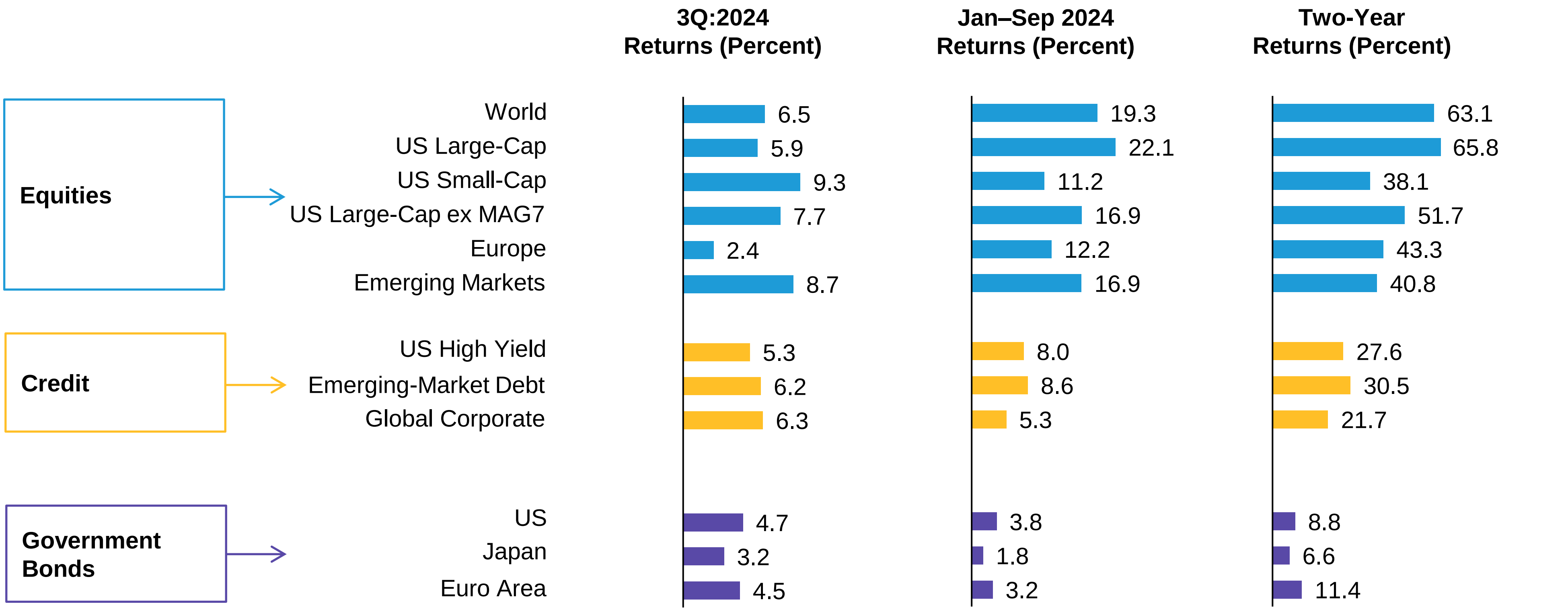
Global Capital Markets Outlook

Normalization: Endgame

Fourth Quarter 2024

2024 in Review: S_FT LAN_ING

“I’d like to solve the puzzle”



Past performance does not guarantee future results.

Returns in US dollars. Emerging-market returns are net returns; all other returns are total returns. Japan government bonds are in hedged USD terms. All other non-US returns are in unhedged USD terms. US large-cap is represented by S&P 500. US small-cap is represented by Russell 2000. US large-cap ex MAG7 is represented by Bloomberg US Large Cap ex Magnificent 7 Total Return. 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 AB portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio.

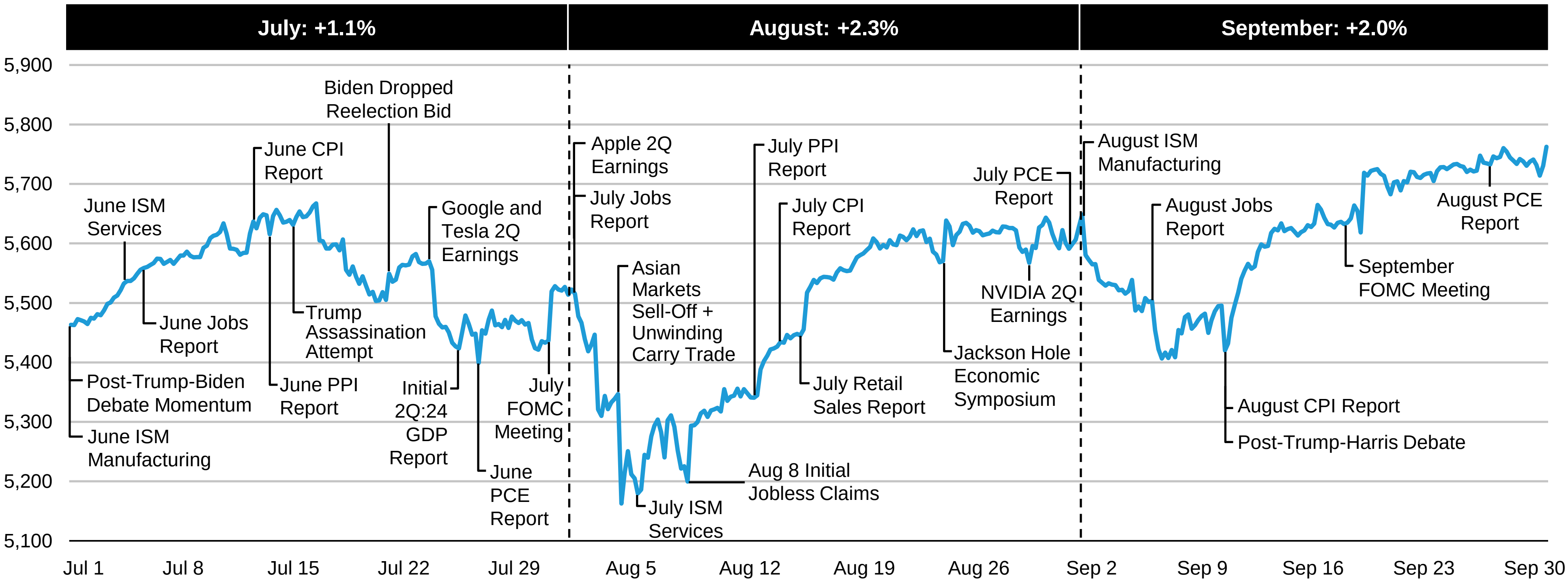
*Europe, Australasia and the Far East

As of 30 September 2024

Source: Bloomberg, J.P. Morgan, FTSE Russell, MSCI, Standard & Poor’s (S&P) and AB

3Q24: Equity Performance Broadened Out as Fears of an Imminent Recession Faded

S&P 500 Price Chart (in USD)



Past performance does not guarantee future results.

CPI: Consumer Price Index; FOMC: Federal Open Market Committee; ISM: Institute for Supply Management; PCE: Personal Consumption Expenditures Price Index; PPI: Producer Price Index

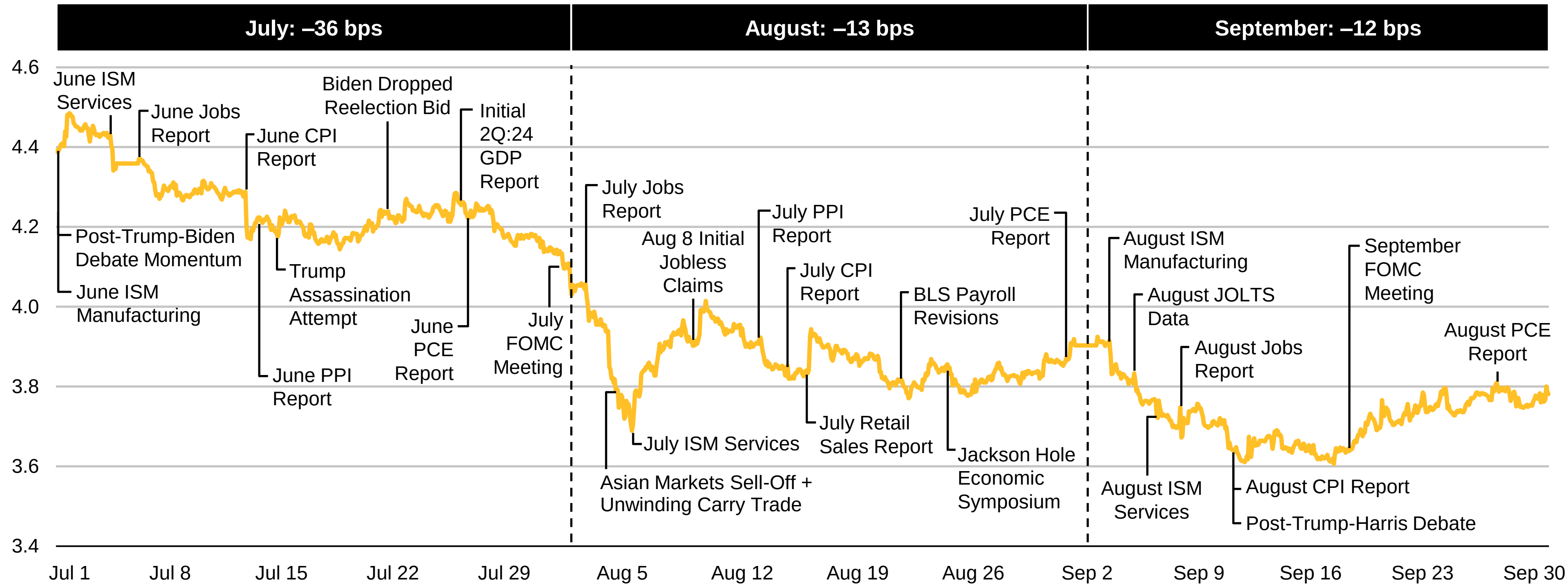
Returns are price returns; event dates are approximate.

Through 30 September 2024

Source: Bloomberg, S&P and AB

3Q24: Rates Fell Below Key Support Levels as the Fed Signaled Rate Cuts Ahead

US 10-Year Treasury (Percent)



Past performance does not guarantee future results.

BLS: US Bureau of Labor Statistics; bps: basis points; 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

Returns are price returns; event dates are approximate.

Through 30 September 2024

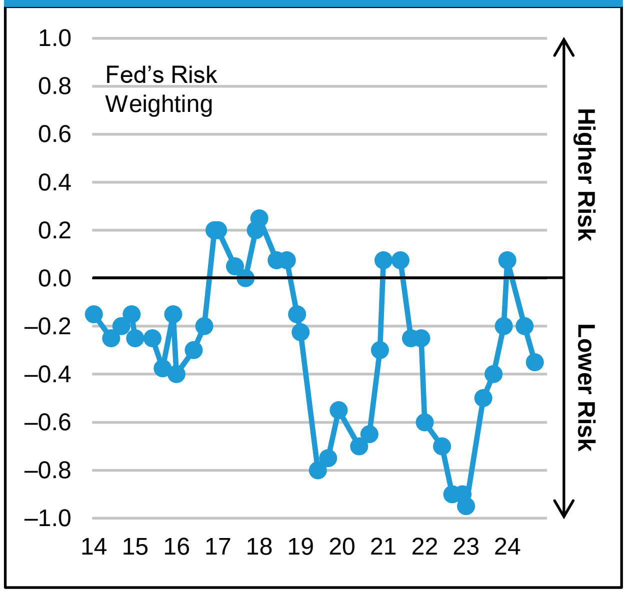
Source: Bloomberg, S&P and AB

The “Holy Trinity” of Rate Drivers

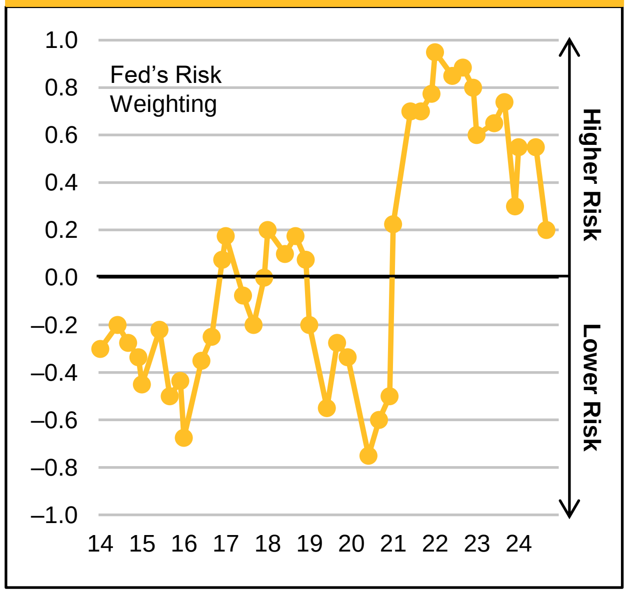
Rates

“Overall, the economy continues to **grow** at a solid pace. But the **inflation** and the **labor market** data show an evolving situation.
The upside risks to inflation have diminished. And the downside risks to employment have increased.”
— Jerome Powell (23 Aug 2024)

