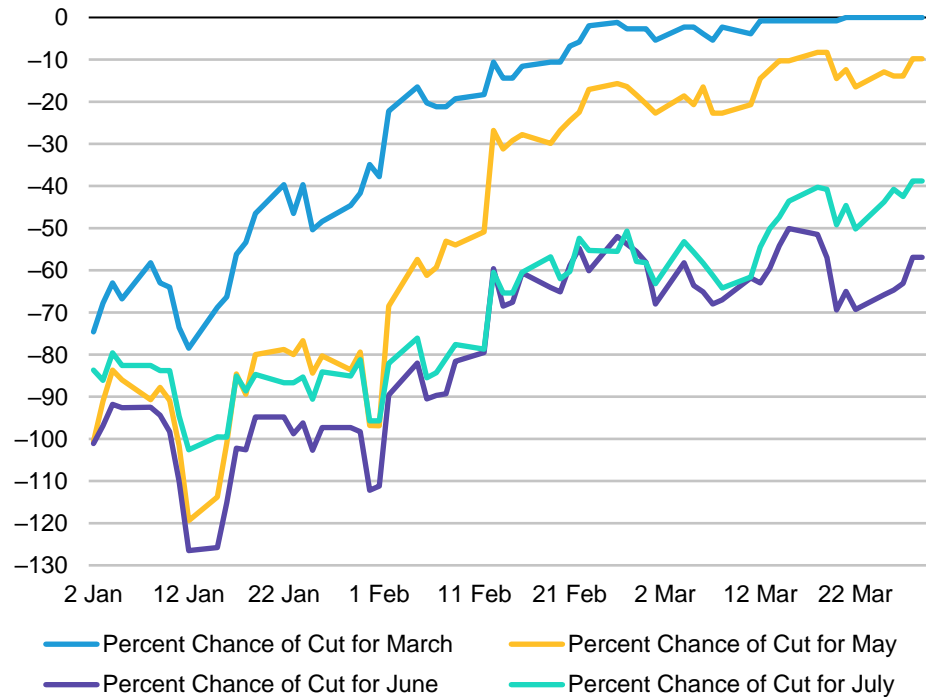


The Manifestation of Fear

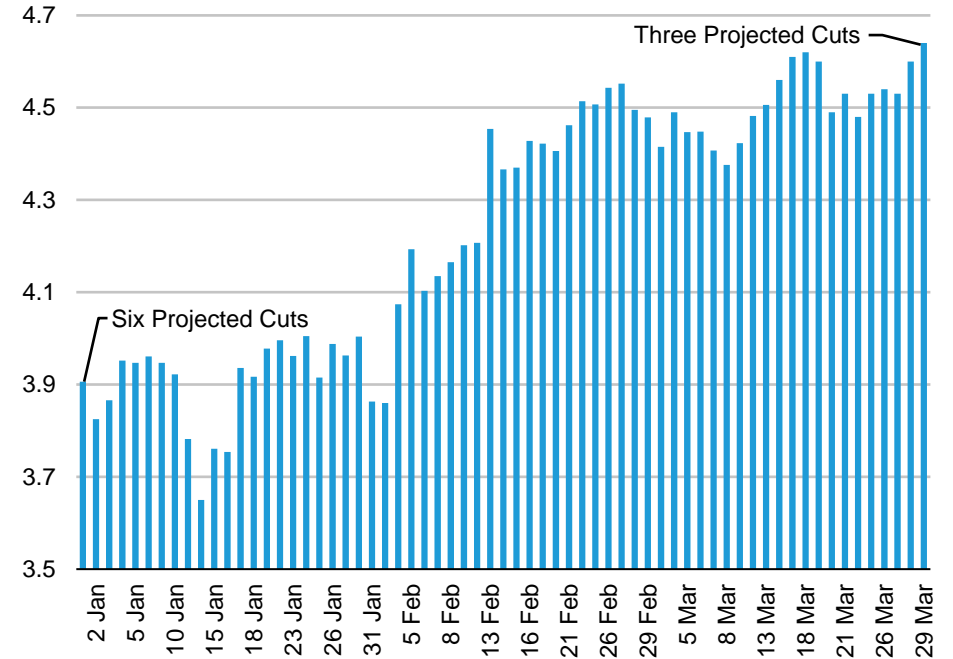
...while market expectations for the first rate cut were repeatedly revised for later in the year

Change in Rate-Cut Expectations over Time

Greater than 100% implies more than one expected cut



Fewer Expected Rate Cuts Means a Higher Expected Federal Funds Rate for Year-End 2024 (Percent)



Current analysis does not guarantee future results.

As of 31 March 2024

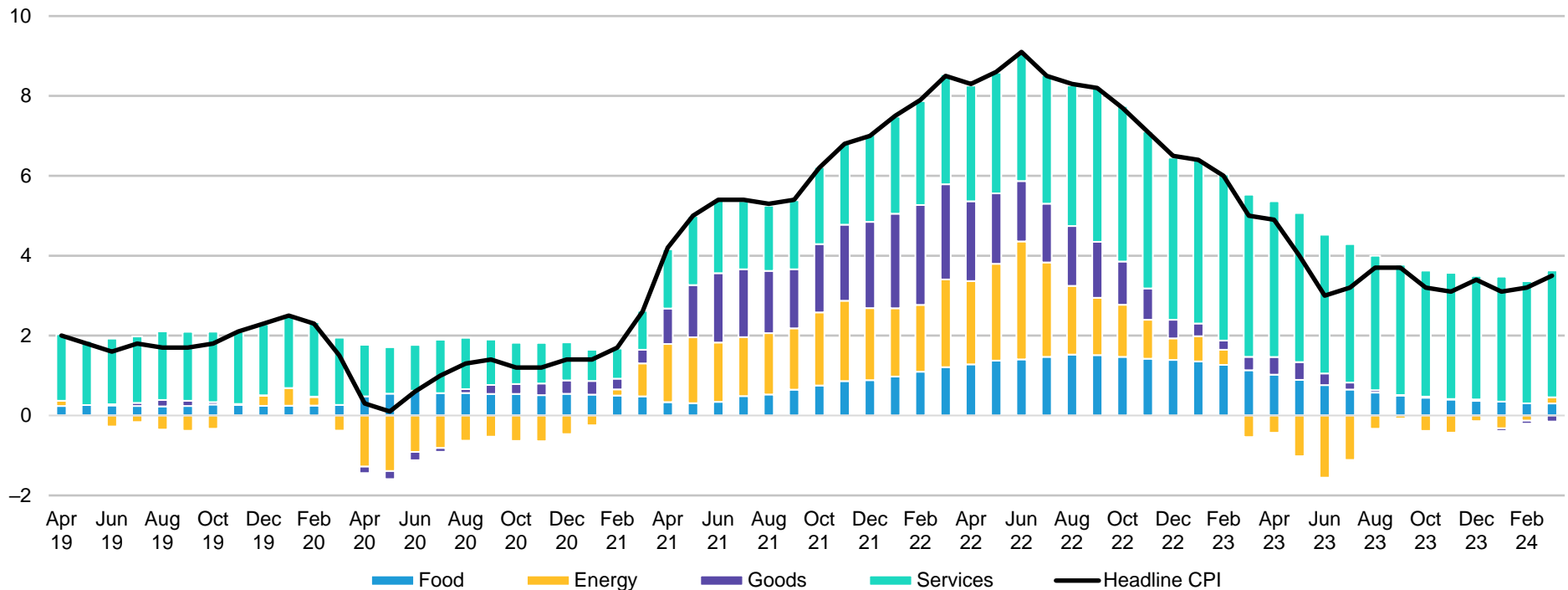
Source: Bloomberg and AB



Fear 1: Persistent Inflation

First goods, then food and energy, and now “sticky” services contributing the most to CPI

Contribution to CPI by Category (Percent)



Past performance does not guarantee future results.

CPI: Consumer Price Index

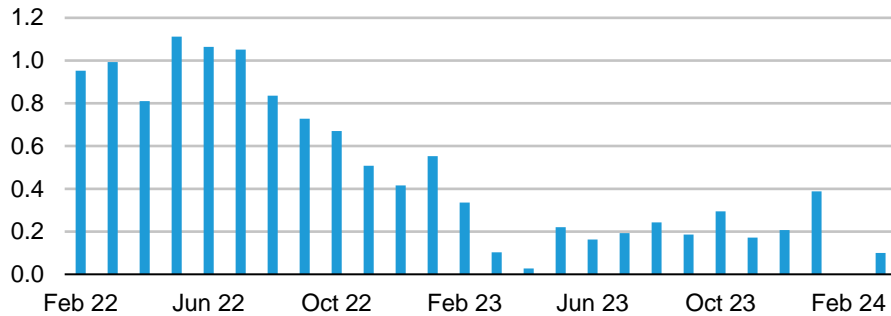
Through 31 March 2024

Source: Bloomberg and AB

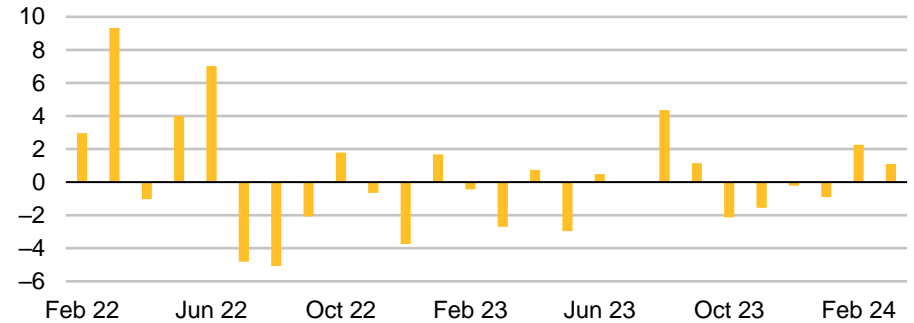


Although Many CPI Categories Have Suggested a Return to Trend, Service Price Growth Remains Too High

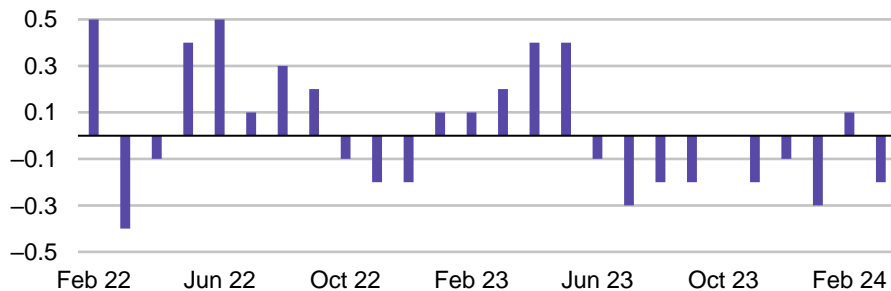
Food Prices MoM (Percent)



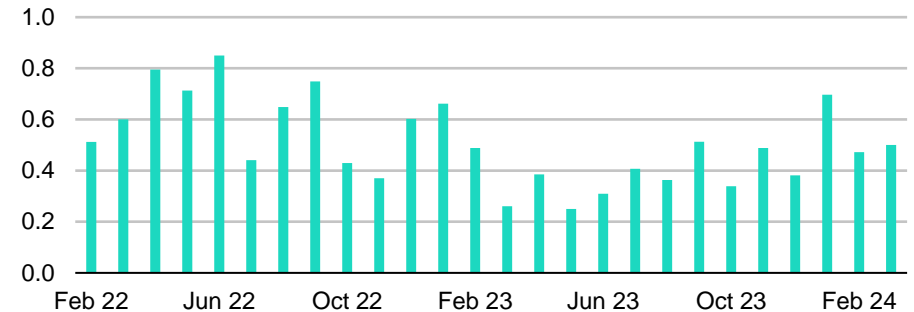
Energy Prices MoM (Percent)



Goods Prices MoM (Percent)



Services Prices MoM (Percent)



Current analysis does not guarantee future results.

MoM: month over month

Through 31 March 2024

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

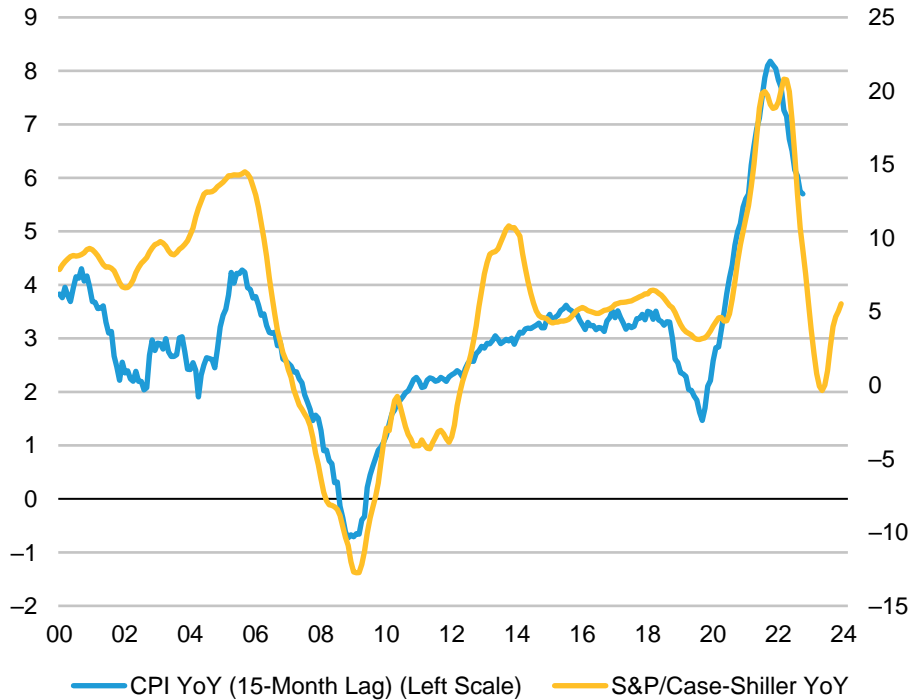


However, There Is Reason for Hope

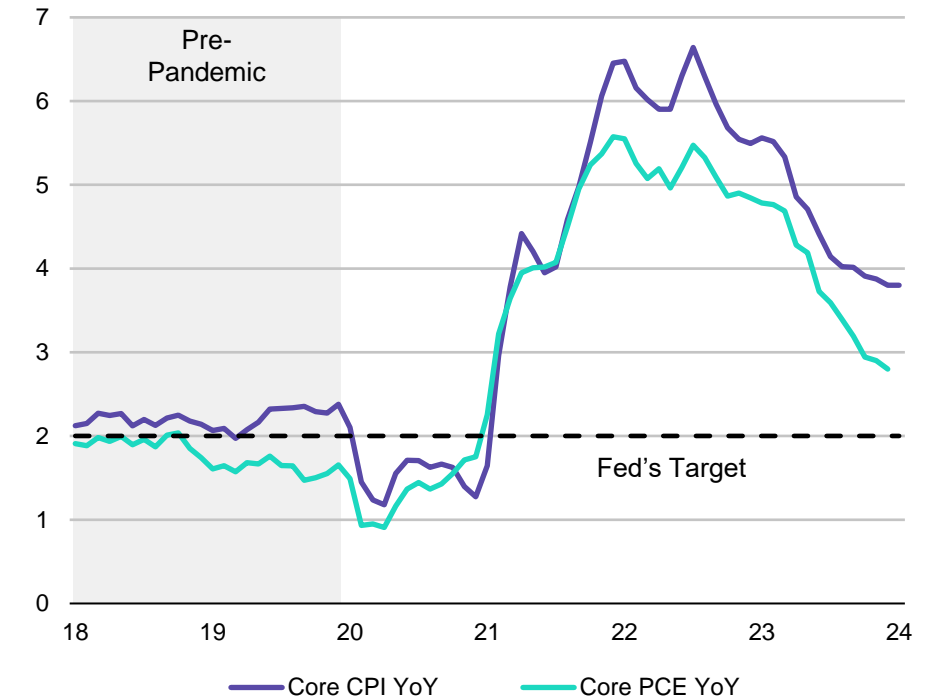
Shelter makes up nearly 60% of services

S&P/Case-Shiller Home Prices vs. CPI Shelter Prices

“Real time” data versus *lagging* measurement (percent)



As Inflation Measures Start to Reflect Slower Shelter Growth over the Last Year, Expect Forward Prints to Head Lower



Current analysis does not guarantee future results.