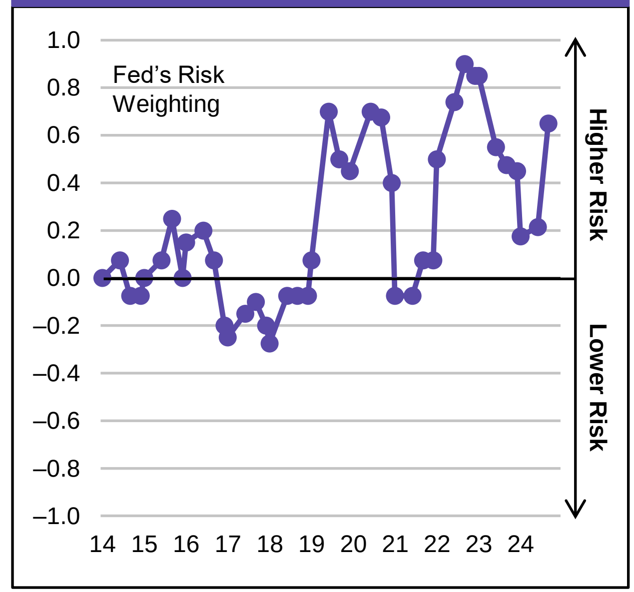
Growth



Inflation



Labor Market



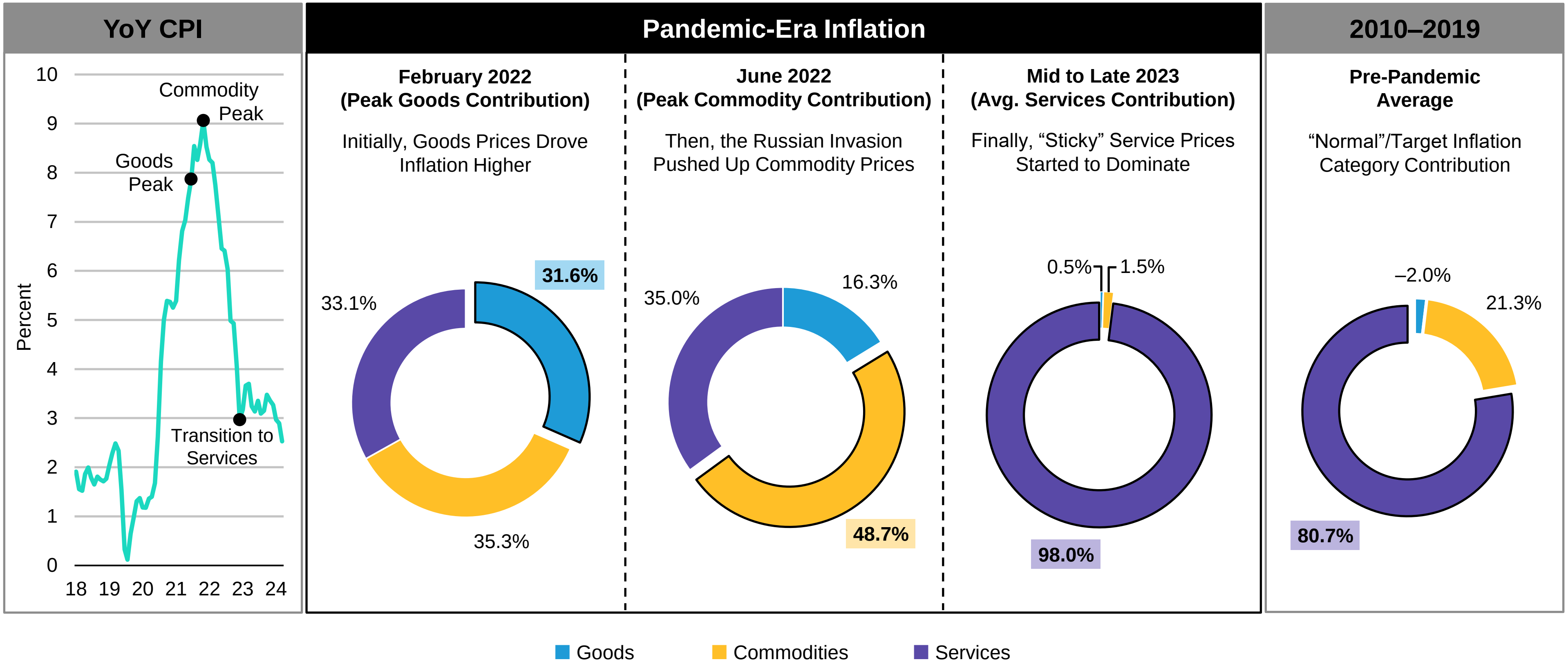
Historical analysis and current forecasts do not guarantee future results.

Through 30 September 2024

Source: US Federal Reserve and AB

Inflation: On the Road to Making It Boring Again

Inflation's normalization journey



Historical analysis and current forecasts do not guarantee future results.

CPI: Consumer Price Index; YoY: year-over-year

Inflation as measured by CPI; mid to late 2023 defined as May 2023 to December 2023

As of 30 September 2024

Source: Bloomberg and AB

Disinflationary Trends Have Been Popping Up Across the Marketplace as Pandemic-Induced Disruptions See Further Normalization

Food Prices

"Amazon Is Slashing Prices on 4,000 Grocery Items, Joining Target and Walmart"

24 May 2024
CNN

"Bumper Harvests in Wheat, Corn and Soybeans Mean Food Prices Are Falling"

13 Aug 2024
Bloomberg

"Value Wars: Food Chains Battle over Cost-Conscious Customers"

18 Sep 2024
Today

Energy Prices

"Labor Day Gas Prices on Track to Reach Their Lowest Level in 3 Years"

30 Aug 2024
CBS

Goods Prices

"New Car Prices Dropping Slowly, Steadily"

11 Mar 2024
Kelley Blue Book

"Why Furniture Is Getting Cheaper"

12 Mar 2024
Marketplace

Services Prices

"The US Housing Market Just Had Its Worst Spring Selling Season in a Dozen Years"

13 Sep 2024
Bloomberg

"Renters Finally Get Some Good News as Power Begins to Swing Away from Landlords"

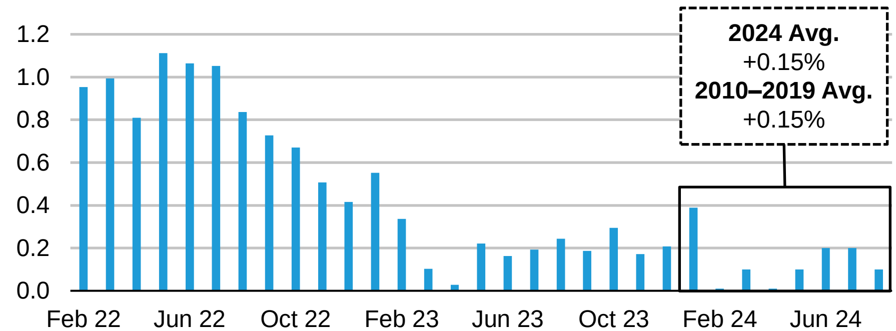
18 Jul 2024
Fortune

Current analysis does not guarantee future results.

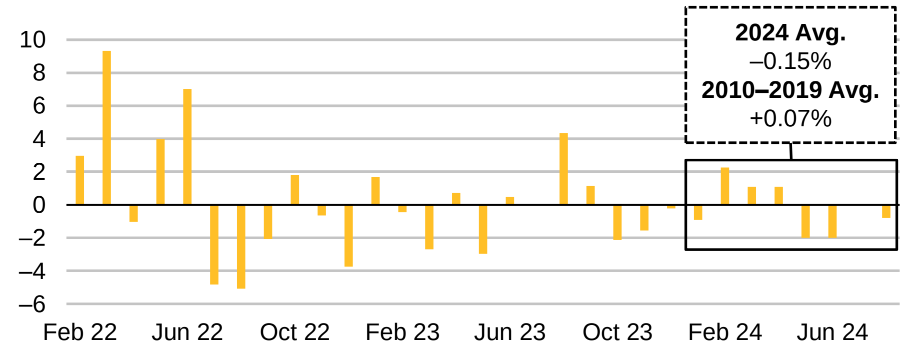
Source: Javier Blas, "A Break in the Weather: Good News From the World's Farms," *Bloomberg* (13 August 2024); Joseph Lamour, "As the Fast-Food Value Wars Heat Up, So Do Customer Savings," *Today* (18 September 2024); Kate Gibson, "Labor Day Gas Prices on Track to Reach Their Lowest Level in 3 Years," *CBS News* (30 August 2024); Meghan McCarty Carino, "Why Prices Are Dropping at Furniture Retailers Like Ikea," *Marketplace*, Minnesota Public Radio (12 March 2024); Michael Sasso and Prashant Gopal, "US Housing Market Awaits Boost After Worst Key Season in Years," *Bloomberg* (13 September 2024); Parija Kavilanz, "Amazon Is Slashing Prices on 4,000 Grocery Items, Joining Target and Walmart," *CNN Business* (24 May 2024); Sean Tucker, "New Car Prices Dropping Slowly, Steadily," Kelley Blue Book (11 March 2024); and Sydney Lake, "Renters Finally Get Some Good News as Power Begins to Swing Away from Landlords," *Fortune* (18 July 2024)

Consequently, the Main CPI Categories Have Become Even More Predictable…with One Exception

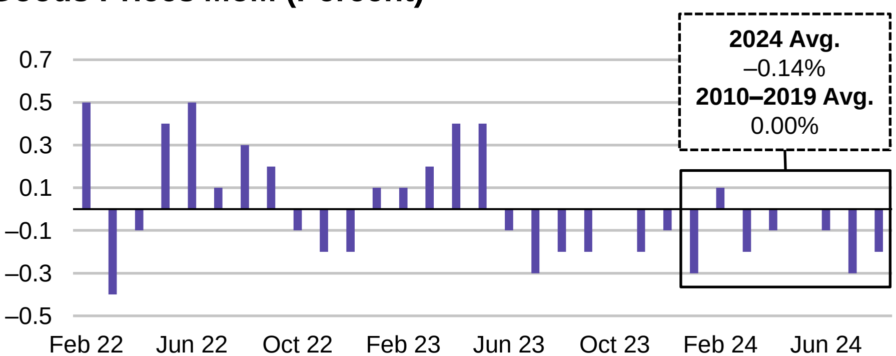
Food Prices MoM (Percent)



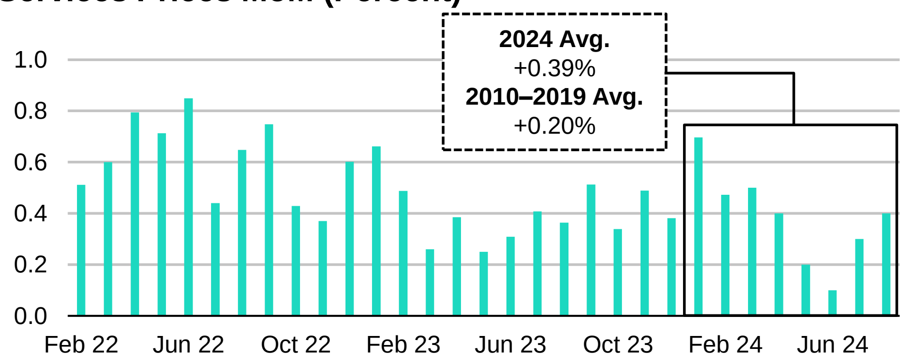
Energy Prices MoM (Percent)



Goods Prices MoM (Percent)



Services Prices MoM (Percent)



Current analysis does not guarantee future results.

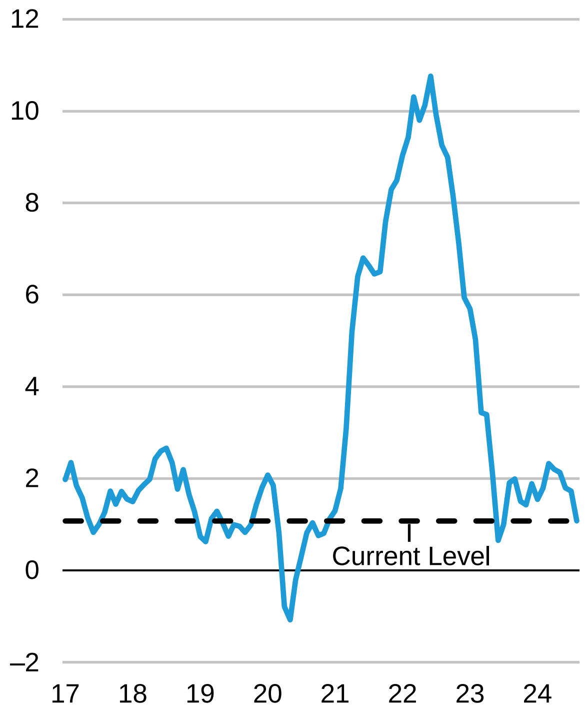
CPI: Consumer Price Index; MoM: month over month

Through 30 September 2024

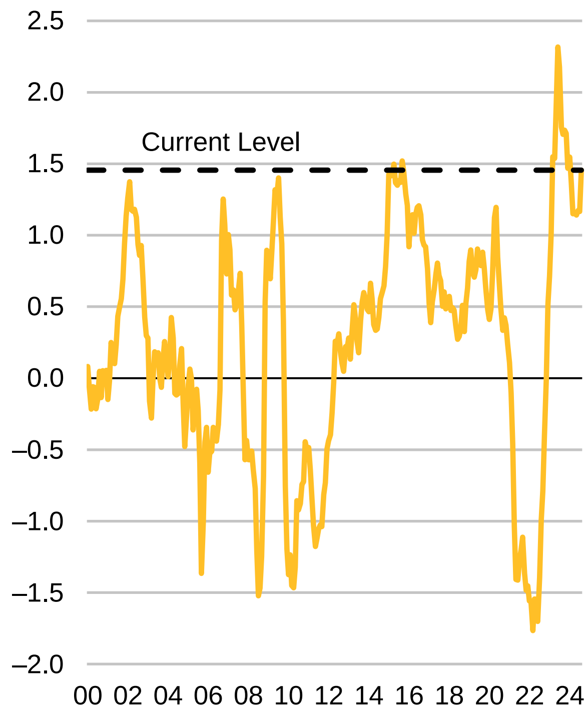
Source: Bloomberg, BLS and AB

Shelter’s Lag Continues to Distort the Inflation Picture

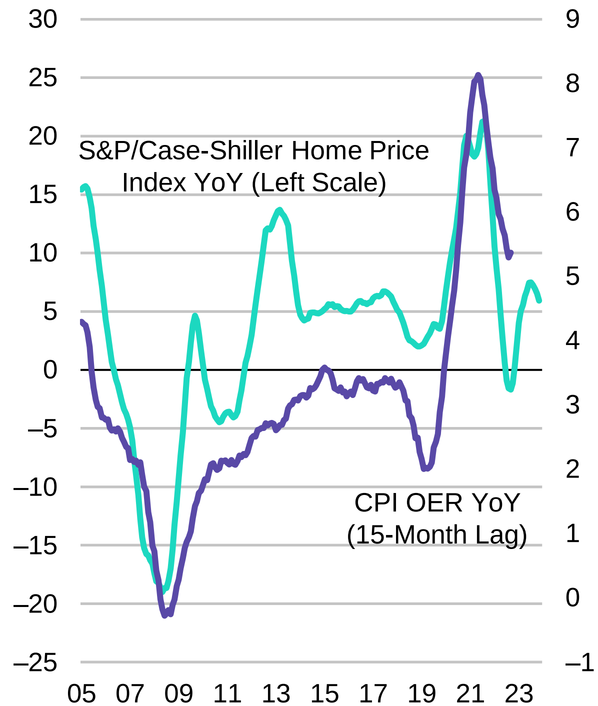
CPI ex Shelter Highlights the Subdued Inflation Experience (Percent)



Spread Between CPI and CPI ex Shelter Remains at Historic Levels (Percent)



“Real-Time” Data vs. CPI’s Lagging Measurement Points to Lower Inflation



Current analysis does not guarantee future results.

CPI: Consumer Price Index; OER: owners’ equivalent rent; YoY: year over year

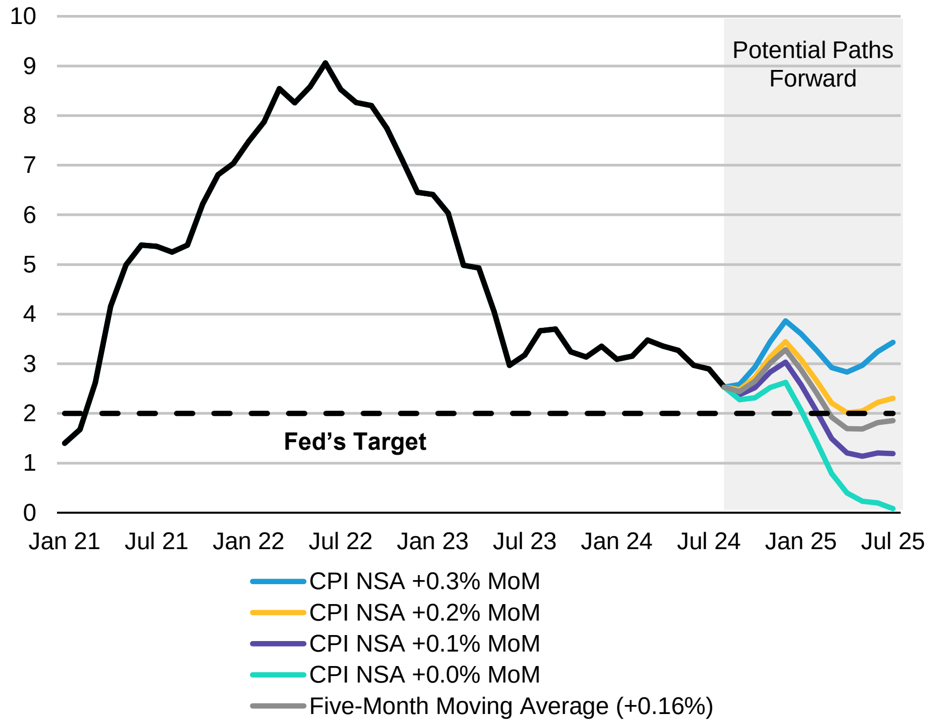
As of 30 September 2024

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

Inflation’s Path Forward

Choose your own adventure: headline CPI edition

Don’t Panic into Year-End: Most Paths Forward Suggest Lower Headline Inflation in 2025 (Percent)



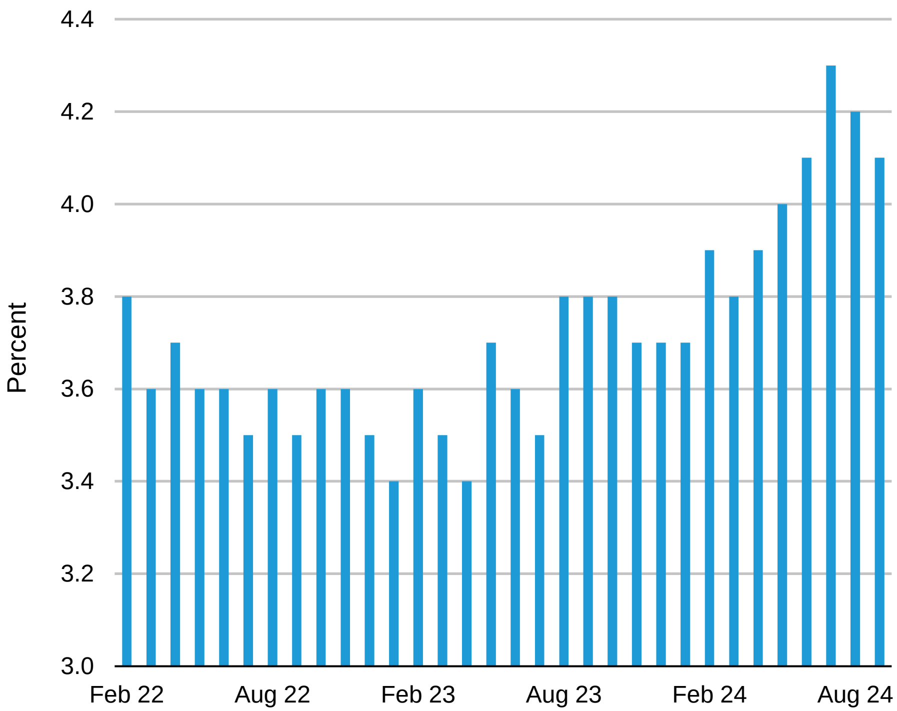
Historical analysis and current forecasts do not guarantee future results.
CPI: Consumer Price Index; MoM: month over month; NSA: not seasonally adjusted
As of 30 September 2024
Source: Bloomberg, BLS and AB

Inflation Mile Markers to Keep an Eye on Throughout the Year

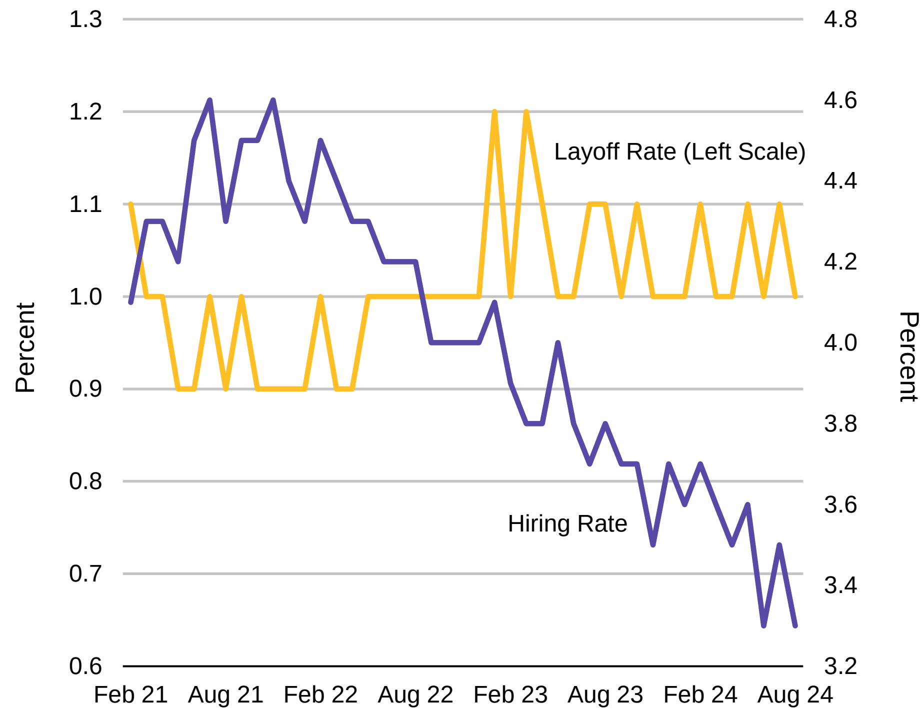
10 Oct 2024 Sep 24 Report	Likely to Hit Low Point of 2024
8/9 Jan 2025 Dec 24 Report	Likely to Hit Next High Point (Due to Base Effects)
First Half 2025	Potential to Hit Fed’s 2% Target

Labor Market: The Other Half of the Fed's Mandate

The Unemployment Rate Has Been Gradually Rising Throughout 2024—Sounding Alarms Across the Market About the Sahm Rule



However, If the Pandemic Has Taught Us Anything, It's That (Economic) Rules Are Made to Be Broken: Layoffs Remained Stable and Low, While the Hiring Rate Fell Even Further



Current analysis does not guarantee future results.
As of 4 October 2024
Source: Bloomberg and AB

The Labor Market Remains Strong, but Incrementally Leans Toward Less Strength

The Fed Is Well Aware of the Balance of Risk Within the Labor Market

1 Context

"So far, rising unemployment has not been the result of elevated layoffs."

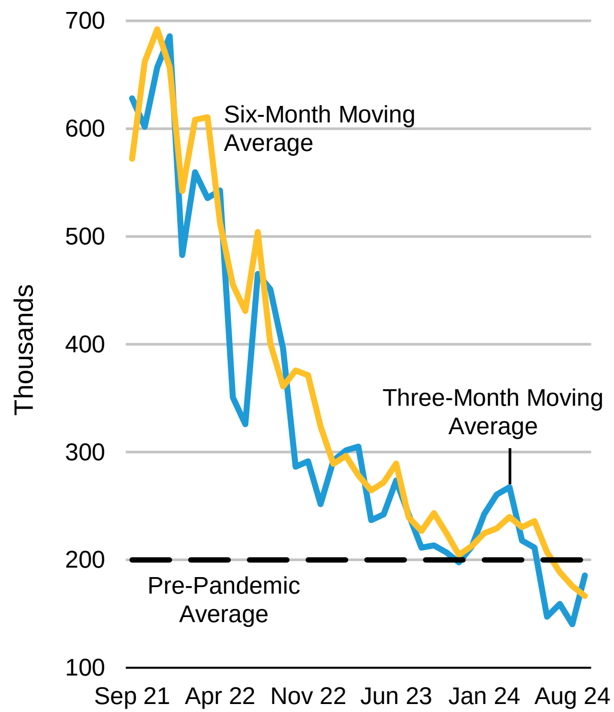
2 Past/ Present

"All told labor market conditions are now less tight than just before the pandemic in 2019—a year when inflation ran below 2 percent."

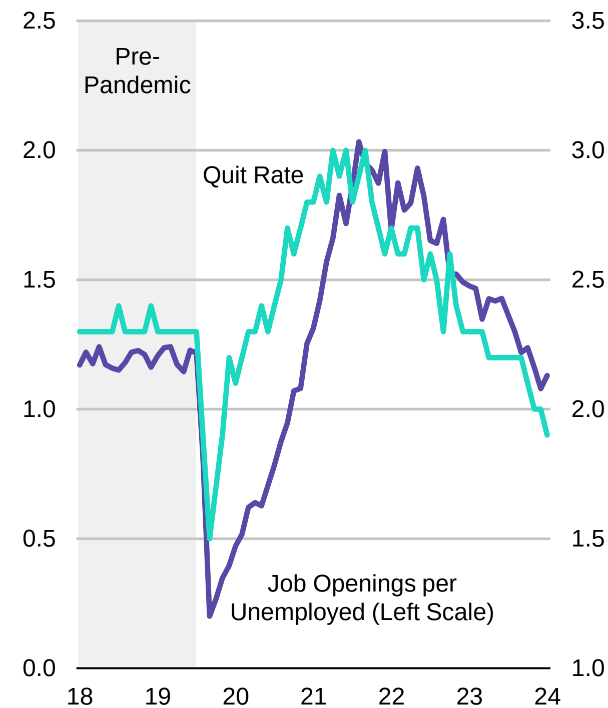
3 Future Action?

"It seems unlikely that the labor market will be a source of elevated inflationary pressures anytime soon. **We [however] do not seek or welcome further cooling in labor market conditions."**

Payrolls Have Dipped Slightly Below Pre-Pandemic Averages…



…but So Have Job Openings and Quit Rates, Indicating a Tentative Equilibrium



Current analysis does not guarantee future results.