PCE: Personal Consumption Expenditures Price Index; YoY: year over year
Through 31 March 2024

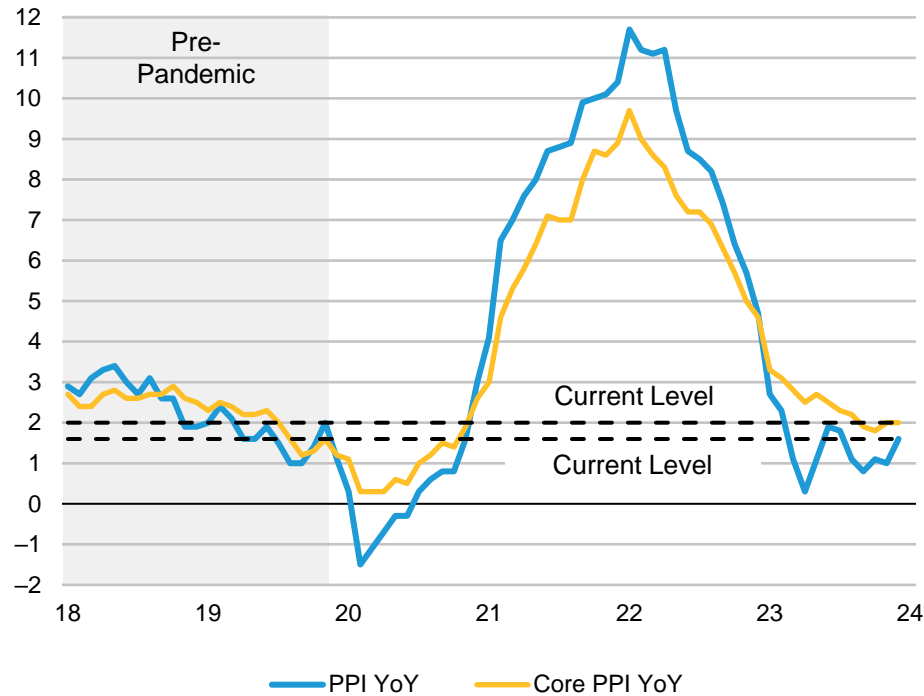
Source: Bloomberg, BLS, S&P/Case-Shiller Home Price and AB



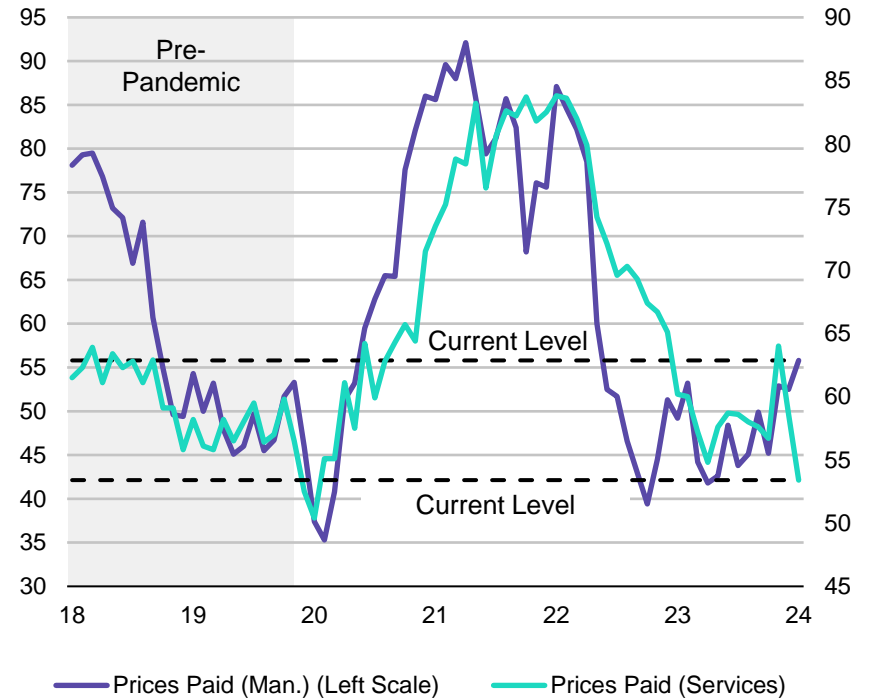
Other Inflation Measures to Watch

No signs of a meaningful reacceleration here either

Leading Indicator #1: PPI (Percent)



Leading Indicator #2: ISM Prices Paid



Current analysis does not guarantee future results.

ISM: Institute for Supply Management; Man.: manufacturing; PPI: Producer Price Index; YoY: year over year

Through 31 March 2024

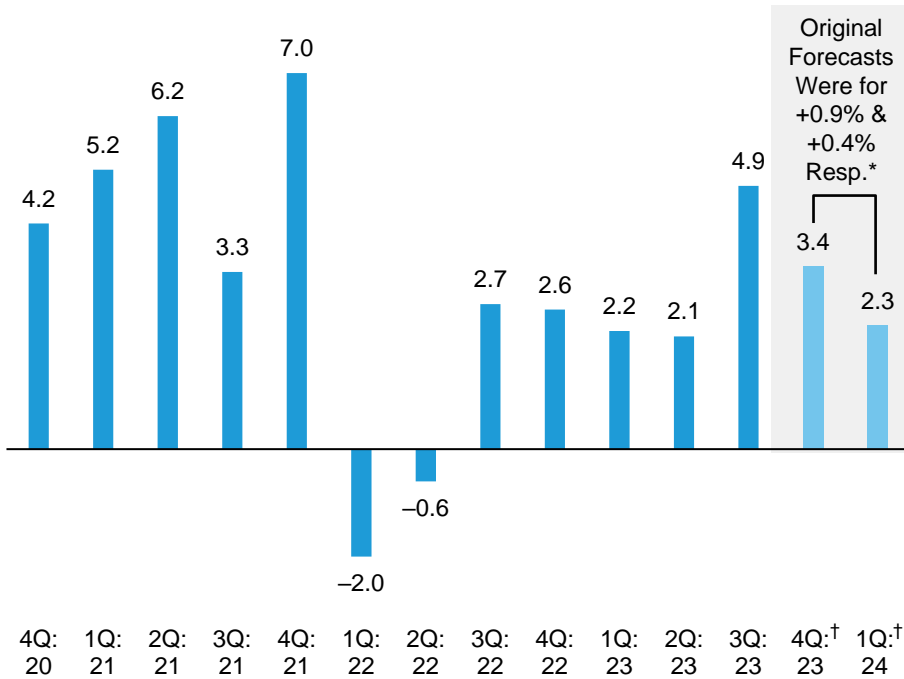
Source: Bloomberg, BLS and AB



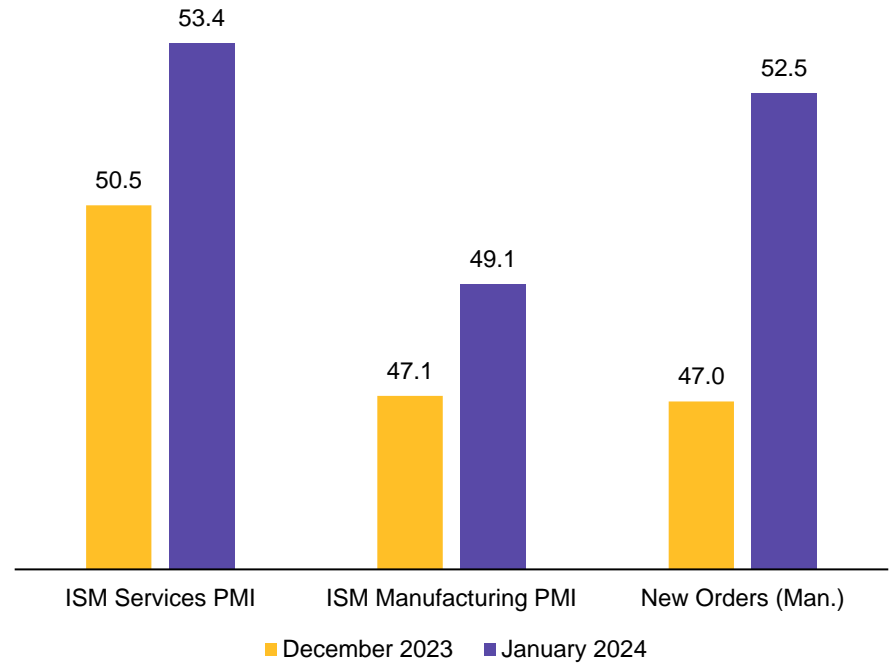
Fear 2: Stronger Growth

Growing concerns for growth being “too strong”

GDP Growth Has Again Surprised to the Upside (Percent)



Growth Measures Jumped as We Entered the Year (Percent)



Current analysis does not guarantee future results.

ISM: Institute for Supply Management; Man.: manufacturing; PMI: Purchasing Managers' Index

*WSJ survey of economists from 26 October 2023

†Current market forecast

As of 31 March 2024

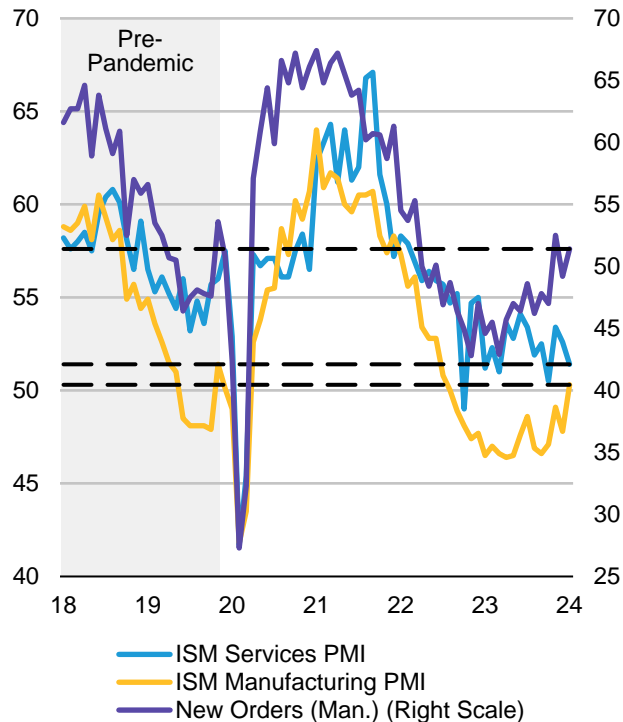
Source: Bloomberg, Institute for Supply Management (ISM), *The Wall Street Journal* and AB



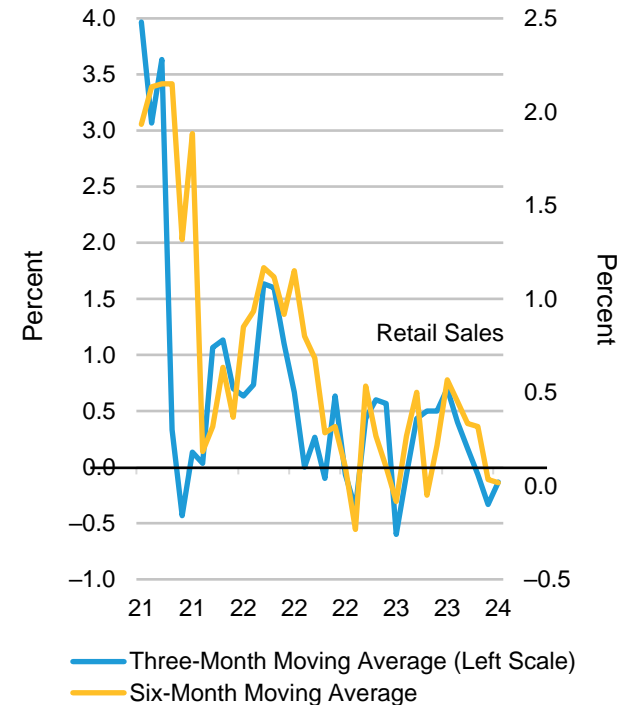
However, Don't Miss the Forest for the Trees

Green shoots pointing toward normalization, not a lasting reacceleration

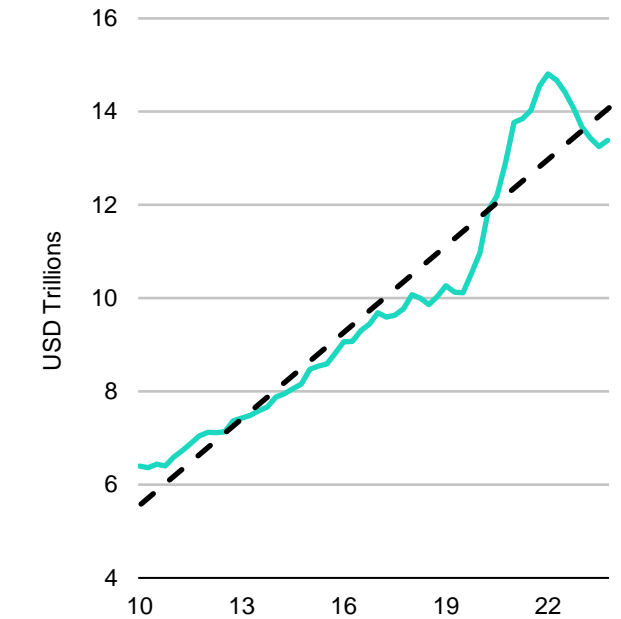
PMIs in Context: Current Readings Remain Below Pre-Pandemic Levels



While Softening Trends in Consumer Spending...



...and Depleting Aggregate Savings Suggest Slower Growth Ahead



Current analysis does not guarantee future results.