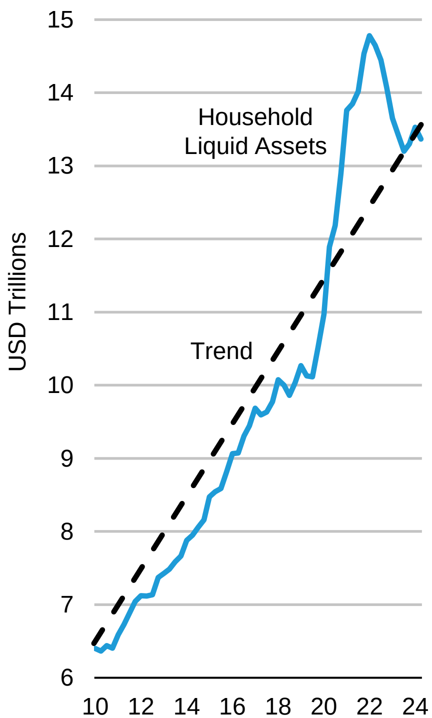
Quotes are from Jerome Powell on 23 August 2024

As of 4 October 2024

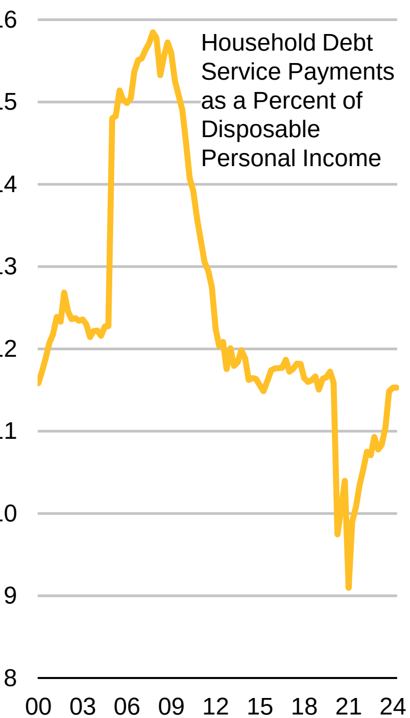
Source: Bloomberg and AB

Growth: Equilibrium Achieved, It's Now About Providing Any Required Support

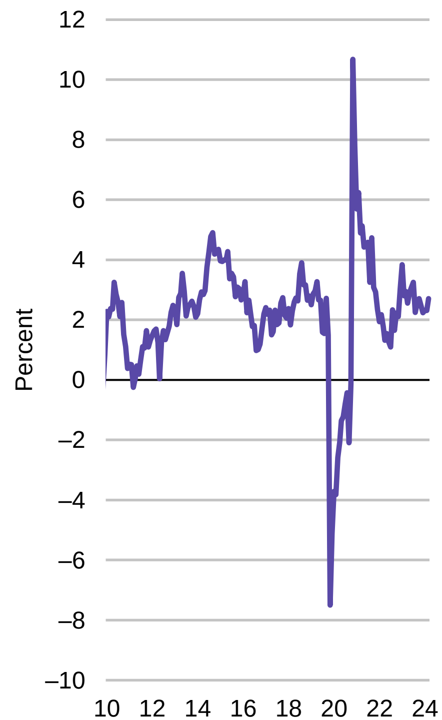
Although Excess Savings Have Been Depleted, Agg. Savings Remain Healthy



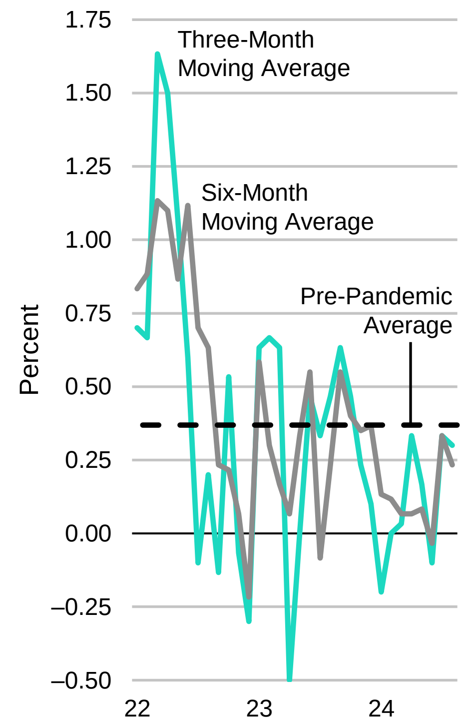
Yes, Debt Levels Have Risen, but Debt-to-Income Ratios Limited the Concern



Household Paycheck
Positive as inflation falls and labor remains resilient



Consumer Strength Is Further Reflected in Steady Retail Sales Numbers



Current analysis does not guarantee future results.
As of 30 September 2024
Source: Bloomberg, Federal Reserve Bank of St. Louis and AB

The Fed’s Path Forward: Wishing Upon an R-Star

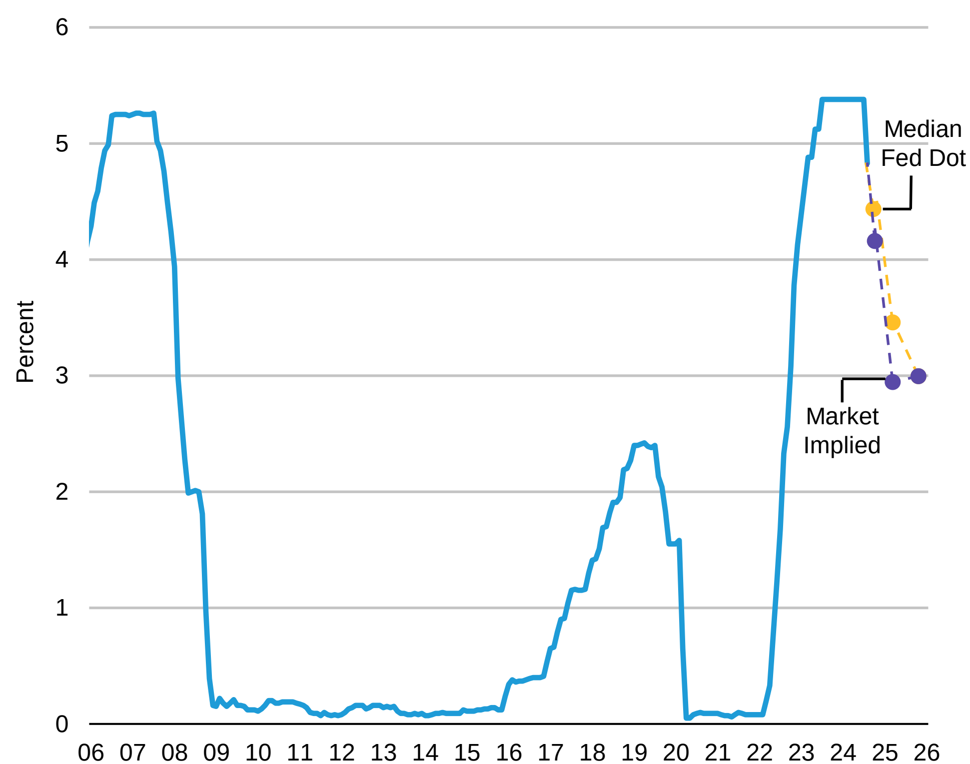
Fed Suggests Eight Rate Cuts Ahead: Two Cuts over the Next Two Meetings, Then a Cut Every Other Meeting in 2025

	2024	2025	2026	Longer Run
5.75	—	—	—	—
5.50	—	—	—	—
5.25	—	—	—	—
5.00	●●	—	—	—
4.75	●●●●●●●	—	—	—
4.50	●●●●●●●●●	—	—	—
4.25	●	●	—	—
4.00	—	●	●	—
3.75	—	●●●	●●●	●●
3.50	—	●●●●●●	●●●	●●●●
3.25	—	●●●●●●	●●	●
3.00	—	●●	●●●●●●	●●●●
2.75	—	—	●●●	●●●●
2.50	—	—	●	●●●●
2.25	—	—	—	—
2.00	—	—	—	—
1.75	—	—	—	—

“This is not a committee that feels like it’s in a hurry to cut rates. Ultimately, we will be guided by the incoming data. And if the economy slows more than we expect, then we can cut faster. If it slows less than we expect, we can cut slower.”

—Jerome Powell (30 September 2024)

Fed vs. Market View: Market Initially Runs Ahead of the Fed, but Both See a Terminal Interest Rate of Around 3%



Current analysis does not guarantee future results.

The gold dot in the left display is approximately the median dot.

As of 30 September 2024

Source: Bloomberg, US Federal Reserve and AB

Projecting Longer-Term Rates: Our View

Breaking down our 10-year US Treasury forecast for 2024 and 2025

Nominal 10-Year Projection

10-year BEI + 10-year TIPS

3Q24: 3.78%

2.18% + 1.60%

2024: 3.75%

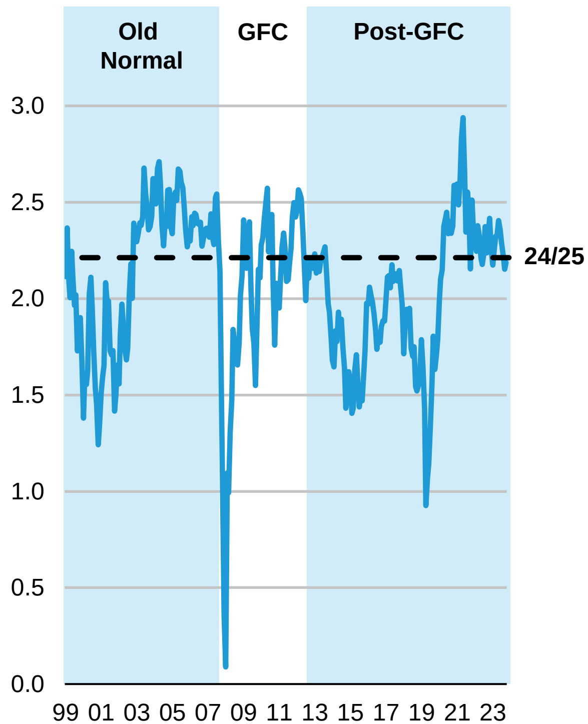
2.25% + 1.50%

2025: 3.50%

2.25% + 1.25%

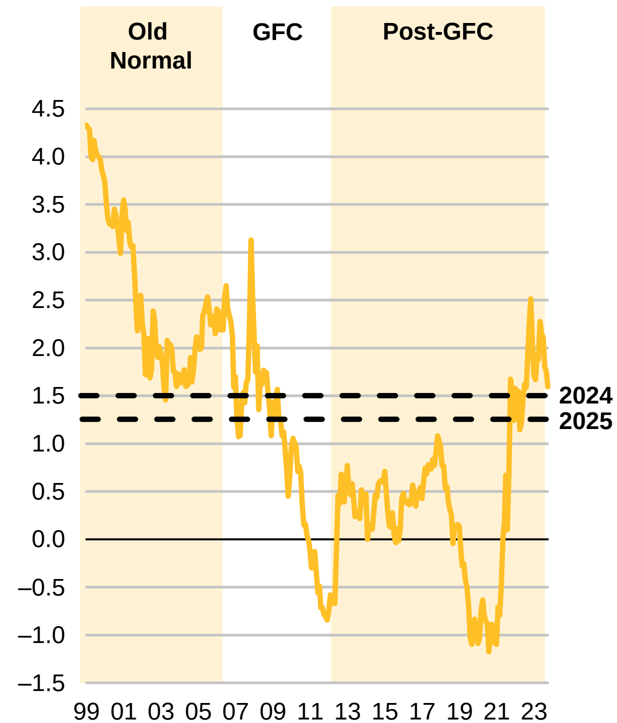
10-Year Break-Even Inflation (BEI)

Percent



Real Rates (10-Year TIPS)

Percent



Historical analysis and current forecasts do not guarantee future results.

GFC: global financial crisis; TIPS: Treasury Inflation-Protected Securities

As of 30 September 2024

Source: Bloomberg, US Department of the Treasury and AB

Macro Summary Recap and Outlook

Reviewing the “holy trinity” for markets

Growth

Softening, but stable

- Growth has slowed from last year’s quick pace as the impact of tight monetary policy has materialized within the economy
- Although demand has cooled, consumer spending has stabilized around pre-pandemic levels
- The consumer remains strong, with healthy absolute savings and low debt-to-income levels
- Keep an eye on personal consumption, a key component within GDP, and advance retail spending data

Inflation

More predictable, and falling

- After a semi-volatile start to the year, inflation’s path lower has largely calcified as we enter the latter stages of normalization
    - Food price growth remains low
    - Energy prices have tumbled but will likely see increased volatility with heightened tensions in the ME
    - Goods prices continue to see deflation
    - Service prices should slow their rate of gain as the year progresses
- YoY inflation will likely hit a low point in September, before base effects temporarily push it up into year-end

Labor Market

Soft enough

- The labor market has become the Fed’s main focus as inflation grows increasingly more predictable
- Although still strong on an absolute basis, it has undeniably cooled relative to where it was throughout the pandemic recovery period
- Post rebalancing, the labor market is no longer seen as a potential source of inflation, but rather it could be the impetus for cutting rates at a faster pace going forward
- Keep an eye on layoff and hiring rates, as well as jobless claims and nonfarm payrolls—including revisions—for potential signs of further softness

Historical analysis and current forecasts do not guarantee future results.

ME: Middle East; GDP: gross domestic product; YoY: year-over-year

As of 30 September 2024

Source: AB

Macro Summary

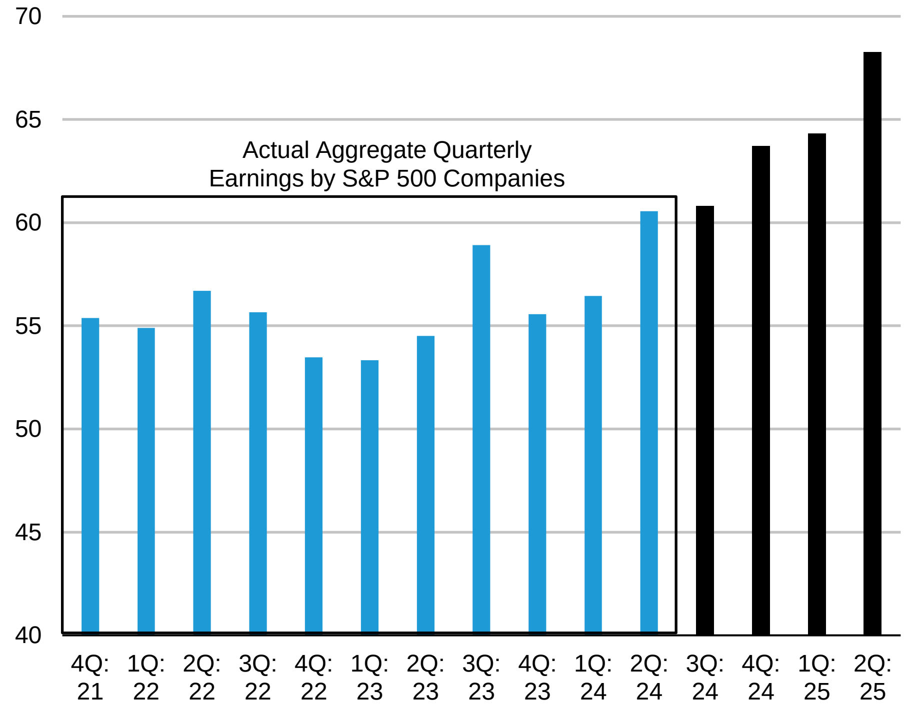
AB Global Economic Forecast

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	24F	25F	24F	25F	24F	25F	24F	25F
Global ex Russia	2.6	2.3	4.2	2.8	4.98	3.55	3.69	3.64
Industrial Countries	1.5	1.0	2.6	2.1	3.69	2.49	3.06	2.89
Emerging Countries	4.1	3.9	6.5	3.9	7.60	5.62	4.40	4.52
US	**1.8**	**1.2**	**2.8**	**2.3**	**4.38**	**2.88**	**3.75**	**3.50**
Euro Area	0.3	0.7	2.3	1.9	3.25	2.00	2.15	1.90
UK	0.5	0.8	2.5	2.0	4.75	3.50	3.75	3.50
Japan	0.3	1.3	2.4	1.8	0.25	0.50	1.25	1.25
China	4.7	4.5	0.5	0.8	1.50	1.50	2.00	2.36