ISM: Institute for Supply Management; Man.: manufacturing; PMI: Purchasing Managers' Index

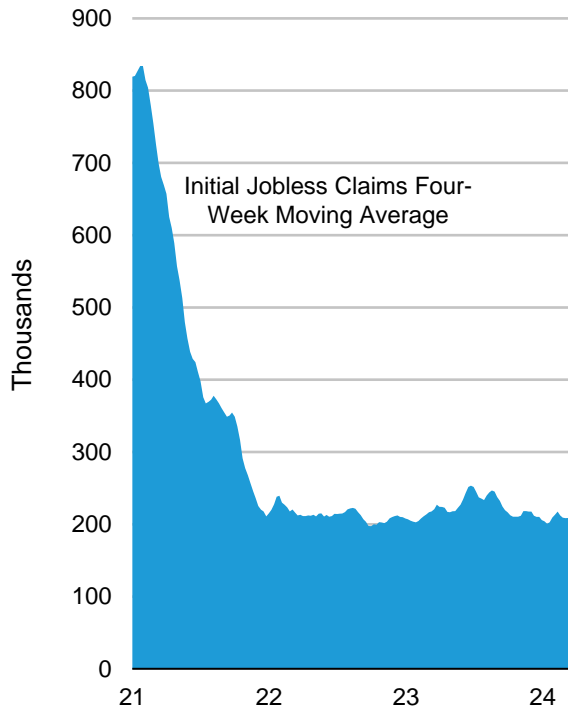
Through 31 March 2024

Source: Bloomberg, ISM, US Census Bureau and AB

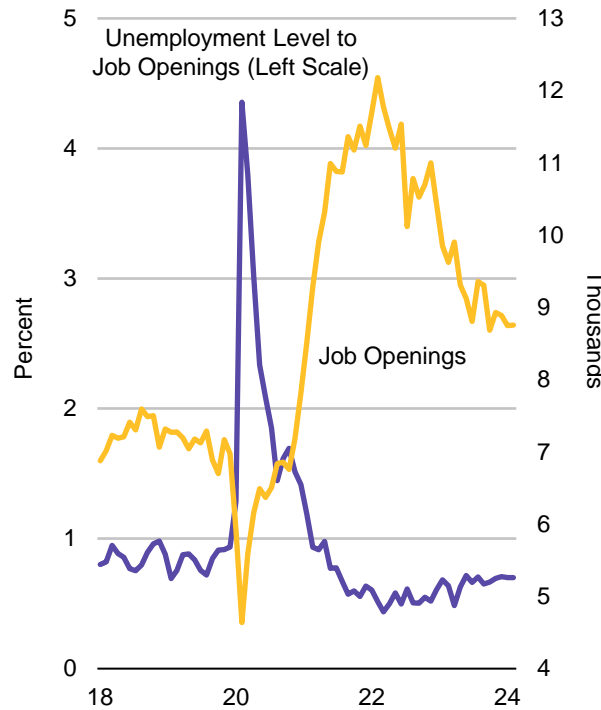


Fear 3: Tight Labor Market

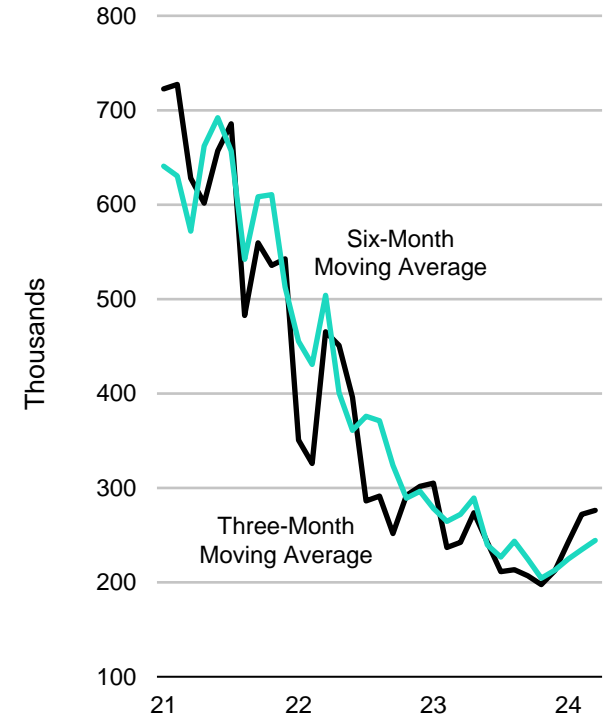
Employers Have Held On to Their Employees After Historic Hiring Spree



Job Openings Remain Elevated, Even If Trending Down Slowly



Same Story for Nonfarm Payrolls: Lower, but Slower



Current analysis does not guarantee future results.

Through 31 March 2024

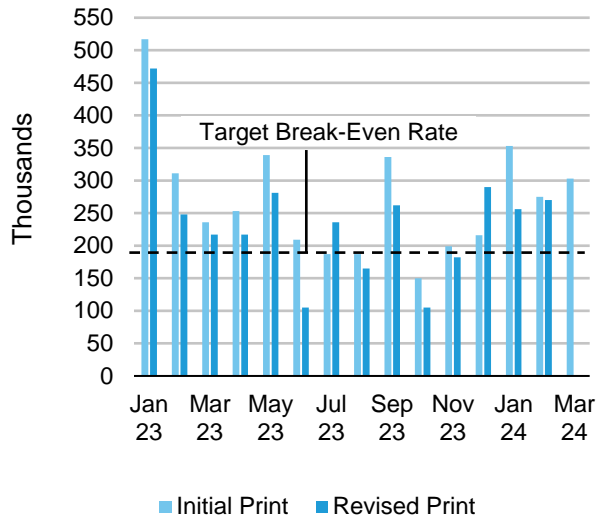
Source: Bloomberg, BLS and AB



Strong? Yes. Normalizing? Also Yes

Cooling inflation can coexist with a tight(er) labor market

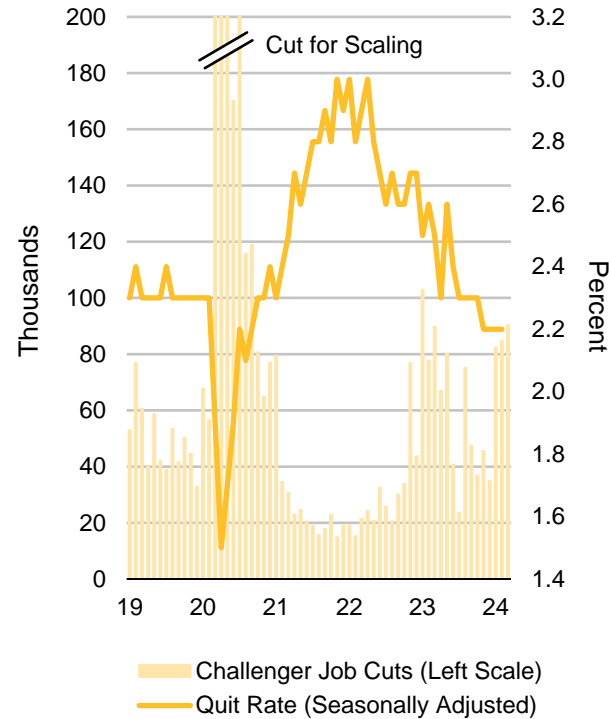
12/14 Most Recent Nonfarm Payrolls Were Revised Lower, While the Break-Even Rate Has Been Revised Higher



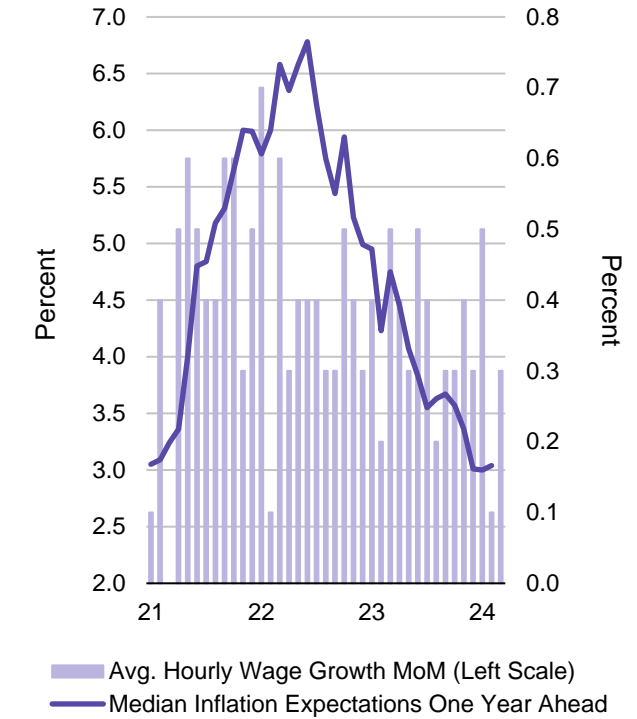
“Strong job creation has been accompanied by an increase in the supply of workers, reflecting increases in participation among individuals aged 25 to 54 years and a continued strong pace of immigration.”
Jerome Powell (20 Mar 2024)

Back to Pre-Pandemic Levels

Quit rates and job cuts are finding a better balance



While a Wage Spiral, the Fed’s Boogeyman for the Labor Market, Continues to Be of Little Concern



Current analysis does not guarantee future results.

MoM: month over month

Through 31 March 2024

Source: Bloomberg, BLS, Federal Reserve Bank of New York and AB

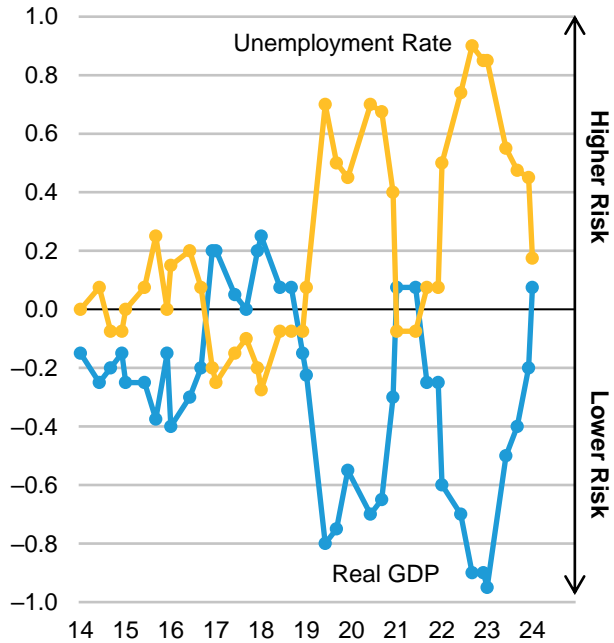


Between a Pillow and a Soft Place: The Fed Has Options

The Fed can leave rates elevated for longer or cut in response to further normalization

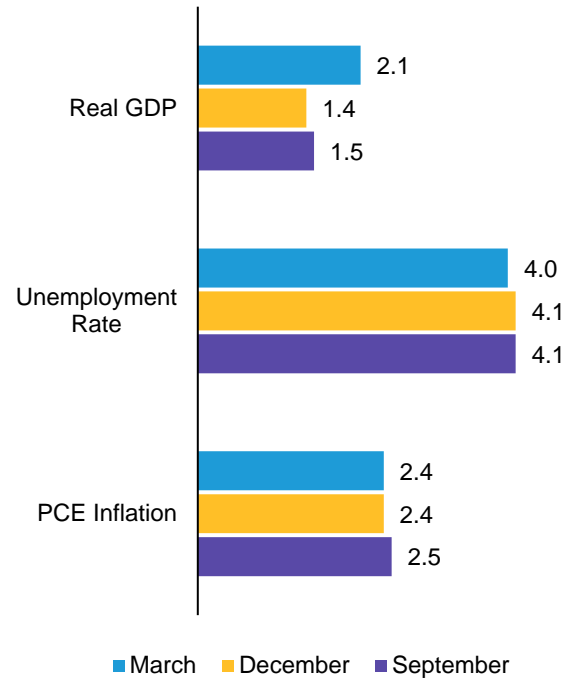
Fed's Risk Weightings

Increasingly skewing away from the labor market and toward growth



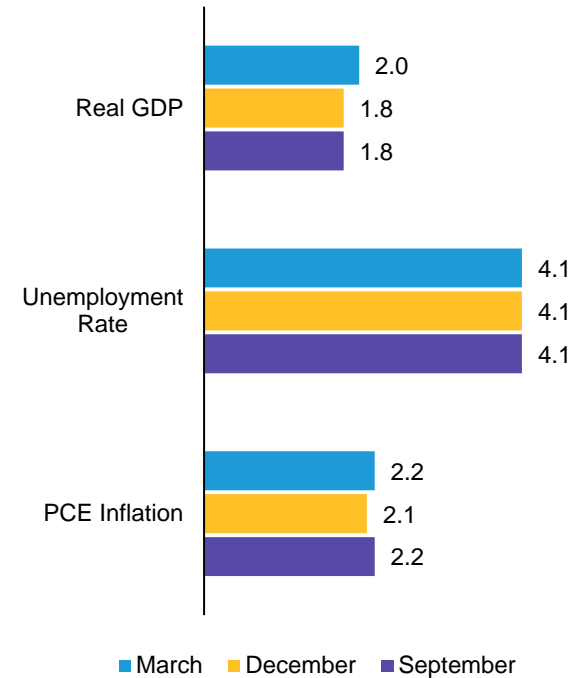
Change in Fed's YE 2024 Estimates

Growth revised higher, others essentially unchanged (percent)



Change in Fed's YE 2025 Estimates

Growth revised slightly higher, others essentially unchanged (percent)



Current analysis does not guarantee future results.

PCE: Personal Consumption Expenditures Price Index; YE: year-end

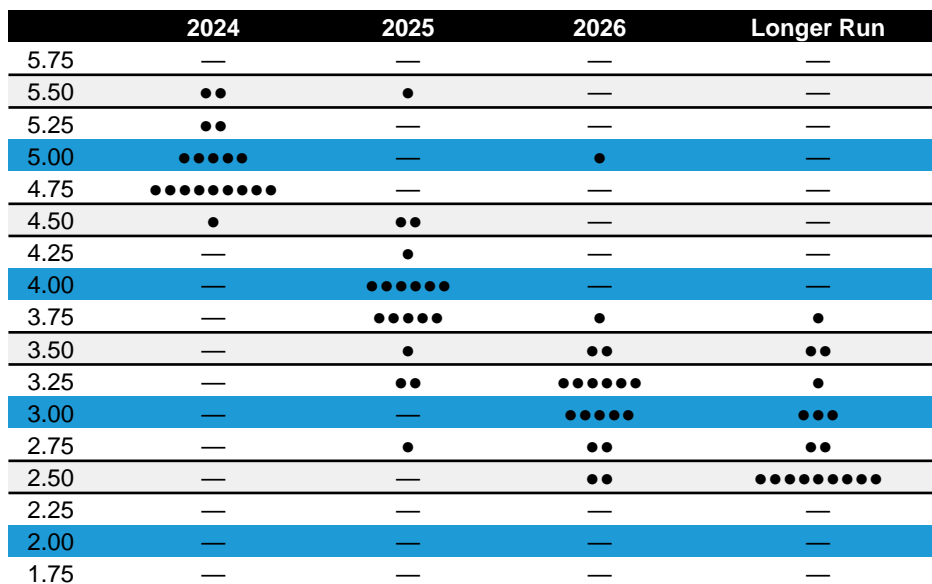
As of 31 March 2024

Source: US Federal Reserve and AB



The Fed's Path Forward

The Fed Is Projecting Three Rate Cuts This Year, but Critically Remains Data Dependent: Dot Plot (Percent)



“The reason you wouldn’t wait to get to 2 percent to cut rates is that it would be too late. You’d want to be reducing restriction on the economy **well before** 2 percent, so you don’t overshoot.”

Jerome Powell (13 Dec 2023)

Current analysis does not guarantee future results.

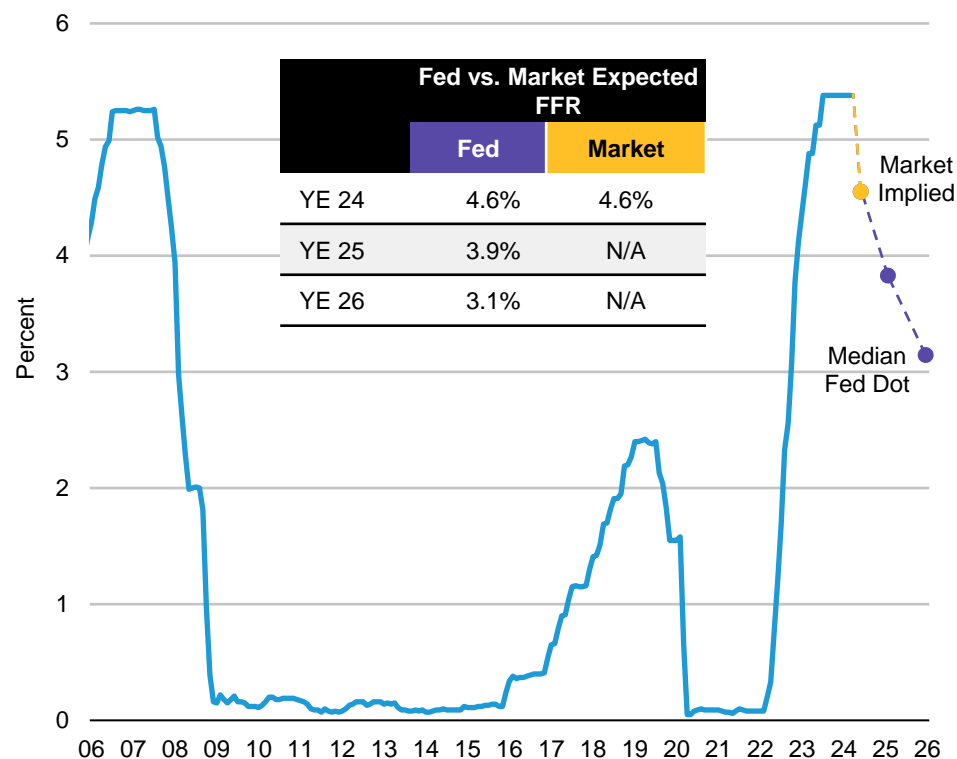
FFR: federal funds rate; YE: year-end

As of 31 March 2024

Source: US Federal Reserve and AB



During the First Quarter, the Market Capitulated to the Fed’s Projected Path After Starting the Year Well Offside



Macro Summary

AB Global Economic Forecast

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	24F	25F	24F	25F	24F	25F	24F	25F
Global ex Russia	2.4	2.4	4.1	3.3	4.89	3.77	3.50	3.68
Industrial Countries	1.4	1.3	2.4	2.1	3.72	2.94	2.93	3.04
Emerging Countries	3.8	3.9	6.6	4.9	6.94	5.20	4.14	4.38
US	1.5	1.8	2.6	2.3	4.63	3.63	4.25	4.00
Euro Area	0.4	0.8	2.2	1.9	3.00	2.25	1.90	2.30
UK	0.3	0.7	2.4	1.9	4.25	3.25	3.60	4.00
Japan	1.0	1.0	2.0	1.8	0.25	0.50	0.75	1.00
China	4.5	4.3	1.5	1.8	1.50	1.50	2.00	2.36

Past performance and current analysis do not guarantee future results.

Inflation is a core Consumer Price Index estimate. 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.

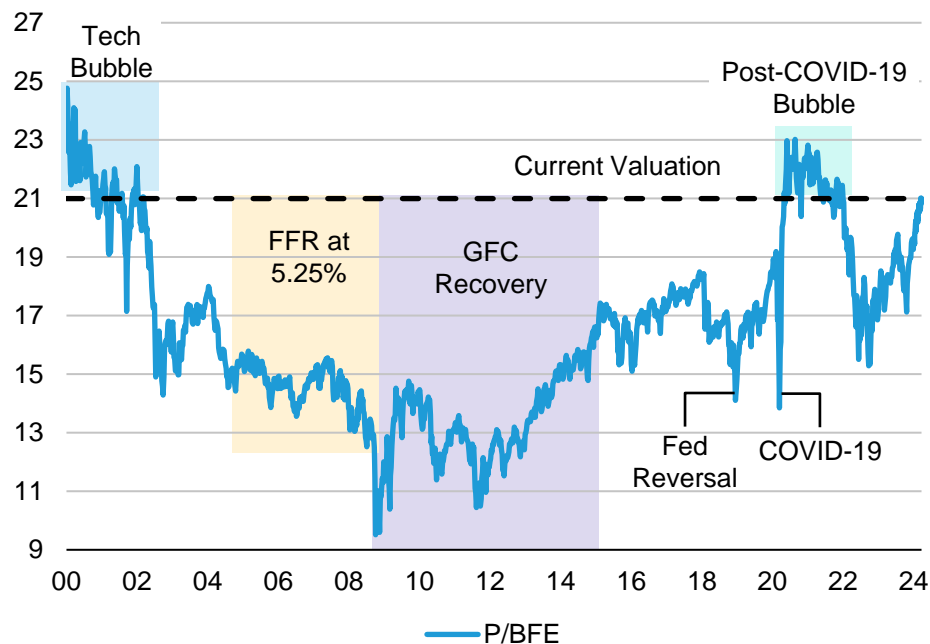
As of 31 March 2024

Source: AB



S&P 500 Valuations: Multiple Expansion Has Been Unbothered by Higher Rates and a *Mostly* Tepid Earnings Season

S&P 500 Multiples



Time Period	P/E	P/BFE	P/FE ₁
31 March 2024	23.5	21.0	21.6
31 December 2023	21.9	19.6	19.6
31 December 2022	17.2	16.8	16.8
Pre-Pandemic*	20.3	18.9	20.4
10-Year Average	19.5	17.9	19.1
Pre-Pandemic Five-Year Average	18.3	16.9	17.9
January 2014–November 2016	17.0	16.2	17.0
Average Multiple When Rates Are Increasing [†]	19.2	16.1	17.1
Average Since 2000	18.6	16.1	17.6

Current analysis does not guarantee future results.

FFR: federal funds rate; GFC: global financial crisis; price/earnings (P/E) is for the trailing 12 months; price/blended forward earnings (P/BFE) is for the next 12 months; price/forward earnings one (P/FE₁) is for calendar year 2024.

*21 February 2020; †Last two Fed cycle hikes, excluding the most recent

As of 31 March 2024

Source: Bloomberg, S&P and AB

S&P 500 Earnings: Fundamentals Will Come Under Greater Scrutiny as Markets Catch Their Breath

Changes in Expected Earnings Ultimately Determine Price Returns...and Timing Around Future Drivers Remains Uncertain

Year	Primary Earnings Driver	S&P 500 EPS Growth	S&P 500 Price Return	Primary Returns Driver
2015	—	-0.7%	-0.7%	—
2016	—	-0.4%	9.5%	Anticipation of Tax Cut
2017	Tax Cuts	12.3%	19.4%	Anticipation of Tax Cut
2018	Tax Cuts	22.6%	-6.2%	Continued Fed Rate Hikes
2019	—	-0.3%	28.9%	Fed Rate Cuts (Proactive)
2020	Pandemic Lockdown	-16.3%	16.3%	Easy Monetary and Fiscal Policy
2021	Pandemic Recovery	53.4%	26.9%	Easy Monetary and Fiscal Policy
2022	Top-Line Growth Due to Rising Inflation	6.5%	-19.4%	Rapidly Rising Inflation and Fed Rate Hikes
2023	—	-0.3%	24.2%	Falling Inflation and Fed “Blink”
2024	Increased Margins Due to Falling Inflation	9.7%*	9.8%†	AI Hype and Expected Fed Rate Cuts (Proactive)

Historical analysis and current forecasts do not guarantee future results.

AI: artificial intelligence; EPS: earnings per share

*Bloomberg consensus estimate

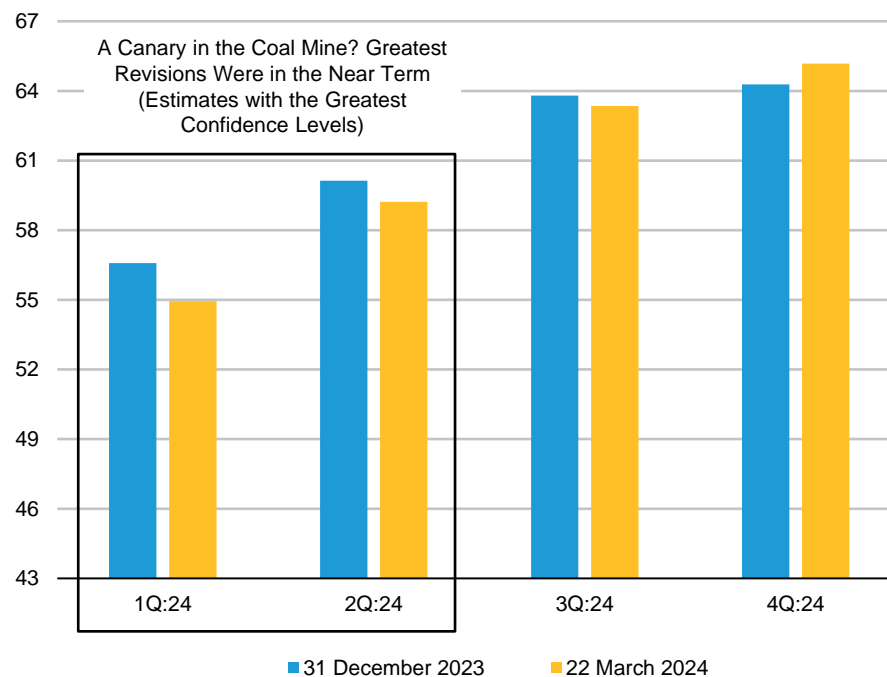
†Year-to-date return

As of 31 March 2024

Source: Bloomberg, FactSet, S&P and AB



Flashing Yellow: Expected Earnings Growth Is Being Revised Lower and for Later, as Guidance Gradually Softens



S&P 500 Scenario Chart: Bringing It All Together

Choose Your Own Adventure

2024												
	15	16	17	18	19	20	21	22	23		S&P Price Level	2024 Price Return*
215	3,225	3,440	3,655	3,870	4,085	4,300	4,515	4,730	4,945		4,465	-15.0%
220	3,300	3,520	3,740	3,960	4,180	4,400	4,620	4,840	5,060		4,560	-13.2
225	3,375	3,600	3,825	4,050	4,275	4,500	4,725	4,950	5,175		4,655	-11.4
230	3,450	3,680	3,910	4,140	4,370	4,600	4,830	5,060	5,290		4,800	-8.6
235	3,525	3,760	3,995	4,230	4,465	4,700	4,935	5,170	5,405		4,935	-6.1
240	3,600	3,840	4,080	4,320	4,560	4,800	5,040	5,280	5,520		5,170	-1.6
245	3,675	3,920	4,165	4,410	4,655	4,900	5,145	5,254	5,635		5,254	0.0
250	3,750	4,000	4,250	4,500	4,750	5,000	5,250	5,500	5,750		5,405	2.9
255	3,825	4,080	4,335	4,590	4,845	5,100	5,355	5,610	5,865		5,520	5.1

2025												
	13	14	15	16	17	18	19	20	21		S&P Price Level	2024–25 Price Return†
245	3,185	3,430	3,675	3,920	4,165	4,410	4,655	4,900	5,145		4,505	-8.4%
250	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	5,250		4,675	-6.4
255	3,315	3,570	3,825	4,080	4,335	4,590	4,845	5,100	5,355		4,770	-5.4
260	3,380	3,640	3,900	4,160	4,420	4,680	4,940	5,200	5,460		4,950	-3.3
265	3,445	3,710	3,975	4,240	4,505	4,770	5,035	5,300	5,565		5,040	-2.3
270	3,510	3,780	4,050	4,320	4,590	4,860	5,130	5,400	5,670		5,130	-1.4
275	3,575	3,850	4,125	4,400	4,675	4,950	5,254	5,500	5,775		5,254	0.0
280	3,640	3,920	4,200	4,480	4,760	5,040	5,320	5,600	5,880		5,450	2.1
285	3,705	3,990	4,275	4,560	4,845	5,130	5,415	5,700	5,985		5,600	3.7

■ 31 March 2024

Historical analysis and current forecasts do not guarantee future results.

*Based on S&P 500's 1Q:24 closing price of 5,254; horizontal axis contains forward P/E multiples; vertical axis contains forward earnings; numbers may not sum due to rounding.

†Annualized return from 31 March 2024, to the end of 2025

As of 31 March 2024

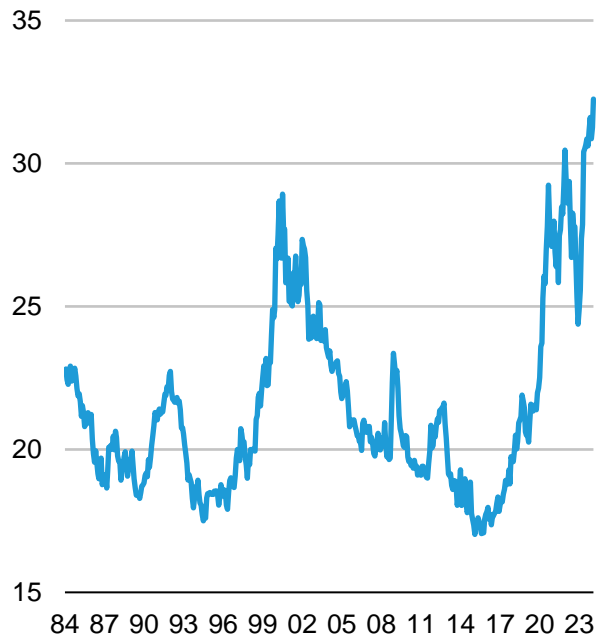
Source: Bloomberg, S&P and AB



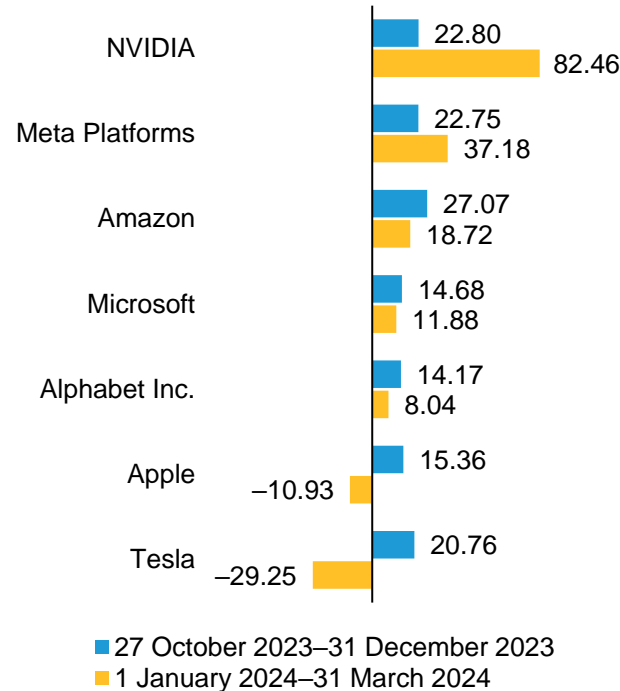
Persistent Index Concentration, but Dispersion Among Recent Leaders

S&P 500 Remains Concentrated, and the Risk of Some Leaders Reversing...

Top 10 percent: US (percent)

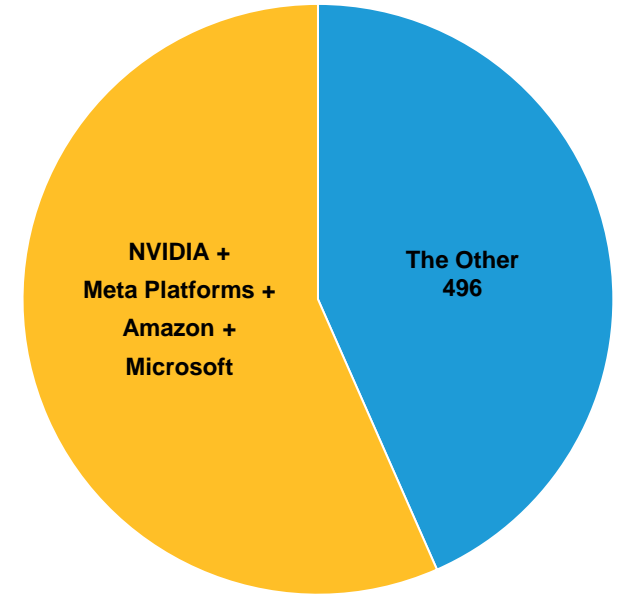


...Occurred in the First Quarter as Investors Focused on Recent Fundamentals vs. Money Flows (Percent)



Magnificent 7? More Like the Fantastic Four

In early March, more than half of the S&P 500's YTD returns came from just four names



Past performance does not guarantee future results. Analysis provided for illustrative purposes only and is subject to revision.