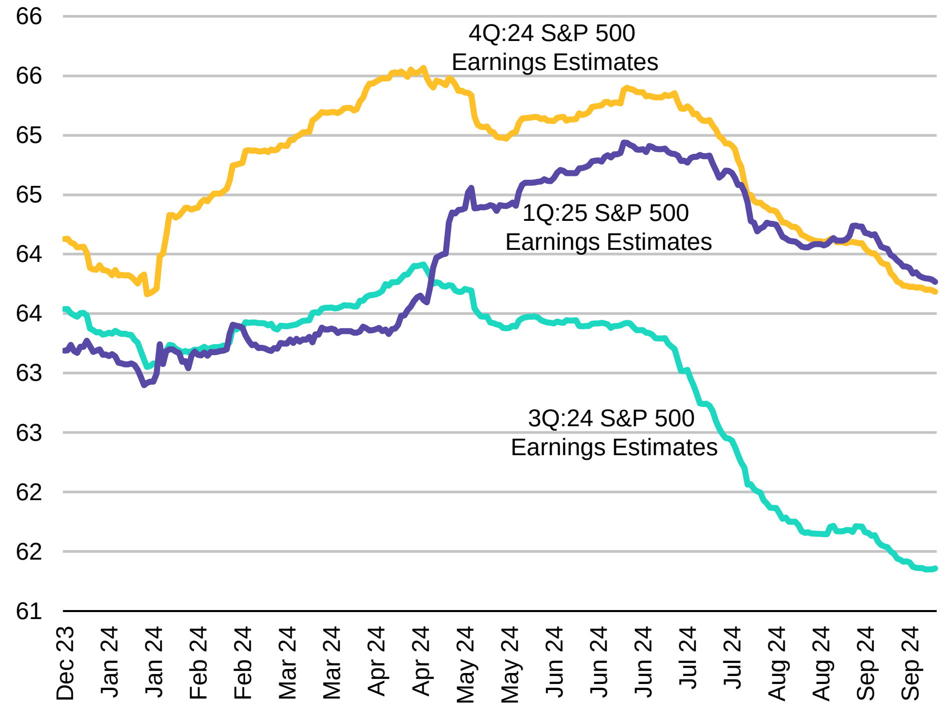
Past performance and current analysis do not guarantee future results.
Inflation is a Core Consumer Price Index estimate. Growth and inflation forecasts are calendar-year averages. Interest rates are year-end forecasts. Real growth aggregates represent 48 country forecasts, not all of which are shown. Long rates are 10-year yields.
As of 30 September 2024
Source: AB

S&P 500 Earnings: Although Earnings Estimates Have Been Revised Lower, the Bar Remains High

After Little Movement for Two Years, 2Q:24 Marked a Breakout Moment for Earnings



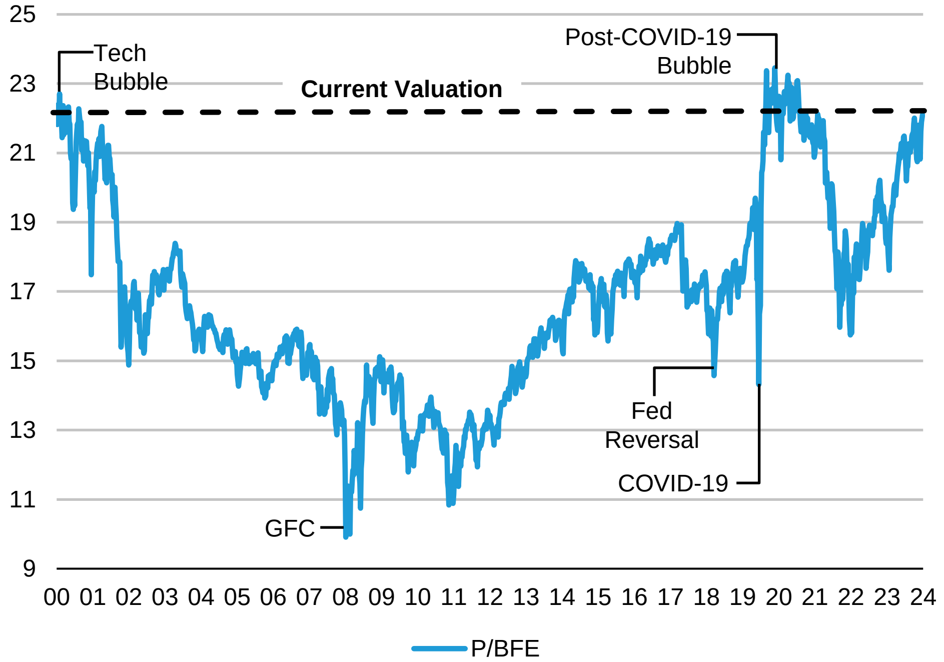
However, Direction Matters: Since Midyear, Earnings Estimates Have Been Consistently Revised Lower



Historical analysis and current forecasts do not guarantee future results.
As of 30 September 2024
Source: Bloomberg, FactSet, S&P and AB

S&P 500 Valuations: Frothy Valuations Remain Unfazed by Softer Fundamentals

S&P 500 Multiples



Time Period	P/E	P/BFE	P/FE$_1$	P/FE$_2$
30 September 2024	**24.7**	**21.6**	**23.8**	**20.9**
31 December 2023	21.9	19.6	21.5	19.6
31 December 2022	17.2	16.8	17.3	16.8
Pre-Pandemic*	20.3	19.0	20.5	19.2
10-Year Average	19.8	18.2	19.4	17.5
Pre-Pandemic Five-Year Average	18.3	17.0	17.9	16.4
January 2014–November 2016	17.0	16.2	17.0	15.6
Average Since 2000	18.4	16.3	17.5	15.6

Current analysis does not guarantee future results.

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/FE$_1$) is for calendar year 2024; price/forward earnings two (P/FE$_2$) is for calendar year 2025.

*21 February 2020

As of 30 September 2024

Source: Bloomberg, S&P and AB

S&P 500 Scenario Chart: Using Earnings and Valuations to Form a Price Target Range

Choose Your Own Adventure

2024	17	18	19	20	21	22	23	24	25	S&P Price Level	2024 Price Return*
220	3,740	3,960	4,180	4,400	4,620	4,840	5,060	5,280	5,500	5,170	–10.3%
225	3,825	4,050	4,275	4,500	4,725	4,950	5,175	5,400	5,625	5,280	–8.4
230	3,910	4,140	4,370	4,600	4,830	5,060	5,290	5,520	5,750	5,390	–6.5
235	3,995	4,230	4,465	4,700	4,935	5,170	5,405	5,640	5,875	5,405	–6.2
240	4,080	4,320	4,560	4,800	5,040	5,280	5,520	**5,762**	6,000	5,520	–4.2
245	4,165	4,410	4,655	4,900	5,145	5,390	5,635	5,880	6,125	5,635	–2.2
250	4,250	4,500	4,750	5,000	5,250	5,500	5,750	6,000	6,250	**5,762**	0.0
255	4,335	4,590	4,845	5,100	5,355	5,610	5,865	6,120	6,375	5,880	2.0
260	4,420	4,680	4,940	5,200	5,460	5,720	5,980	6,240	6,500	6,000	4.1

2025	15	16	17	18	19	20	21	22	23	S&P Price Level	2024–25 Price Return†
245	3,675	3,920	4,165	4,410	4,655	4,900	5,145	5,390	5,635	5,225	–7.5%
250	3,750	4,000	4,250	4,500	4,750	5,000	5,250	5,500	5,750	5,300	–6.5
255	3,825	4,080	4,335	4,590	4,845	5,100	5,355	5,610	5,865	5,400	–5.1
260	3,900	4,160	4,420	4,680	4,940	5,200	5,460	5,720	5,980	5,500	–3.7
265	3,975	4,240	4,505	4,770	5,035	5,300	5,565	5,830	6,095	5,600	–2.3
270	4,050	4,320	4,590	4,860	5,130	5,400	5,670	5,940	6,210	**5,762**	0.0
275	4,125	4,400	4,675	4,950	5,225	5,500	**5,762**	6,050	6,325	5,880	1.6
280	4,200	4,480	4,760	5,040	5,320	5,600	5,880	6,160	6,440	6,050	4.0
285	4,275	4,560	4,845	5,130	5,415	5,700	5,985	6,270	6,555	6,160	5.5

30 September 2024 (What's Currently Priced In) | Most Likely Range of Future Outcomes

Historical analysis and current forecasts do not guarantee future results.

*Based on S&P 500's 3Q:24 closing price of 5762; horizontal axis contains forward price/earnings multiples; vertical axis contains forward earnings; numbers may not sum due to rounding. †Annualized return from 30 September 2024, to the end of 2025

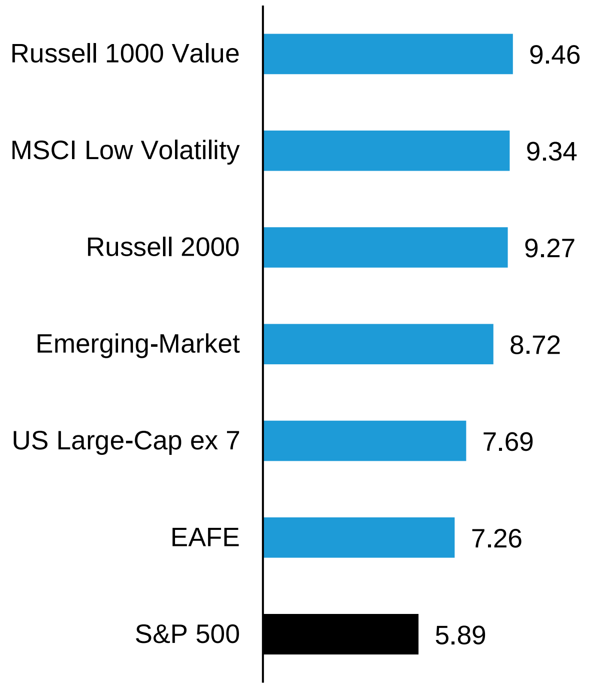
As of 30 September 2024

Source: Bloomberg, S&P and AB

Investors Expand Their Horizons: A Respite from Concentrated Markets

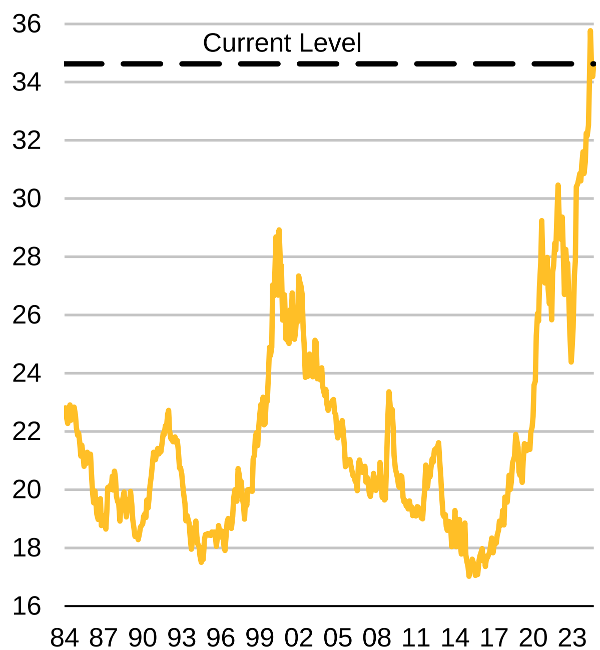
A steady economy and moderating inflation provided a lift to stocks beyond mega-cap tech

Equities Saw a Notable Broadening Out During the Third Quarter (Percent)



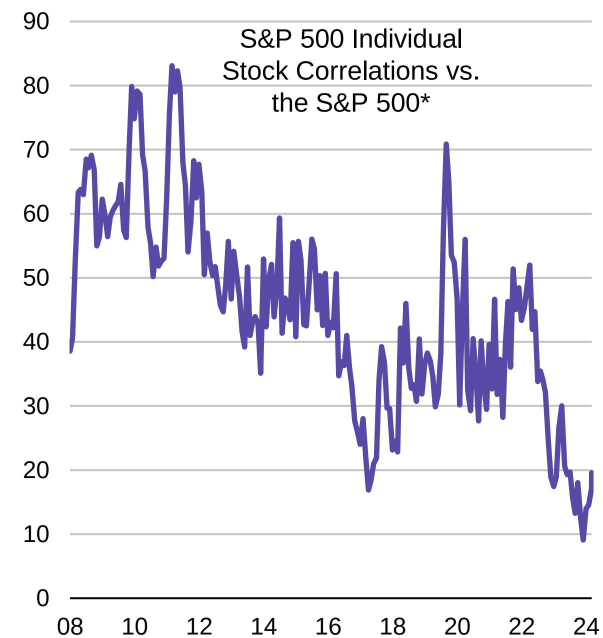
However, the S&P 500 Remains Historically Concentrated…

Top 10 combined weights (percent)



…while the Average S&P 500 Stock Is Still Highly Uncorrelated to the Index

Percent



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

Ex 7: excluding Magnificent 7

*Cboe S&P 500 3-Month Implied Correlation Index

As of 30 September 2024

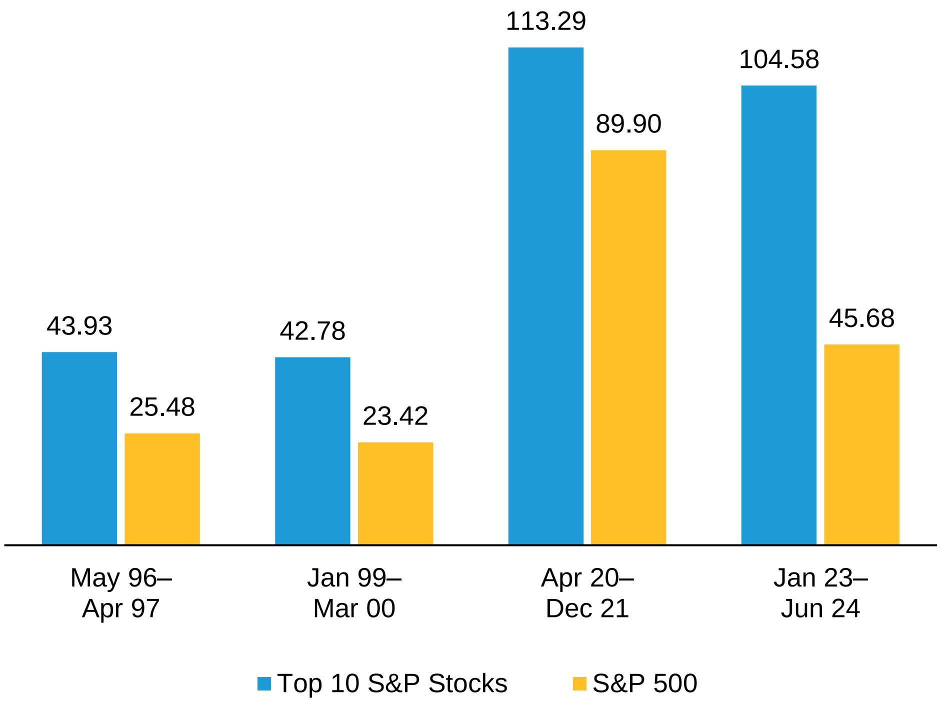
Source: Bloomberg, Cboe Global Markets, FactSet, FTSE Russell, MSCI, Piper Sandler, S&P and AB; see Disclosures and Important Information.

What Happens After Mega-Caps Outperform?

While no one knows that day and hour, we expect that history will again rhyme

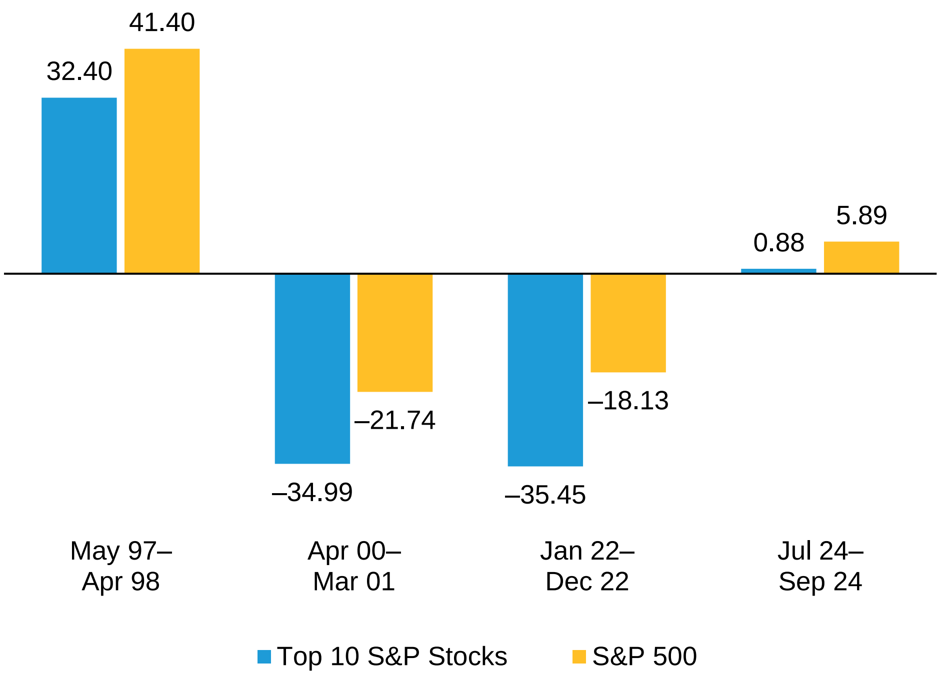
When Were the Largest Examples of Outperformance?

Percent



Prior 12-Month Subsequent Performance Periods Have Told a Different Story…Last Quarter Is Off to a Good Start

Percent



Past performance does not guarantee future results.

Performance periods show cumulative returns.

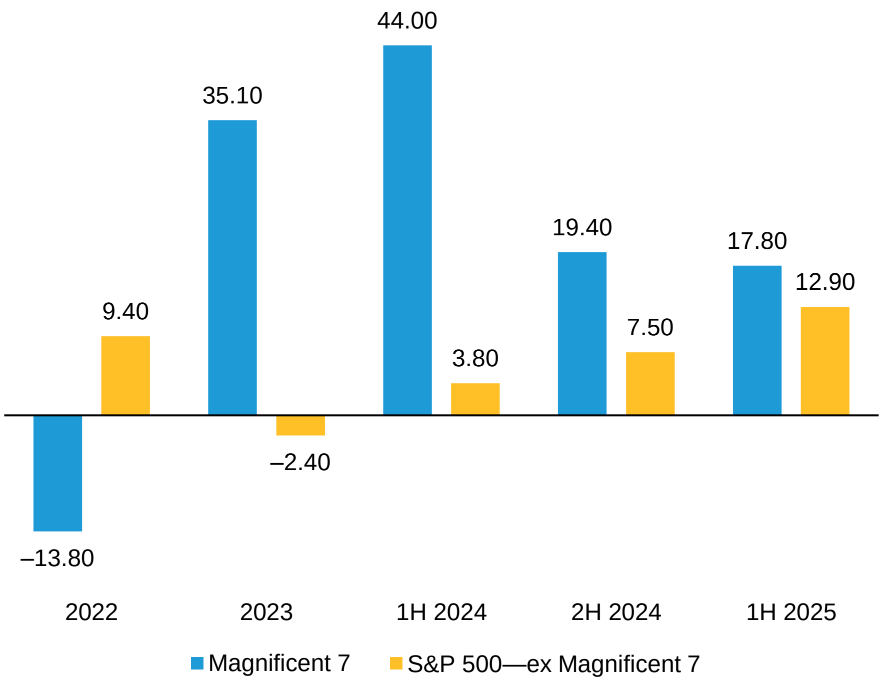
As of 30 September 2024

Source: Bloomberg, S&P and AB

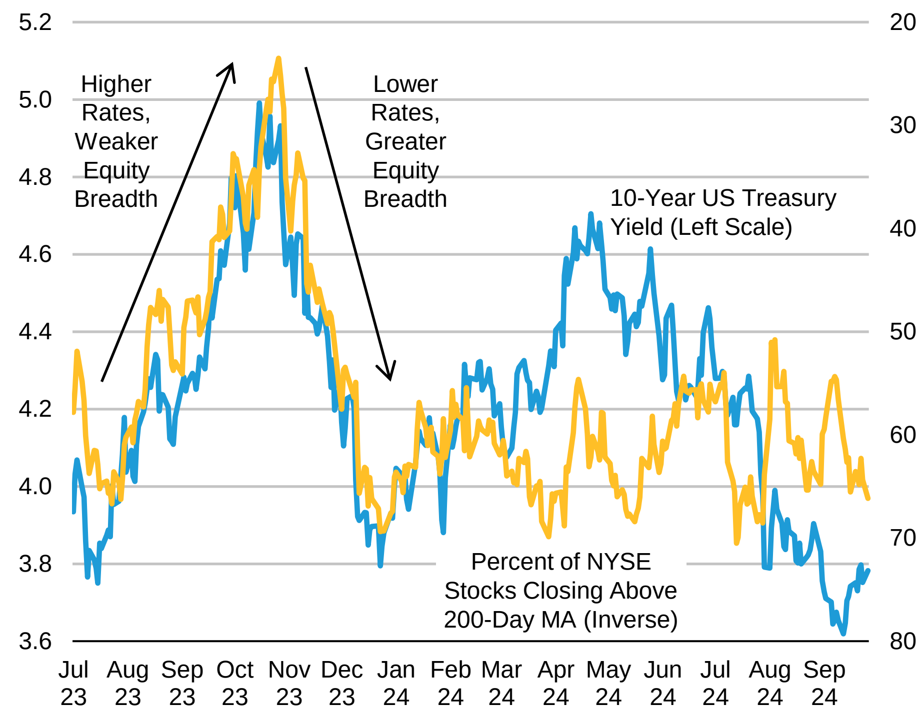
Earnings Expectations and Lower Rates May Extend Breadth Runway

Fed easing and questions surrounding artificial-intelligence spending returns led to a broadening

Closing the Gap? S&P 500 Year-over-Year Earnings Growth Consensus Estimates (Percent)



We Expect Lower Rates Ahead, Which Has Historically Led to Stronger Equity Breadth (Percent)



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

1H: first half; 2H: second half; MA: moving average

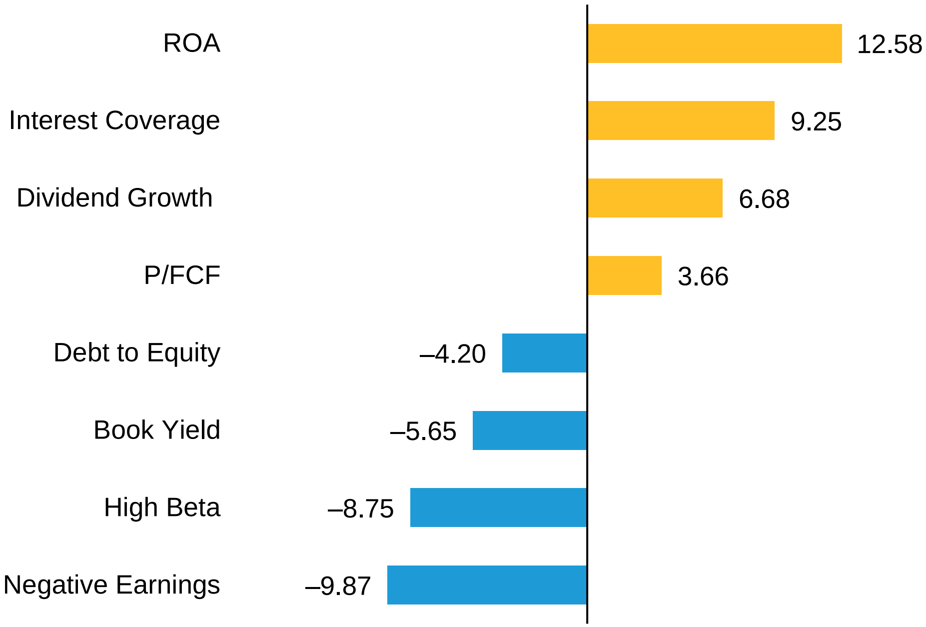
As of 30 September 2024

Source: Bloomberg, FactSet, S&P and AB

Quality Exposures: Still a Friendly Neighborhood

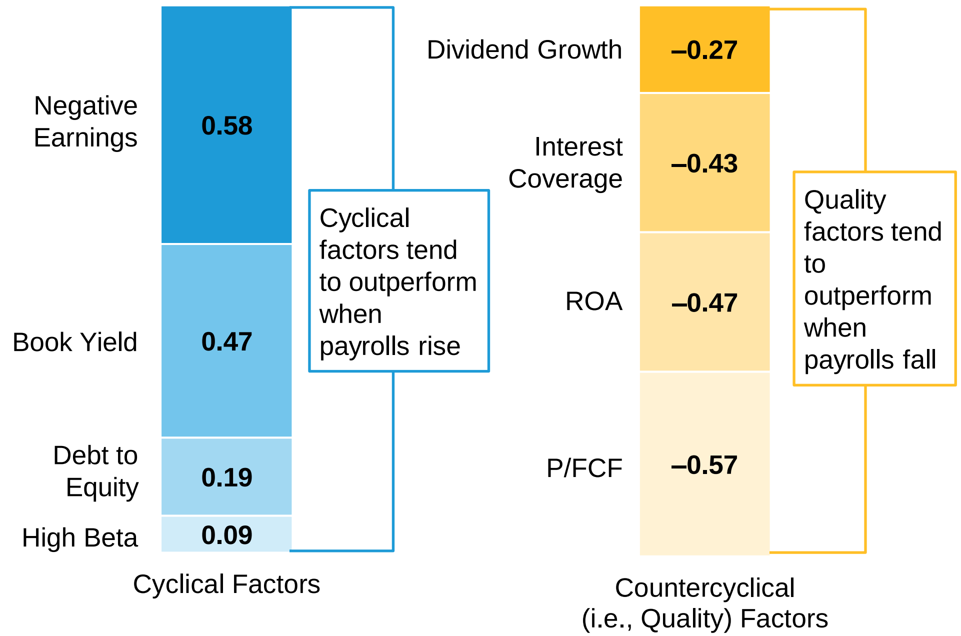
We expect this trend to endure as the economy continues to normalize and the Fed eases

Quality Factors Have Performed Well vs. Lower-Quality Exposures 12 Months After Initial Fed Rate Cuts* (Percent)



Stick with Them as Things Continue to Moderate

Five-year factor correlations to payrolls



Past performance does not guarantee future results. Dividend growth: year-over-year change in last 12 months' (LTM) dividends per share. ROA (return on assets): LTM net income divided by LTM average total assets. Debt to equity: total debt divided by total shareholder equity. 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. Negative earnings: performance of stocks with negative earnings. Book yield: book value per share divided by current share price. *Factor returns are calculated by the relative performance of the top-quintile cohort vs. the bottom-quintile cohort within the S&P 500 following initial fed funds rate cuts from June 1989 through July 2019.