YTD: year-to-date

As of 31 March 2024

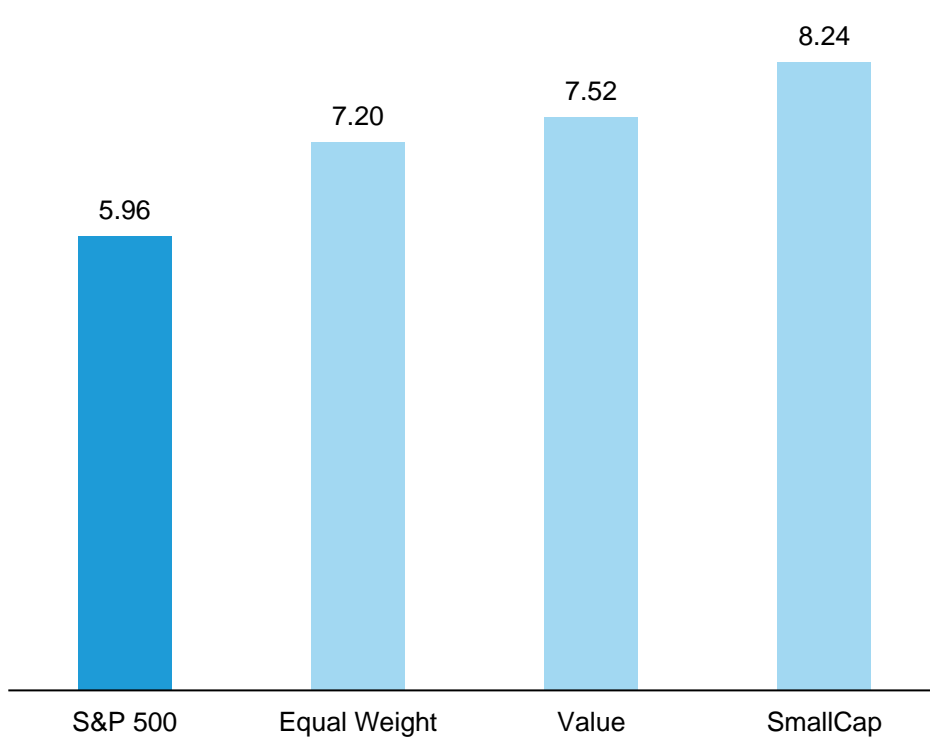
Source: FactSet, S&P and AB; see Disclosures and Important Information.



Green Shoots? S&P 500 Has Trailed Other Indices for Most of the Quarter

Time will tell if this recent broadening is signal or noise; encouraging nonetheless

Since Early February, the Equal Weight S&P 500, Value and SmallCap Indices Outperformed the S&P 500 (Percent)



We Expect Lower Rates Ahead: This Has Historically Led to Stronger Equity Breadth (Percent)



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MA: moving average

Left display from 5 February 2024 to 31 March 2024; right display as of 31 March 2024

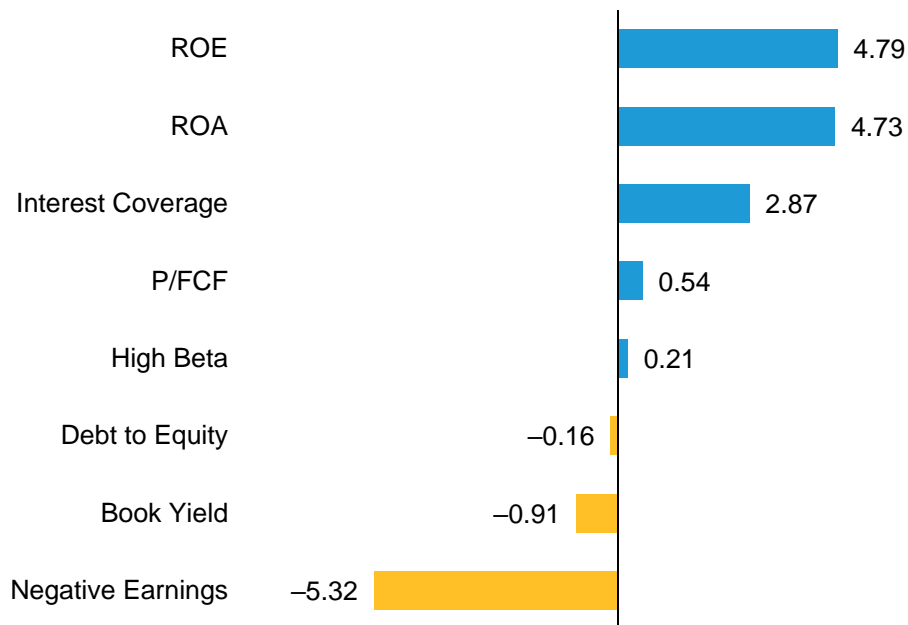
Source: Bloomberg, Piper Sandler, S&P and AB



Quality Exposures: A Friendly Neighborhood Where Staying Put Is Advised

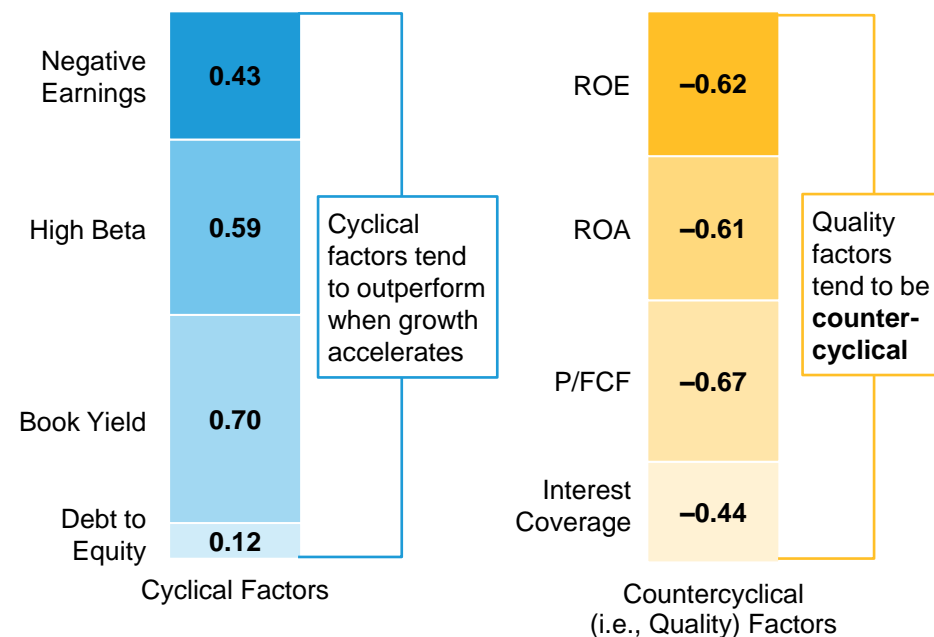
A trend we expect to endure as the economy continues to normalize

Year to Date, Our Preferred Factors Have Performed Well Relative to Lower-Quality Exposures* (Percent)



Stick with Them as Things Continue to Moderate

Five-year factor correlations to retail sales



Past performance does not guarantee future results.

*Top quintile factor cohorts benchmarked to the S&P 500, sector-neutral. Return on equity (ROE): Last 12 months (LTM) net income divided by LTM average shareholder's equity. Return on assets (ROA): LTM net income divided by LTM average total assets. Interest coverage: LTM earnings before interest and taxes divided by LTM interest expense on debt plus interest capitalized. Price to free cash flow (P/FCF): Current share price divided by LTM free cash flow per share. High beta: The regression between the monthly stock return and the monthly market return over the last five years. Debt to equity: Total debt divided by total shareholder equity. Book yield: Book value per share divided by current share price. Negative earnings: Performance of stocks with negative earnings.

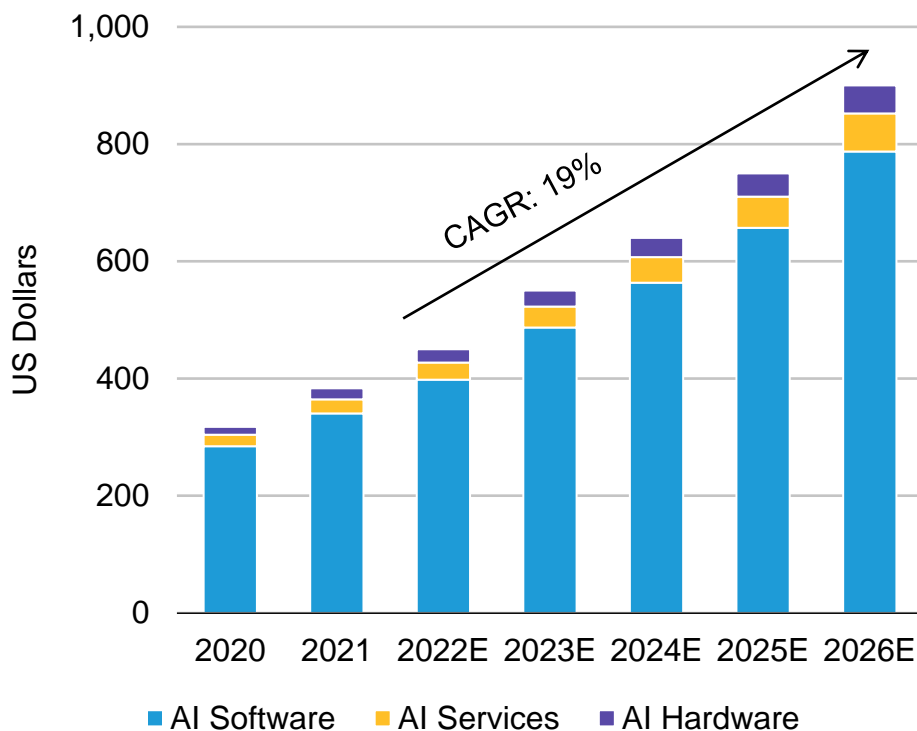
Left display as of 31 March 2024; right display as of 29 February 2024

Source: Piper Sandler, S&P and AB

Quality Growth: Cloud Infrastructure and Artificial Intelligence

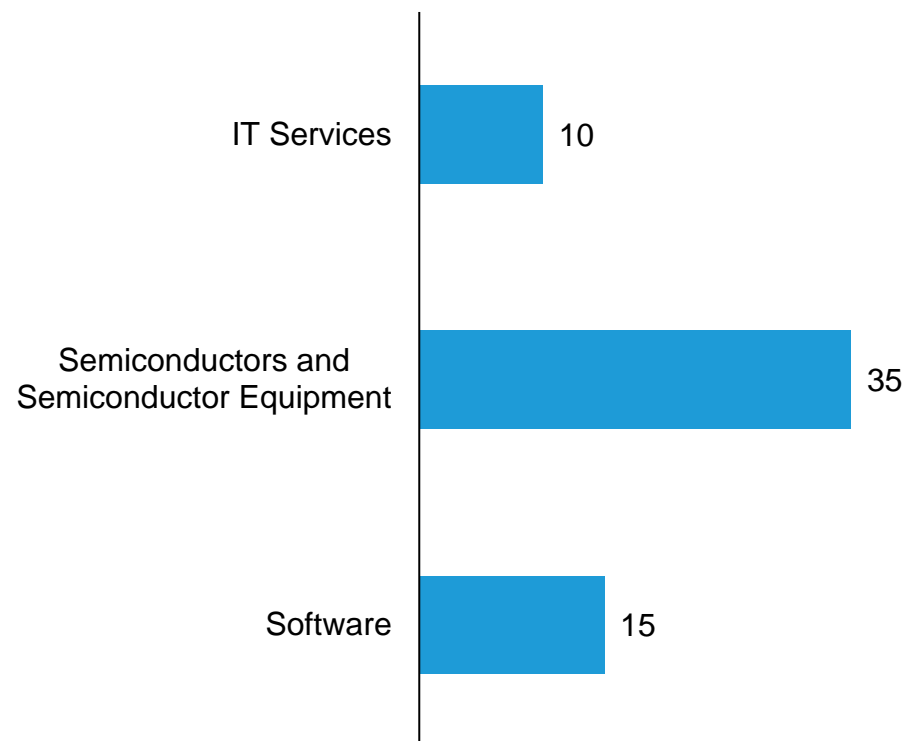
AI is going to lead to the next wave of cloud adoption and network requirements

Artificial Intelligence (AI) Is Expected to Reach \$900 Billion by 2026...



...and Provide Tangible Benefits to Varied Industries

Estimated 2024/2025 earnings growth (percent)



Analysis provided for illustrative purposes only and is subject to revision.

CAGR: compound annual growth rate

Left display as of 28 February 2023; right display as of 31 March 2024

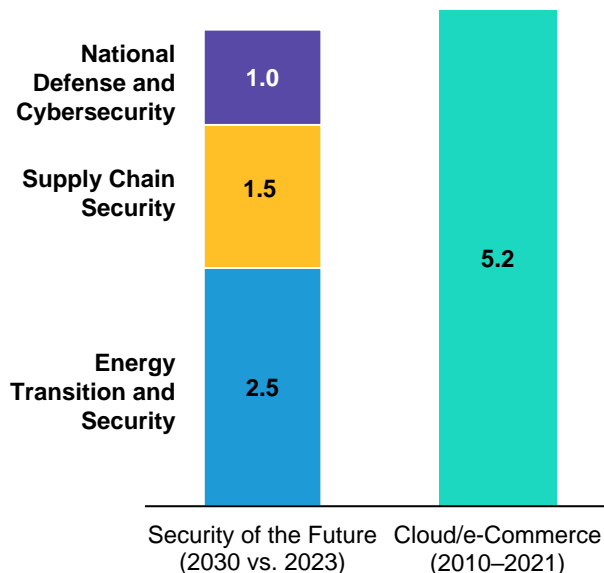
Source: BofA Securities, International Data Corporation, J.P. Morgan estimates, company reports and AB



Value Equities: Compelling Opportunities at a Discount

Three Security Themes Poised for Strong Growth

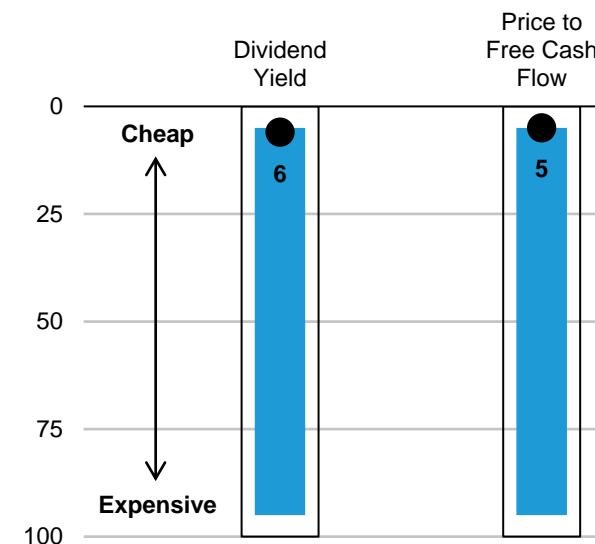
Estimated annual spending as a percentage of global GDP (percent)



Estimated Global Security Growth Rates, Past vs. Present Outlook Range (percent)

	Historical	Outlook
Energy Transition and Security	2-4	6-12
Supply Chain Security	2-3	6-10
National Defense and Cybersecurity	1-3	4-10
S&P 500 Average	5-6	—

Finding Growth Within Value: Key Factors Remain Attractively Priced*



Current analysis does not guarantee future results.

Energy transition historical spending based on a 3% compound annual growth rate (CAGR) for clean energy investment, 2015-2020, according to the International Energy Agency. Supply chain security historical spending based on 2.5% industrial capex CAGR, 2010-2019, according to Bank of America. National defense and cybersecurity based on 0% CAGR for US defense budget, 2012-2022, blended with 10% growth in cybersecurity historically. S&P 500 average based on sales/share growth, history and consensus forecasts. *Percentile rankings are based on monthly valuations (i.e., relative P/E of 1Q for each factor vs. Russell 1000) from 1990. Dividend yield: Last 12 months (LTM) dividends per share divided by current share price. Price to free cash flow (P/FCF): Current share price divided by LTM FCF per share.

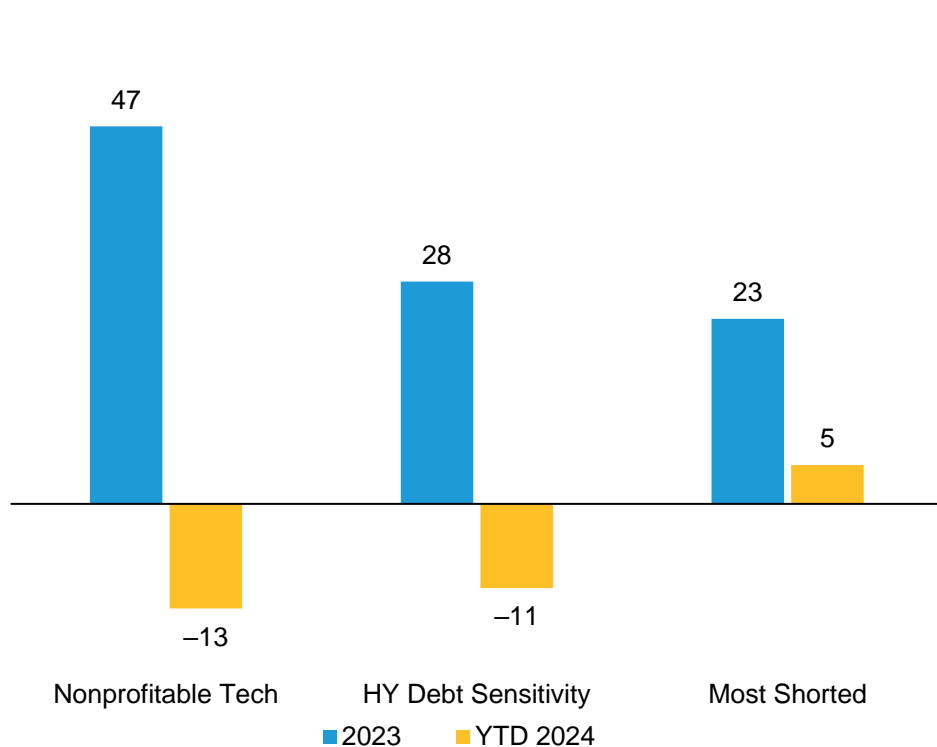
Left and middle displays as of 31 December 2023; right display as of 29 February 2024

Source: Bank of America, Bernstein Research, International Energy Agency, S&P and AB

Low-Volatility Equities: A Suitable Counter to Fickle Stocks

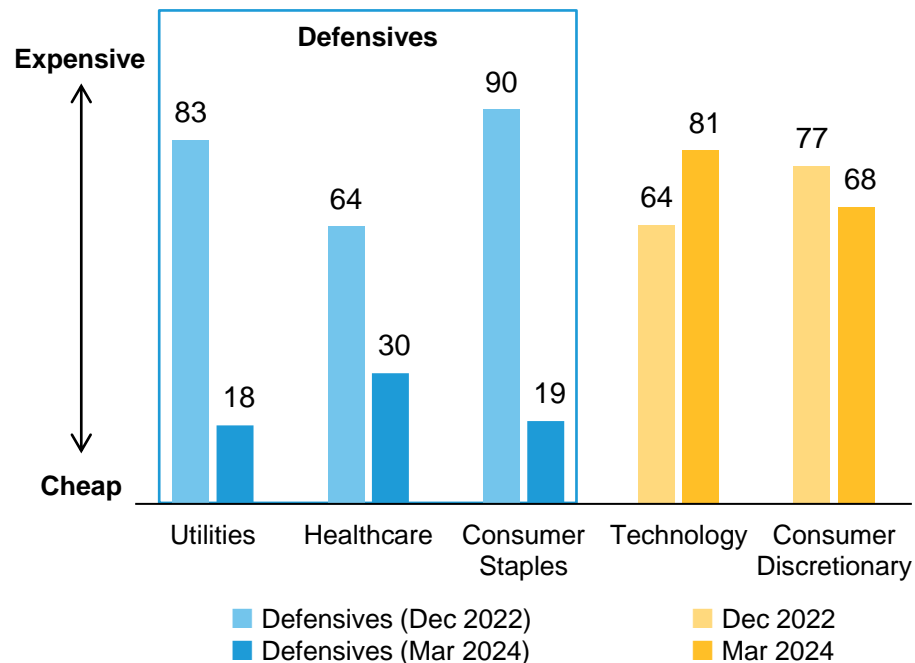
Higher-for-longer rates and the lower likelihood of Fed rate-cut rescues should heighten risk aversion

Speculative Stocks: A Reversal of Fortune (Percent)



In a Volatile World, the Pattern of Returns Matters More*

Relative valuation percentiles of defensive sectors are attractive



Past performance does not guarantee future results.

HY: high yield; YTD: year to date

*Valuation percentiles for sectors are cap-weighted average price-to-next-12-months earnings forecast relative to benchmark and relative to their own history. The investable benchmark is Russell 1000.

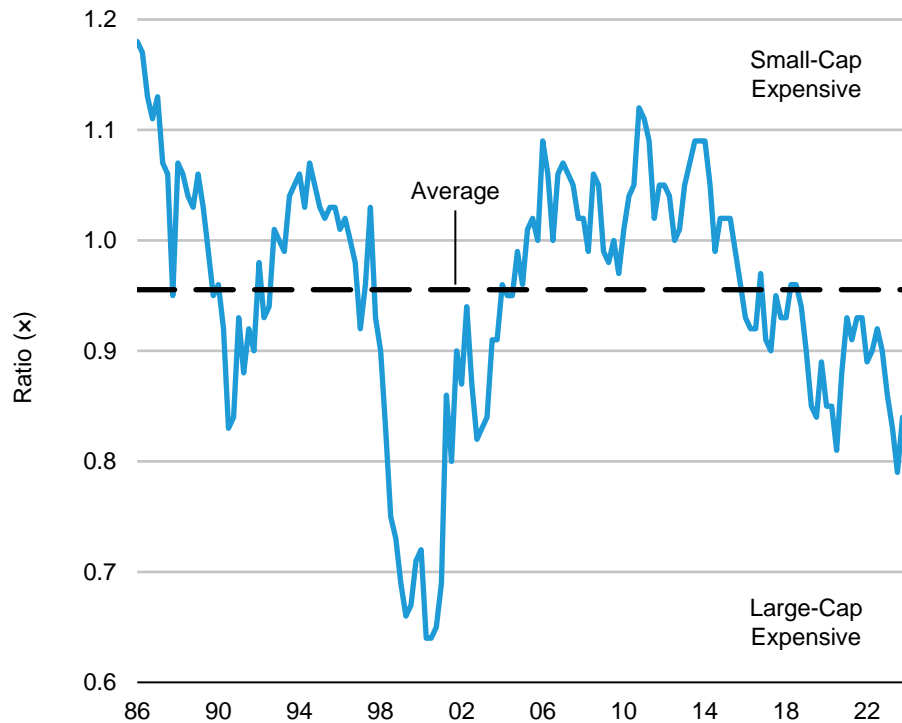
As of 31 March 2024. Source: FTSE Russell, Goldman Sachs, LSEG, MSCI, Thomson Reuters I/B/E/S and AB

Small Caps: Quality Has Worked Here Too

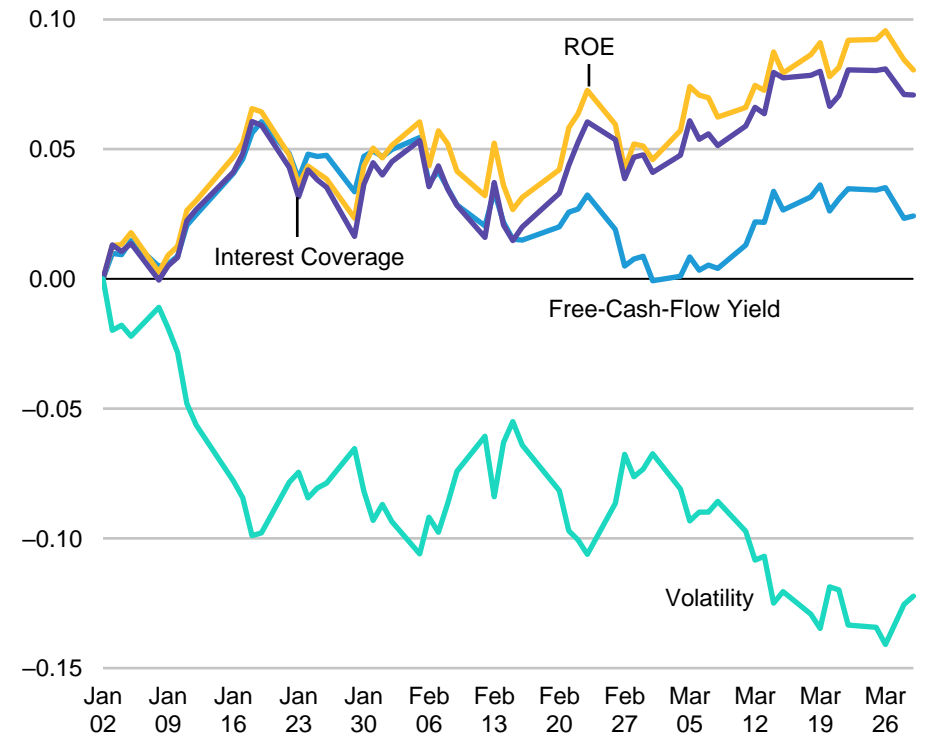
As with all things, what you own matters

Russell 2000 vs. Russell 1000: A Rebalancing Opportunity Remains

Price/forward earnings



We Continue to Expect That Higher-Quality Small Caps Will Be Rewarded*



Past performance does not guarantee future results.

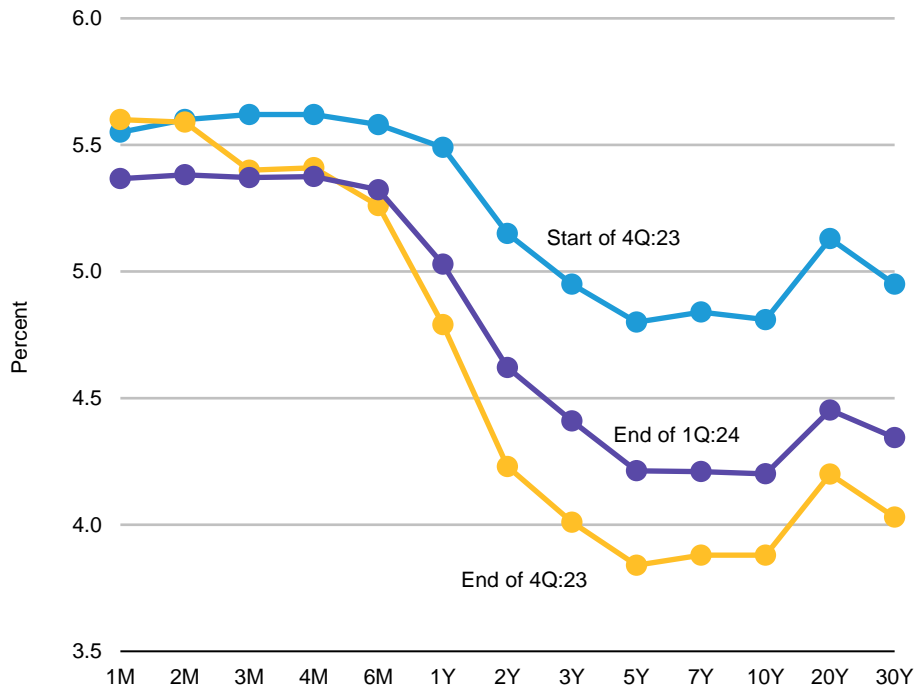
ROE: return on equity

*Top quintile factor cohorts benchmarked to the Russell 2000 Index, sector-neutral
As of 31 March 2024. Source: FactSet, FTSE Russell, Piper Sandler and AB

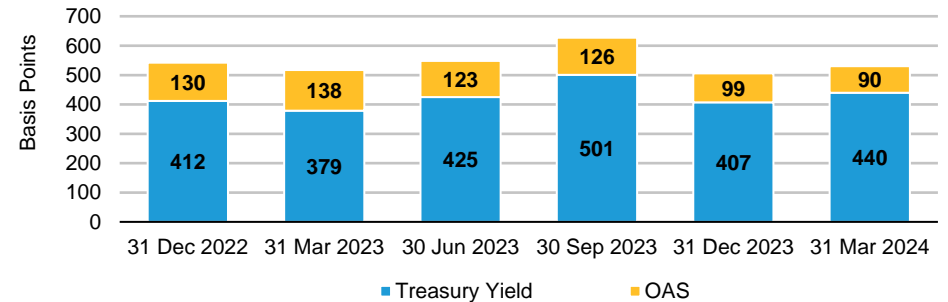


After a Whirlwind First Quarter, Rates Ultimately Settled Higher

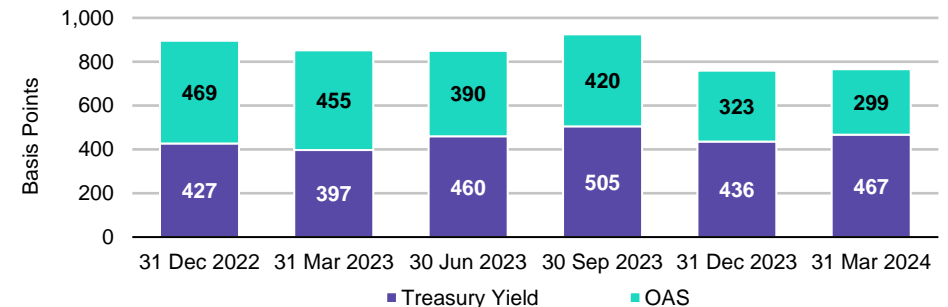
Feeling the Whiplash? Long-End Bond Investors Go for a Ride as Fears over Strong Econ Data Push Yields Higher