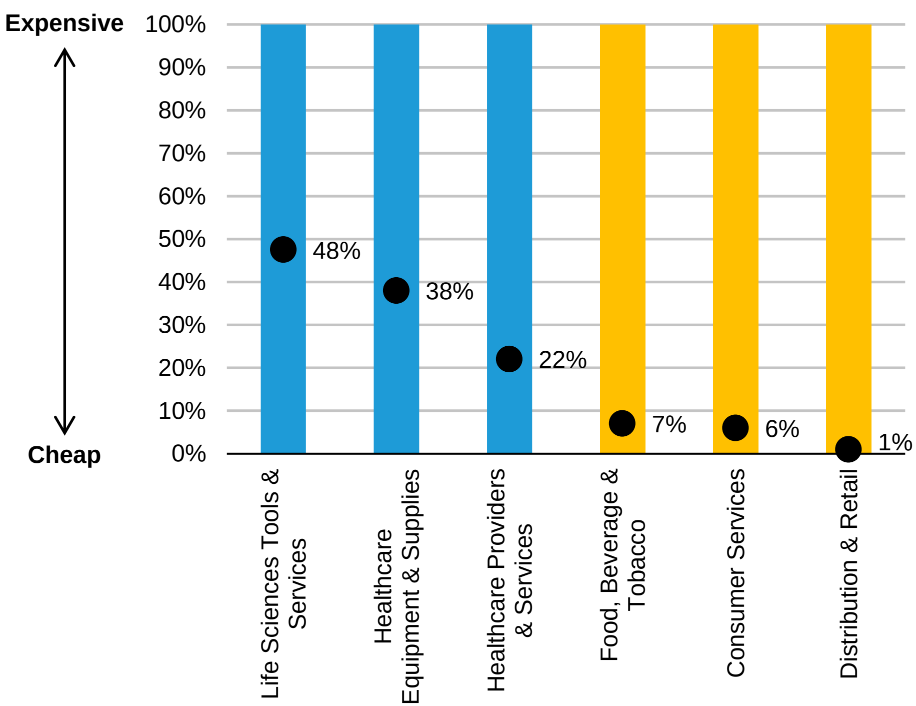
Left display as of 30 September 2024; right display as of 31 August 2024

Source: Piper Sandler, S&P and AB

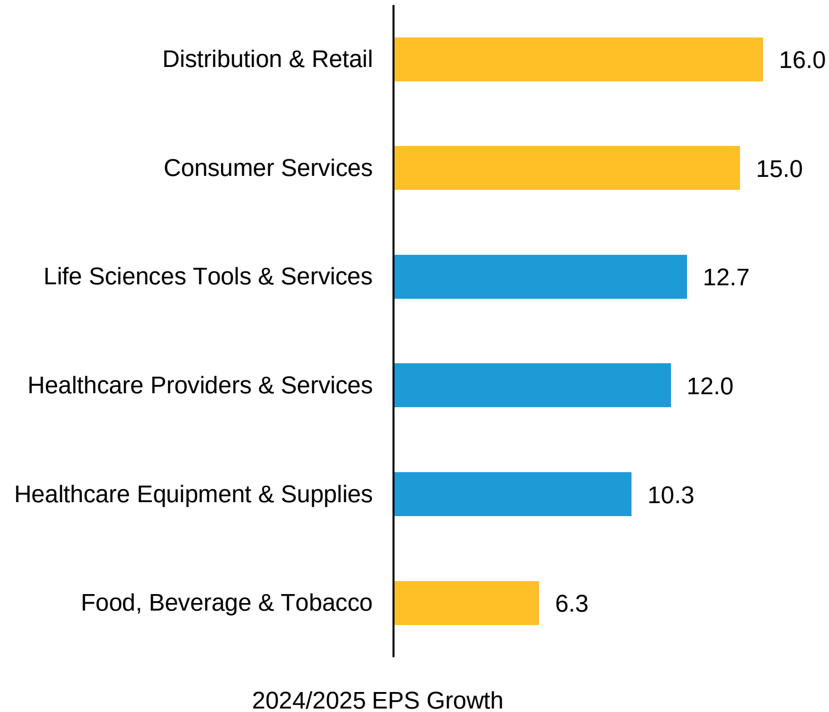
Growth Equities: Finding Gems Beyond the Popular Sectors

Many consumer and healthcare stocks with solid earnings have been left behind or unduly punished

Price/Earnings Valuations vs. the S&P 500
Percentile rankings (2014–2024)*



Favorable Earnings Growth Along with Valuation Support
Earnings forecast (percent)†



Current analysis does not guarantee future results.

EPS: earnings per share. Displays show six industry groups within the S&P 500 and MSCI World Health Care indices.

*Percentile ranking of monthly observations of the price/earnings ratio, based on earnings for the next 12 months, for each industry group

†Earnings-growth forecasts are based on consensus estimates.

As of 30 September 2024

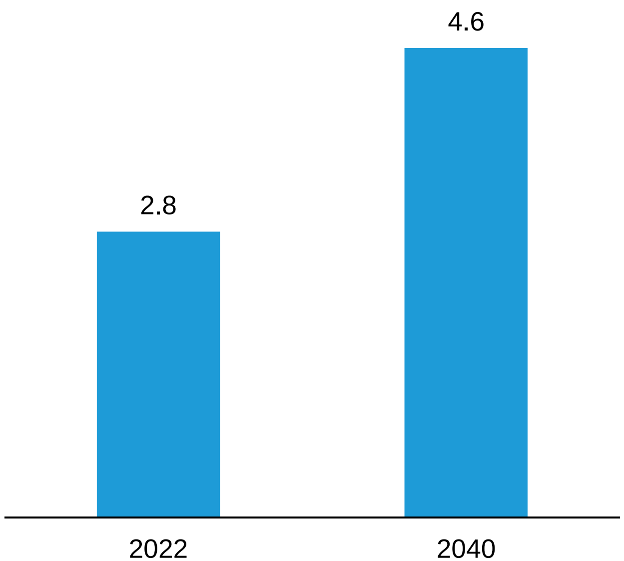
Source: FactSet, MSCI, S&P and AB

Value Equities: Current Opportunities Are Not Your Grandparents’ Value

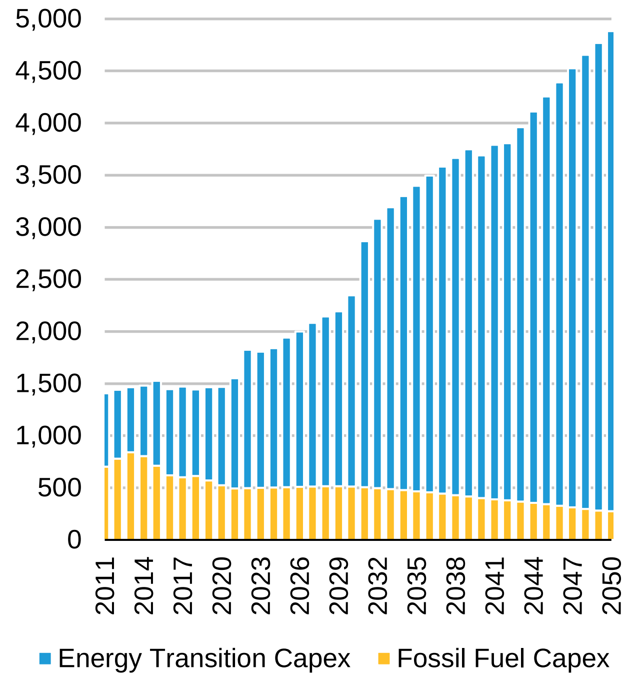
The massive need to upgrade infrastructure is one way to find growth in value stocks

Many Economies Have Underinvested in Infrastructure to Meet New Demands

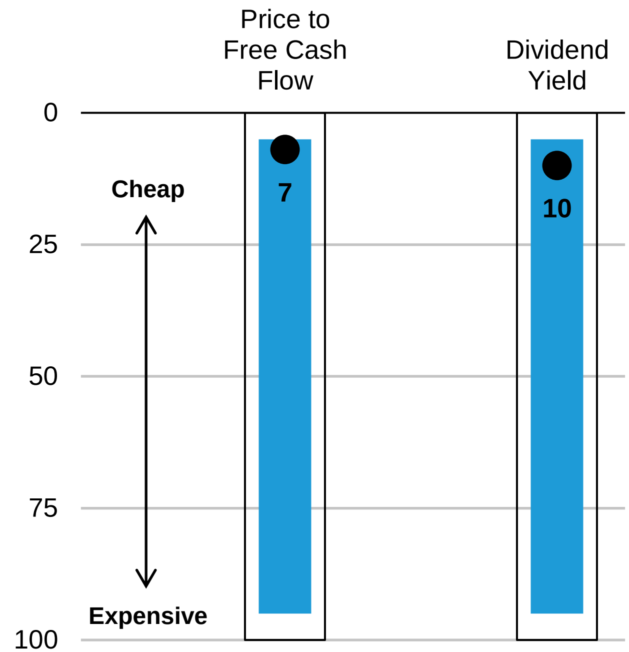
Annual infrastructure spending (USD trillions)



A Global Push Is on to Replace 150-Year-Old Energy Systems (USD Billions)



Classic Quality Value Factors Remain Attractively Priced*



Past performance does not guarantee future results.

*Percentile rankings are based on monthly valuations (i.e., relative price to earnings 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: current share price divided by LTM free cash flow per share.

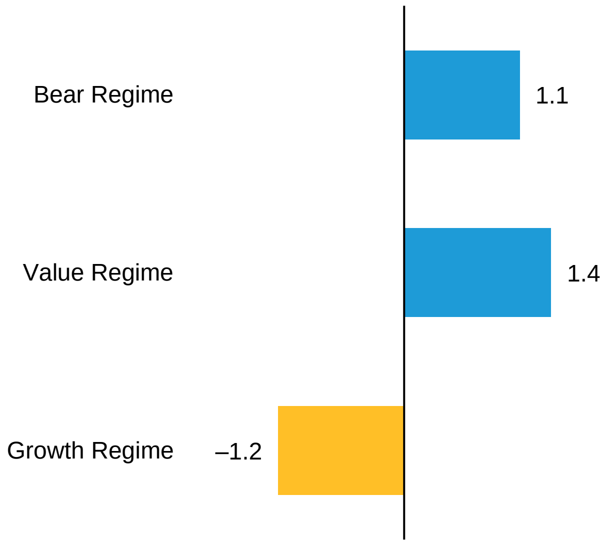
Left display as of 31 March 2024; middle display as of 30 November 2023; right display as of 31 August 2024

Source: Bernstein Research, Strategas Research Partners, UBS, World Health Organization and AB

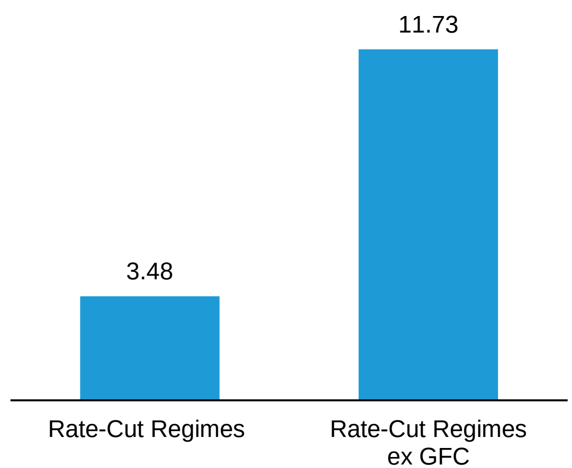
Dividend Equities: Versatile…and Typically Favorable When the Fed Lowers Rates

Rising income growth potential could prove timely as the Fed continues its rate-cutting cycle

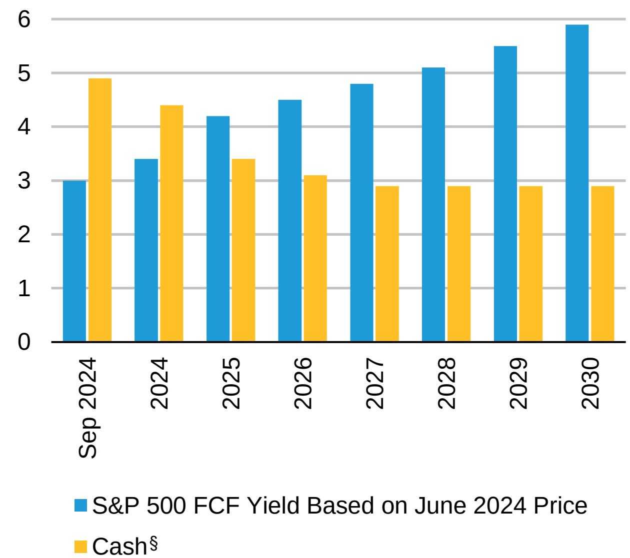
High-Dividend Payers' Excess Monthly Return vs. S&P 500*
1980–2024 (percent)



Dividend Stocks Have Delivered When the Fed Has Cut Rates
Average annualized monthly excess returns of the highest-dividend payers vs. the S&P 500 (percent)†



Stocks' Free-Cash-Flow Yield Edge
Growing stream over time vs. the prospect of lower cash rates‡ (percent)



Current analysis does not guarantee future results.

FCF: free cash flow; GFC: global financial crisis. *Bear regime is defined as months in which both Russell 1000 Value and Russell 1000 Growth decline. Value regime is defined as months when Russell 1000 Value outperforms Russell 1000 Growth (outside of bear regimes). Growth regime is defined as months when Russell 1000 Growth outperforms Russell 1000 Value (outside of bear regimes). †Top tercile of dividend payers, cap-weighted, recalculated monthly returns vs. the S&P 500 over six distinct Fed-cutting regimes, starting from 1998, where a regime is defined to be at least three months of consecutive rate cuts. ‡Using consensus free-cash-flow forecast for 2024 and 2025, while assuming free cash flow grows at 7% annually afterward. Data extend out to 2030, as the average maturity year of the Bloomberg US Aggregate is eight years. §Using fed funds rate as proxy; future cash rates are based on Fed dot plot (2024, 2025, 2026 and long-run) forecasts.