Investment-Grade YTW: Higher Rates Outpace Narrowing of Spreads



High-Yield YTW: Similar Story in HY, Higher Rates Neutralized Tightening Spreads



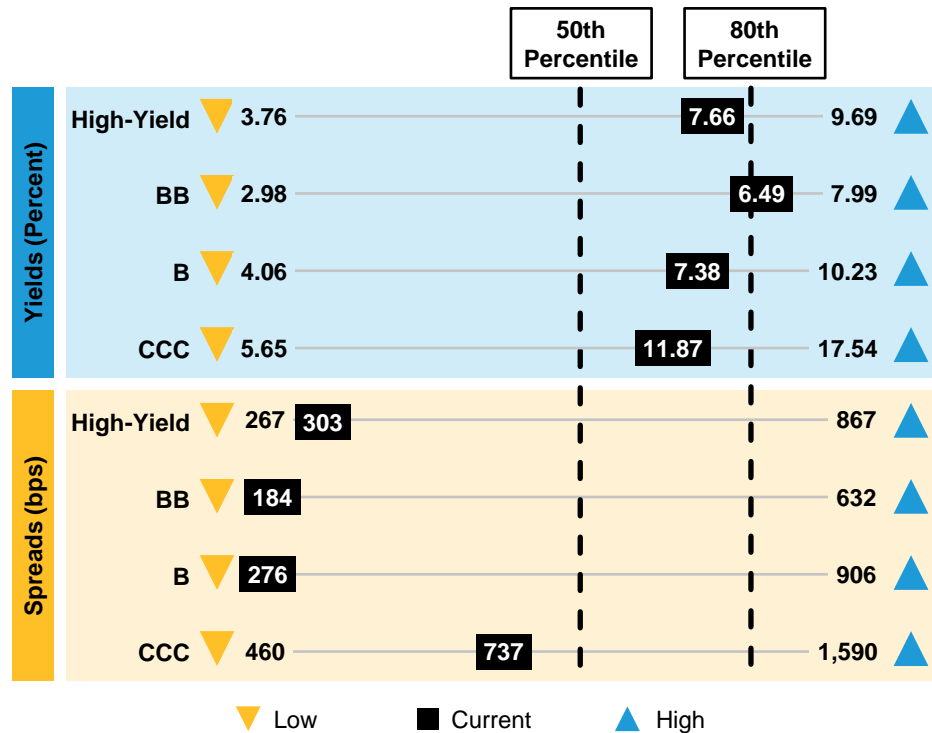
Historical analysis does not guarantee future results.
 HY: high yield; OAS: option-adjusted spread; YTW: yield to worst
 As of 31 March 2024
 Source: Bloomberg and AB



Current Yields and Low Bond Prices Could Lead to Solid Outcomes for High Yield

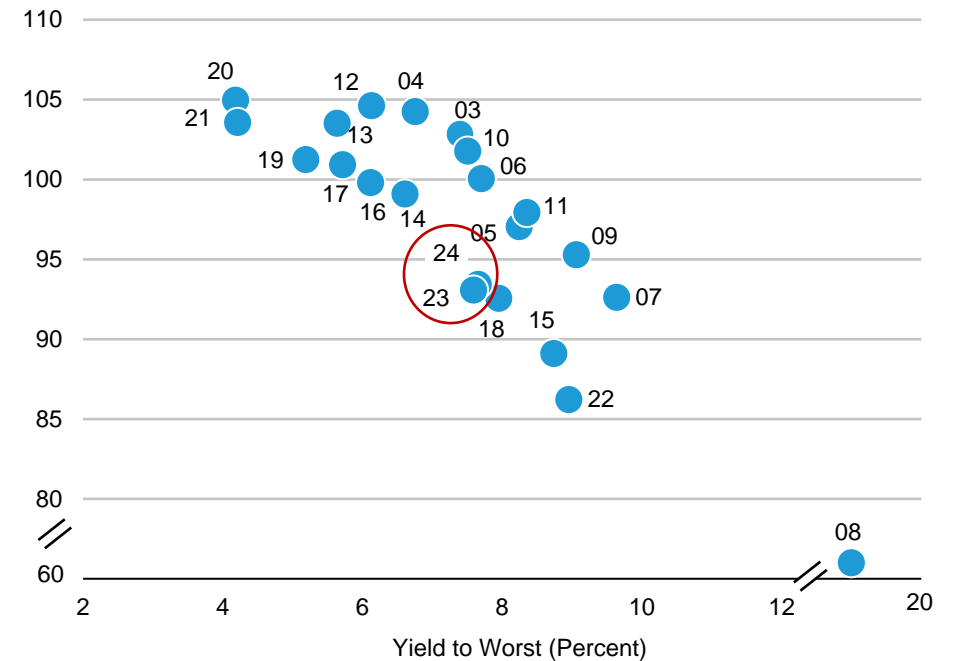
Spreads Are Tight, but Yields Are High

Yields on the high-yield index are close to the 80th percentile over the last 10 years



Low Starting Bond Prices Can Offer Strong “Pull to Par” Price Appreciation

Average bond price (US dollars)



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

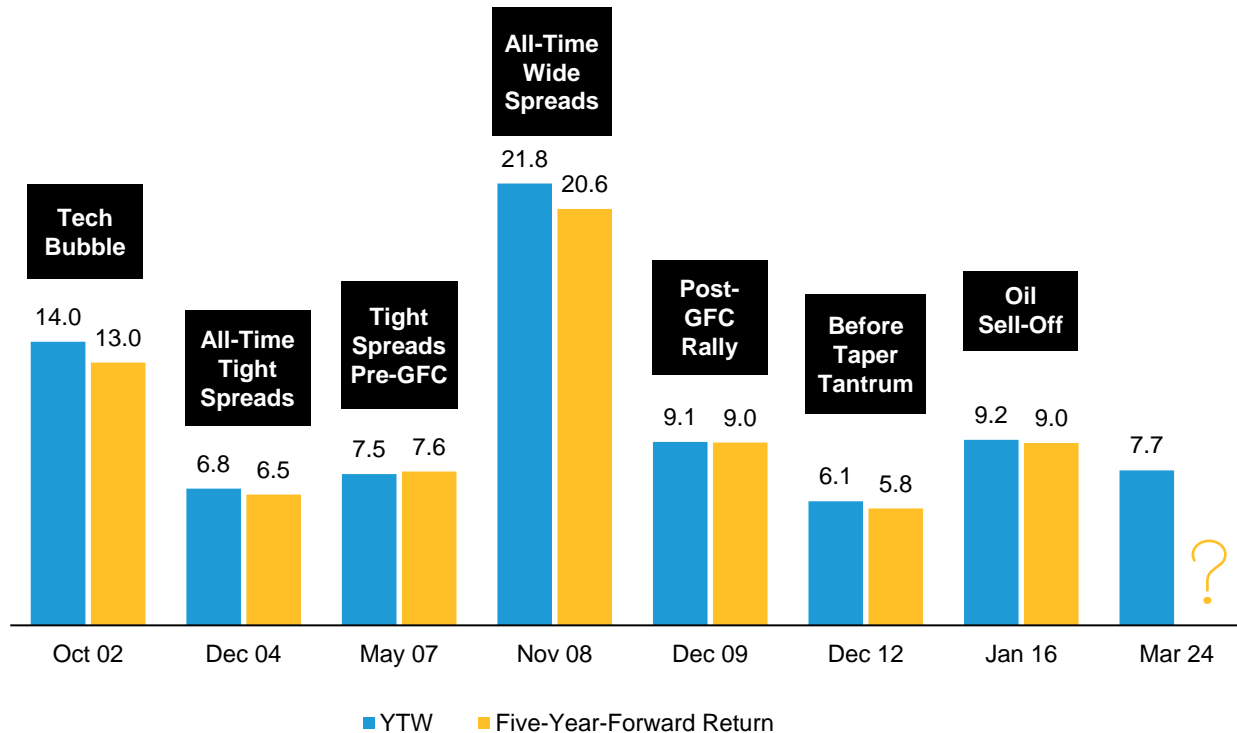


High-Yield Continues to Look Compelling...

...and provides better downside protection than equities

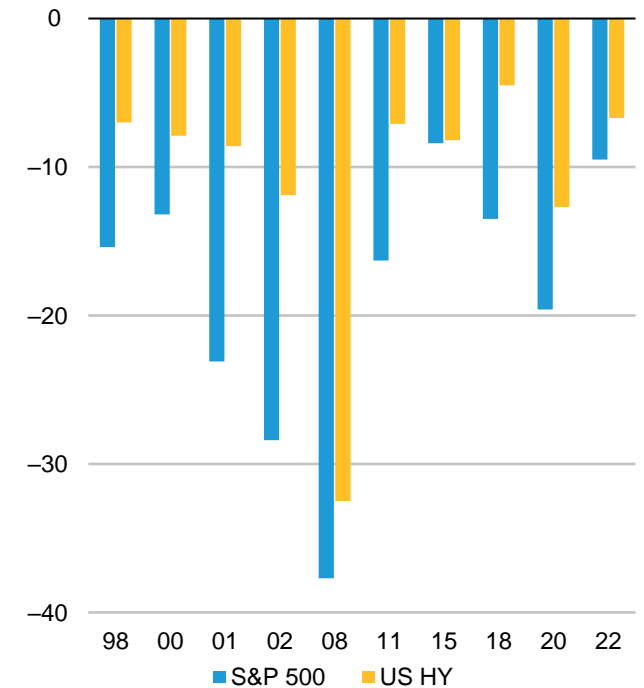
Yield to Worst Has Historically Been a Strong Predictor of Future Returns

Yield to worst and five-year-forward annualized returns (percent)



When HY Draws Down ~5%, Equities Draw Down More

Calendar-year max drawdown (percent)



Past performance and current analysis do not guarantee future results.

YTW: yield to worst; HY: high-yield; GFC: global financial crisis. YTW and returns represent the Bloomberg US Corporate High Yield Index.

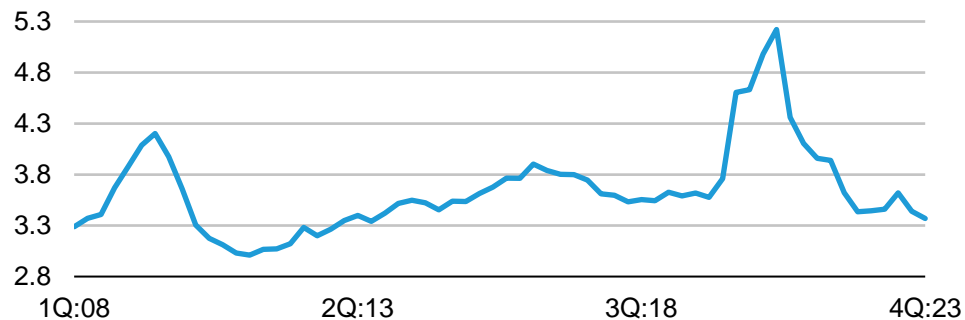
As of 31 March 2024

Source: Bloomberg, S&P and AB

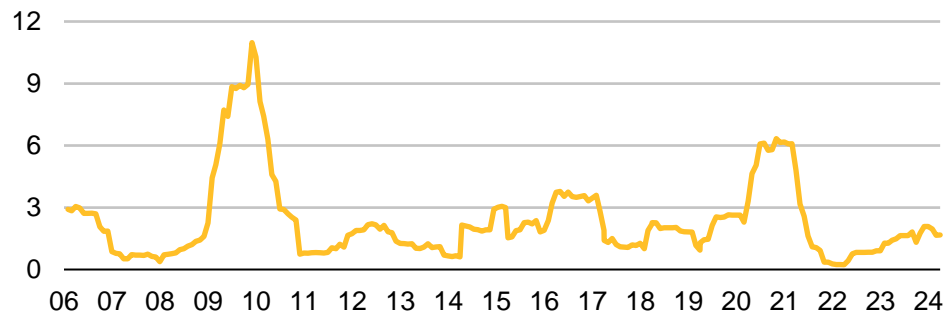


US High-Yield Fundamentals: Same Old Story—Supportive, but Continuing Inflection from Cyclical Peaks

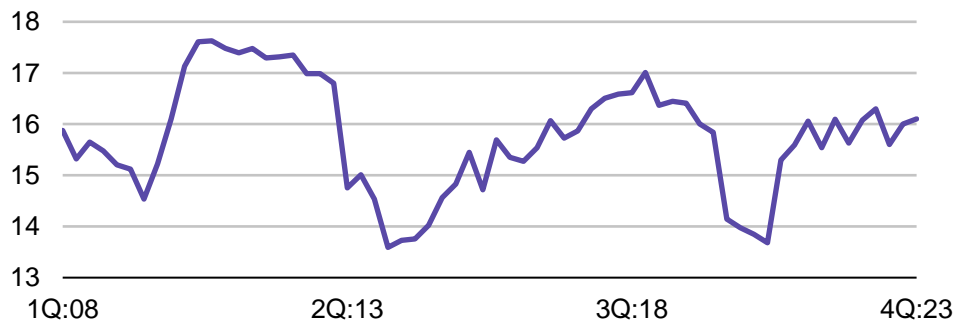
Net Leverage (Debt/EBITDA) (Percent)



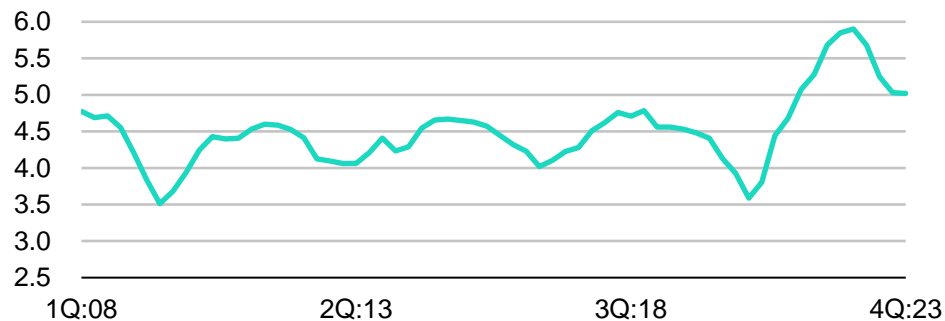
Default Rates (Percent)



EBITDA Margin (Percent)



Interest Coverage (EBITDA/Interest) (Percent)



Historical and current analyses do not guarantee future results.

EBITDA: earnings before interest, taxes, depreciation and amortization

Metrics data are calculated using weighted average.

Fundamentals as of 31 December 2023; defaults as of 31 March 2024

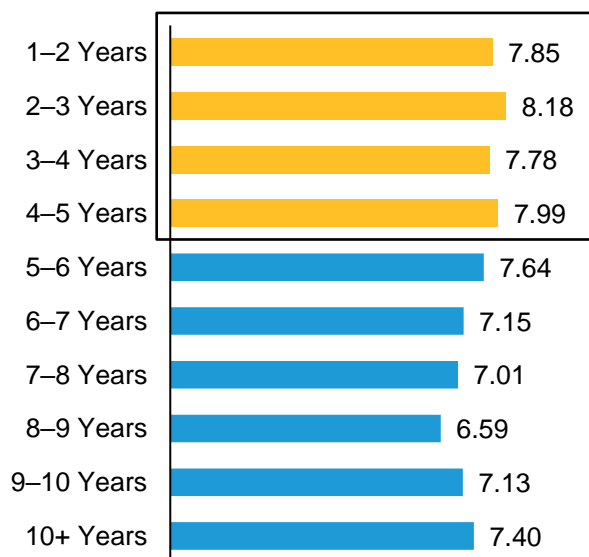
Source: J.P. Morgan and AB



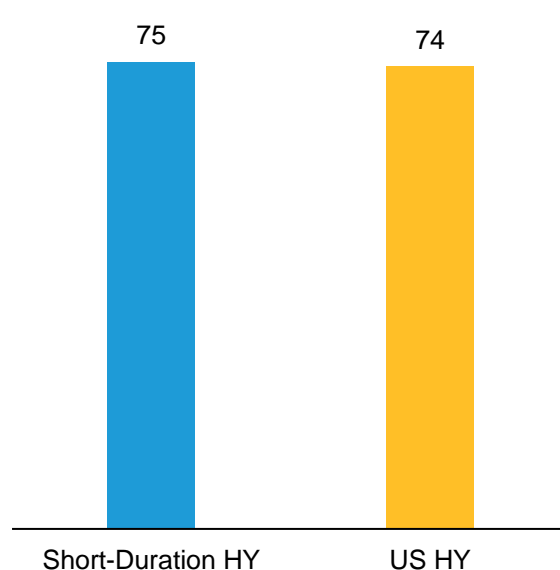
Shorter-Duration High-Yield Is Relatively More Attractive Today with Potentially Less Downside Risk

Shorter-Duration High-Yield Bonds Are More Attractive than Their Longer Counterparts

Yield to worst (percent)

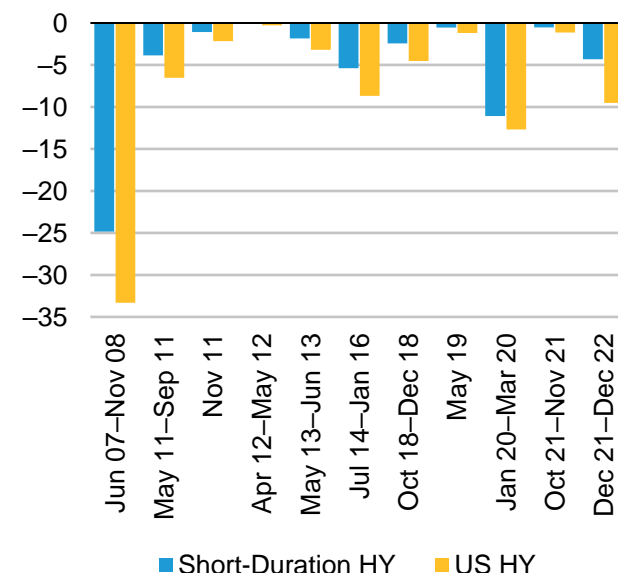


More of Shorter-Duration High-Yield Is Trading Below Par than the Broader Market (Percent)



Historically, Shorter-Duration High-Yield Has Lower Downside Capture During Periods of Market Stress

Based on cumulative returns



Past performance and current analysis do not guarantee future results.

HY: high-yield

Left display: yield to worst calculated from the Bloomberg US Corporate High Yield Index. Middle display: short-duration HY price calculated from the Bloomberg US Corporate High Yield BA/B 1–5 Year; US HY price calculated from the Bloomberg US Corporate High Yield. Right display: short-duration HY represented by Bloomberg US Corporate High Yield BA/B 1–5 Year; US HY represented by Bloomberg US Corporate High Yield. Market stress periods defined as when US high-yield spreads widened 50 basis points or more.

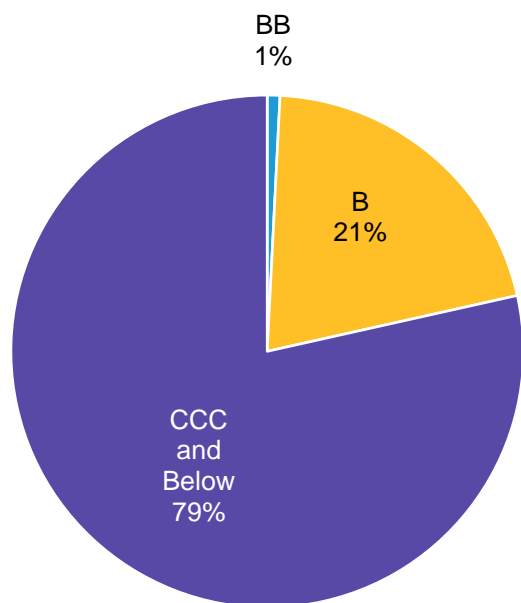
As of 31 March 2024

Source: Bloomberg and AB

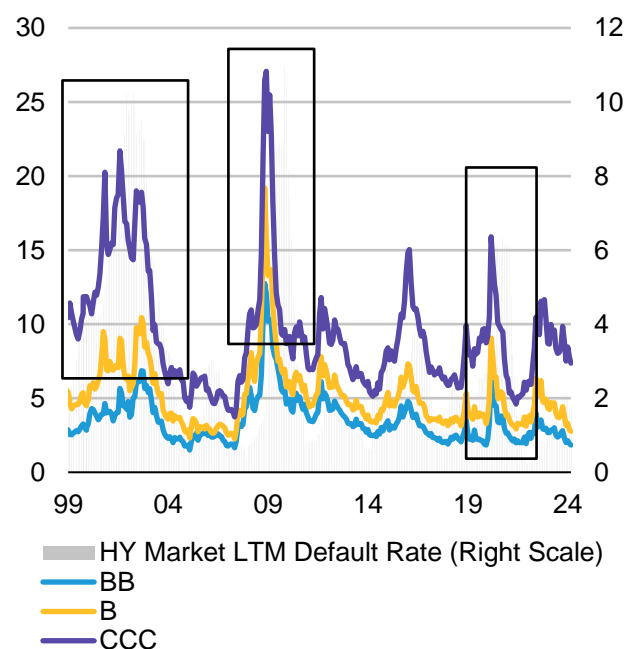


Composition Matters: Most Defaults and Spread-Widening Occur in CCCs

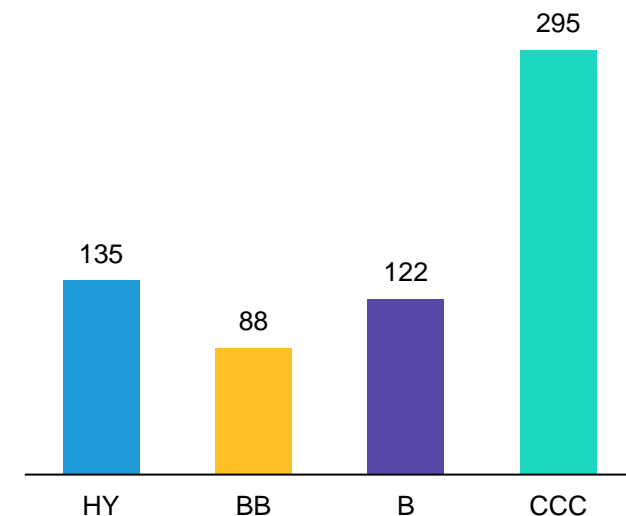
Defaults Tend to Be Concentrated in CCCs (Percent)



CCCs Have Historically Underperformed in Spread-Widening Environments
OAS (percent)



Median 12-Month Spread Change When Defaults Reach 3%–6% (Basis Points)



Past performance does not guarantee future results.

HY: high-yield; LTM: last 12 months; OAS: option-adjusted spread

Market is represented by the Bloomberg US Corporate High Yield Index. Quality index spreads are measured by the credit quality sub-indices of Bloomberg US Corporate High Yield. Defaults by quality calculated from rating 12 months prior to default. Median spread change calculated as the median spread change in the 12 months leading up to default rates as they moved to peak default for the cycle. Left display represents data from 1 January 1998 to 31 December 2023.

As of 31 March 2024. Source: Bloomberg, J.P. Morgan and AB



Even if Spreads Widen over the Next Year, We Believe High-Yield Should Deliver Solid Returns

Downside Scenario

Hard landing

Assumptions:

- Spreads widen 400 bps
- Treasury yields decline 300 bps
- Default rate: 6.5%
- Recovery rate: 20%

Price Change	-3.21%
Yield	7.66%
Default Loss	-5.20%
Total Return	-0.75%

Base-Case Scenario

Softish landing

Assumptions:

- Spreads widen 100 bps
- Treasury yields decline 125 bps
- Default rate: 4.5%
- Recovery rate: 30%

Price Change	0.80%
Yield	7.66%
Default Loss	-3.15%
Total Return	5.31%

Upside-Case Scenario

Strong growth

Assumptions:

- Spreads stay the same
- Treasury yields decline 50 bps
- Default rate: 3.5%
- Recovery rate: 30%

Price Change	1.61%
Yield	7.66%
Default Loss	-2.45%
Total Return	6.82%

Current and historical analyses do not guarantee future results.

bps: basis points. High-yield is represented by Bloomberg US Corporate High Yield. The shock analysis assumes the potential impact of an instantaneous change in Treasury yields and high-yield spreads and the benefit of yield over the next 12 months. The analysis ignores correlations between Treasuries and other sectors. The actual moves in spreads and Treasury yields may differ meaningfully from the sample moves shown in the displays. Simulated or hypothetical performance results have certain inherent limitations. 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.

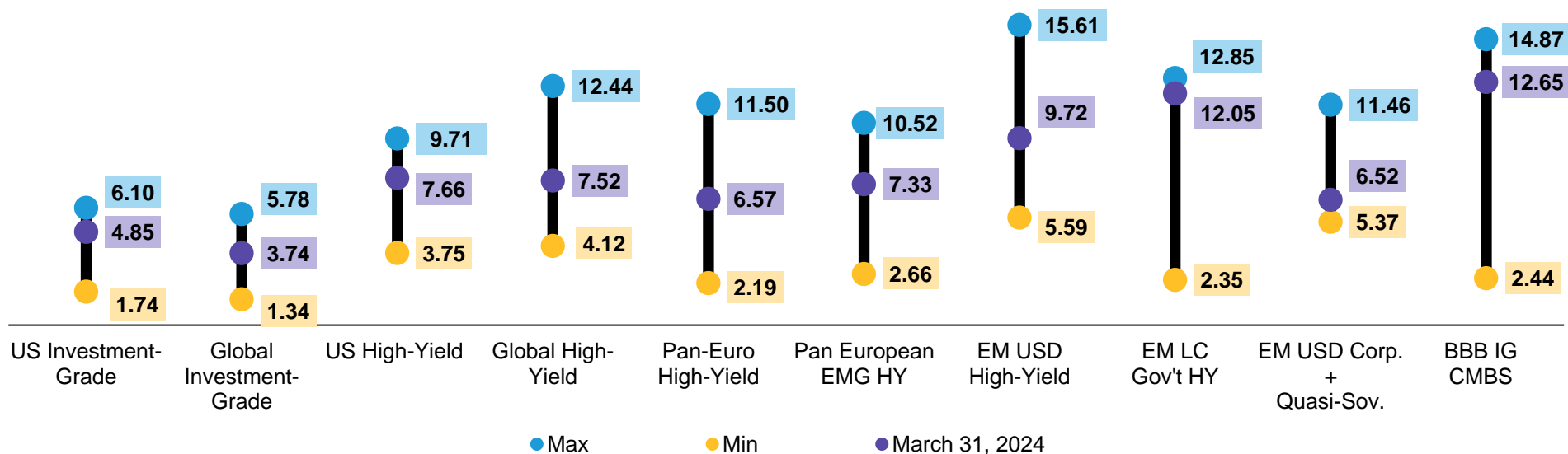
As of 31 March 2024

Source: Bloomberg and AB

Yields Range from Approximately Average to Historically Wide as Rates Remain Elevated but Spreads Narrow Around Much of the Globe

Yield-to-Worst Range

January 2012–March 2024



Past performance does not guarantee future results.

CMBS: commercial mortgage-backed securities; EM: emerging-markets; EMG: emerging; HY: high-yield; IG: investment-grade; LC: local-currency; USD: US dollar
 Historical information provided for illustrative purposes only. US investment-grade represented by Bloomberg US Agg Corporate Index; global investment-grade by Bloomberg Global Agg Corporate; US high-yield by Bloomberg US High Yield Corporate; global high-yield by Bloomberg Global High Yield Corporate; 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 high-yield by Bloomberg EM USD Sovereign High Yield; EM USD corp. + quasi-sov. by Bloomberg EM USD Corp + Quasi Sovereign High Yield; BBB IG CMBS by Bloomberg CMBS IG BBB.

As of 31 March 2024

Source: Bloomberg and AB



A Word About Risk

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Important Risk Information Related to Investing in Equity and Short Strategies

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

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

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

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

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

Bond Ratings Definition

A measure of the quality and safety of a bond or portfolio, is 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 Commodity Index:** is calculated on an excess return basis and reflects commodity futures price movements. The index is designed to minimize concentration in any one commodity or sector. It currently has 23 commodity futures in six sectors. No one commodity can compose more than 15% of the index, no one commodity and its derived commodities can compose more than 25% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components)
- **Bloomberg Emerging Markets Hard Currency (USD) Aggregate Index:** A hard currency emerging markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers
- **Bloomberg Emerging Markets Local Currency Government Index:** Tracks the fixed-rate local currency sovereign debt of emerging market countries
- **Bloomberg Emerging Markets USD Aggregate Index:** A hard currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers
- **Bloomberg 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 2)
- **Bloomberg 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. (Represents high yield on slide 2)
- **Bloomberg Global Investment Grade Corporate Bond Index:** a rules-based market-value-weighted index engineered to measure the investment-grade, fixed rate, global corporate bond market
- **Bloomberg 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 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 2)
- **Bloomberg 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 2)
- **Bloomberg Leveraged Loan Index:** A market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments

Index Definitions (cont.)

- **Bloomberg MBS Index:** tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC)
- **Bloomberg Pan-European High Yield Index:** Measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc
- **Bloomberg 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 US CMBS Investment Grade Index:** Measures the market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn
- **Bloomberg US Corporate High-Yield Bond Index:** Represents the corporate component of the Bloomberg US High-Yield Index and measures the USD-denominated, high yield, fixed-rate corporate bond market
- **Bloomberg 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 2)
- **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. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short
- **HFRI Event Driven Index:** Investment managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company-specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure
- **HFRI Fund Weighted Composite Index:** A global, equal-weighted index of more than 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly performance net of all fees in US dollars and have a minimum of \$50 million under management or 12-month track record of active performance
- **HFRI Macro:** Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both Macro and equity hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposes to EH, in which the fundamental characteristics on the company are the most significant are integral to investment thesis

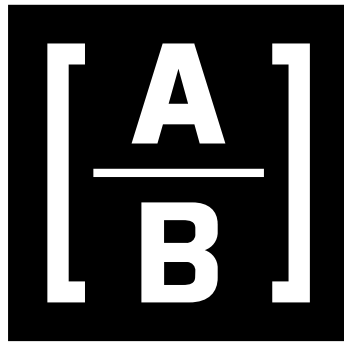
Index Definitions (cont.)

- **HFRI Relative Value:** Investment Managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. RV position may be involved in corporate transactions also, but as opposed to ED exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction
- **J.P. Morgan Emerging Market Bond Index Global:** A benchmark index for measuring the total return performance of government bonds issued by emerging-market countries that are considered sovereign (issued in something other than local currency) and that meet specific liquidity and structural requirements. In order to qualify for index membership, the debt must be more than one year to maturity, have more than \$500 million outstanding, and meet stringent trading guidelines to ensure that pricing inefficiencies don't affect the index. (Represents emerging-market debt on slide 2)
- **MSCI EAFE Index:** A free float-adjusted, market capitalization-weighted index designed to measure developed-market equity performance, excluding the US and Canada. It consists of 22 developed-market country indices
- **MSCI Emerging Markets Index:** A free float-adjusted, market capitalization-weighted index designed to measure equity market performance in the global emerging markets. It consists of 21 emerging-market country indices. (Represents emerging markets on slide 2)
- **MSCI USA Index:** Measures the performance of the large and mid-cap segments of the US market. With 624 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US
- **MSCI USA Minimum Volatility Index:** aims to reflect the performance characteristics of a minimum variance strategy applied to the US large and mid-cap equity universe
- **MSCI World Index:** A market capitalization-weighted index that measures the performance of stock markets in 24 countries. (Represents world on slide 2)
- **Russell 1000 Index:** A stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, representing about 90% of the total market capitalization of that index.
- **Russell 2000 Index:** Measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000 Index, representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership
- **S&P 500 Index:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US on slide 2)
- **S&P Global REIT:** serves as a comprehensive benchmark of publicly traded equity REITs listed in both developed and emerging markets

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Notes on Simulation Results

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



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LF-523152-2024-04-05