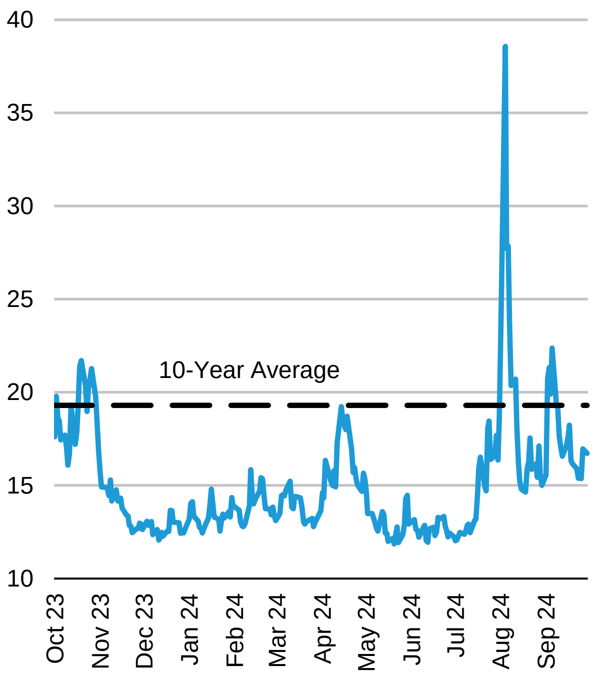
Left display as of 31 December 2023; middle and right displays as of 30 September 2024

Source: Bloomberg, FTSE Russell, MSCI, S&P, Strategas Research Partners, US Federal Reserve and AB

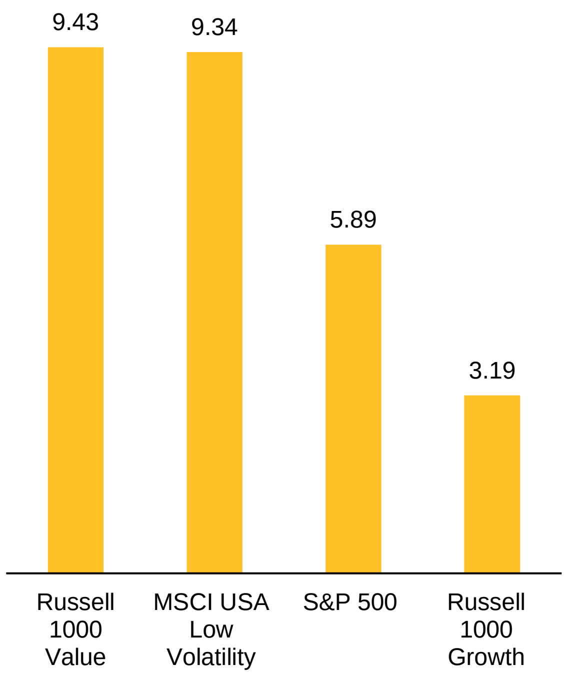
Low-Volatility Equities: A Refuge from Trepid Markets

Uncertainties spanning the carry trade's future to slower labor markets led to a rise in volatility

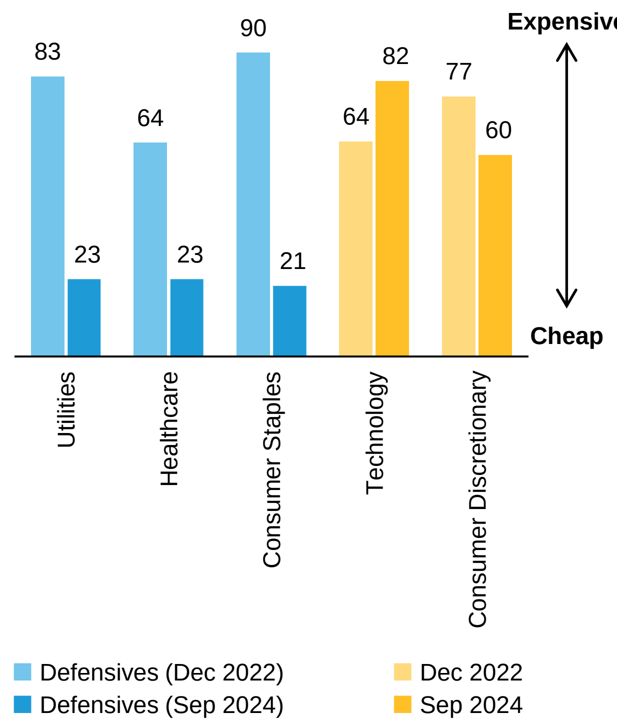
Following a Sedated First Half, Volatility (VIX) Jumped This Quarter



Low-Volatility Stocks Can Play Offense Too (Percent)



Relative Valuation Percentiles of Defensive Sectors Remain Attractive*



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

Left and middle displays as of 30 September 2024; right display as of 1 September 2024

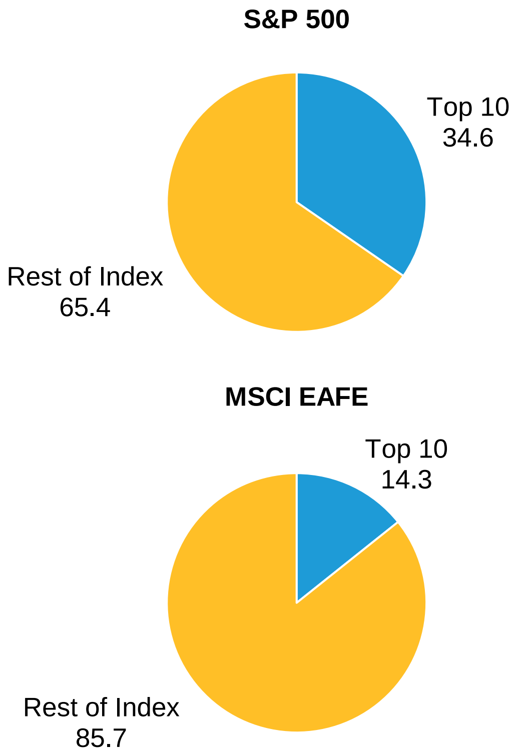
Source: Cboe Global Markets, FactSet, FTSE Russell, LSEG, MSCI, S&P, Thomson Reuters I/B/E/S and AB

International Equities: Many Ways to Capitalize on Improving Earnings

While still below the S&P 500, non-US companies' earnings are catching up with US companies

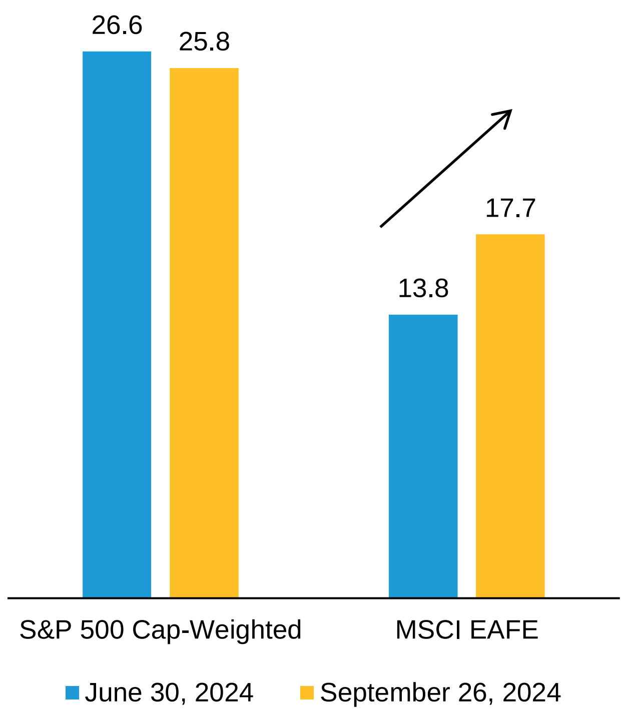
International Equities: A Less Crowded Trade…

Comparative index weights (percent)



…with a Catalyst of Earnings Estimates Heading in the Right Direction

2025 earnings growth (percent)*



A Wide Opportunity Set: Favored Opportunities by Sector and Industry

Financials
- Commercial banks
- Insurance companies

Industrials
- Electrical equipment
- Professional services

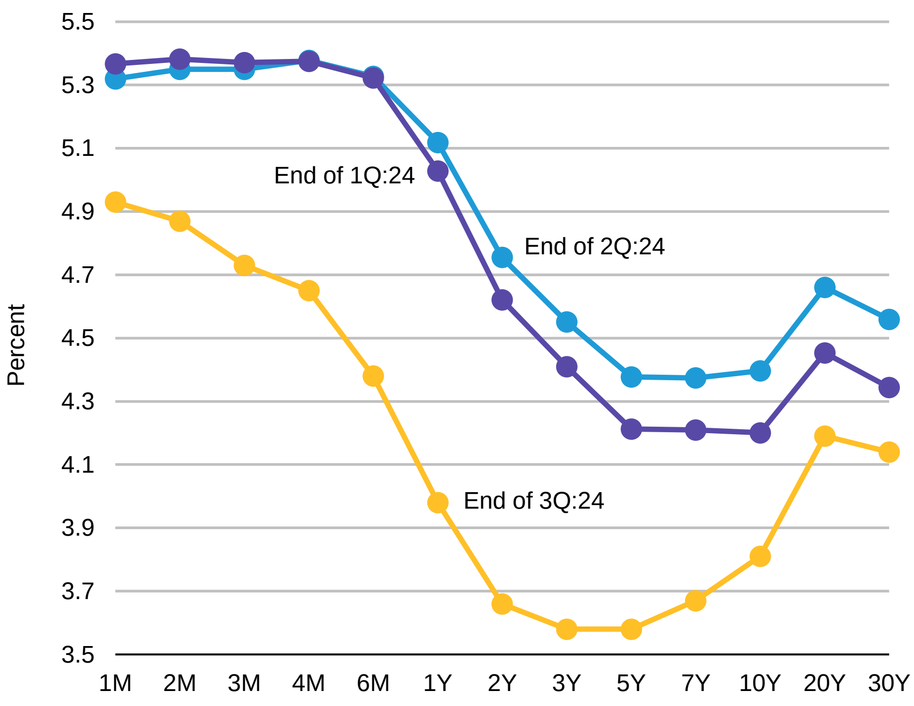
Technology
- IT services
- Semiconductors

Communication Services
- Interactive media and services
- Diversified telecom

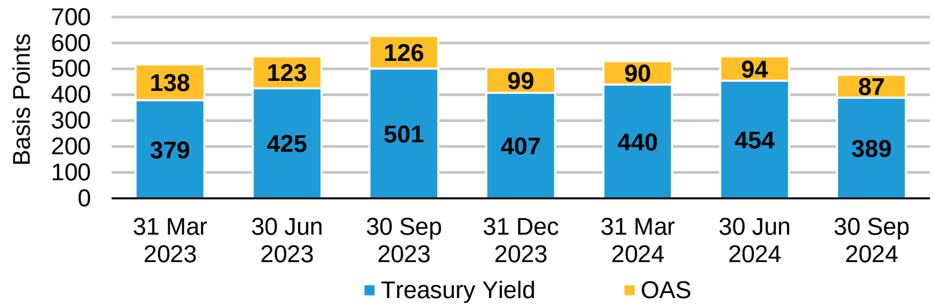
*Earnings growth is based on FactSet estimates from 2023 vs. 2025.
As of 30 September 2024
Source: FactSet, MSCI, S&P and AB

The Third Quarter Marked the Start of a New Chapter for Bonds

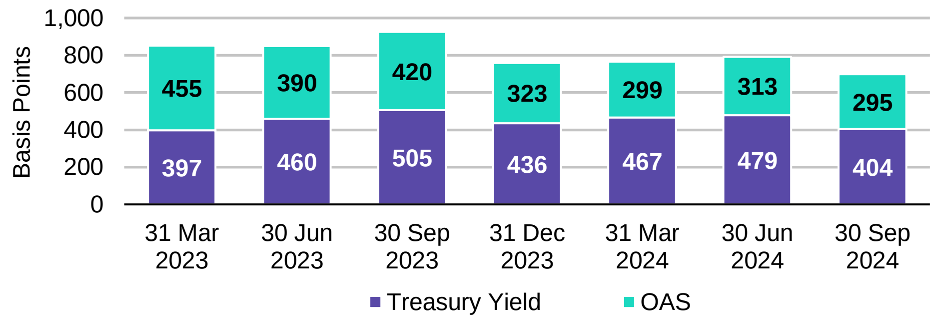
Range-Bound No More: Rates Broke Below Key Support Levels Set During the Post-Pandemic Years



Investment-Grade YTW: Spreads Tightened Further and Rates Fell



High-Yield YTW: Similar Story in HY—Spreads Tightened Marginally and Rates Fell



Historical analysis does not guarantee future results.

HY: high-yield; OAS: option-adjusted spread; YTW: yield to worst

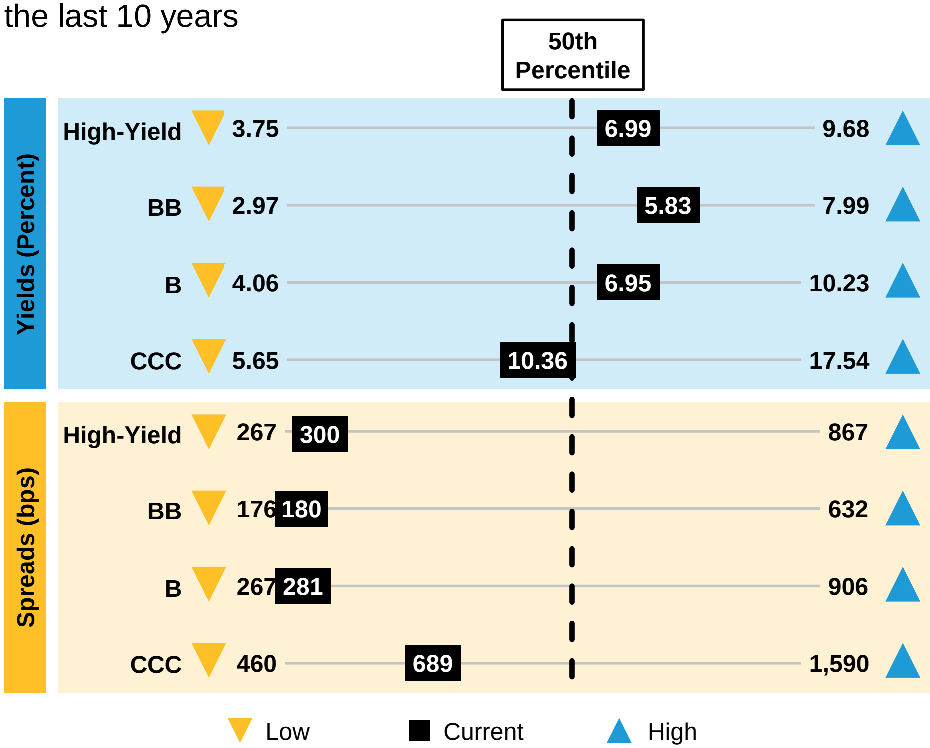
As of 30 September 2024

Source: Bloomberg, US Department of the Treasury and AB

High-Yield Remains Expensive, but There Is More to the Story

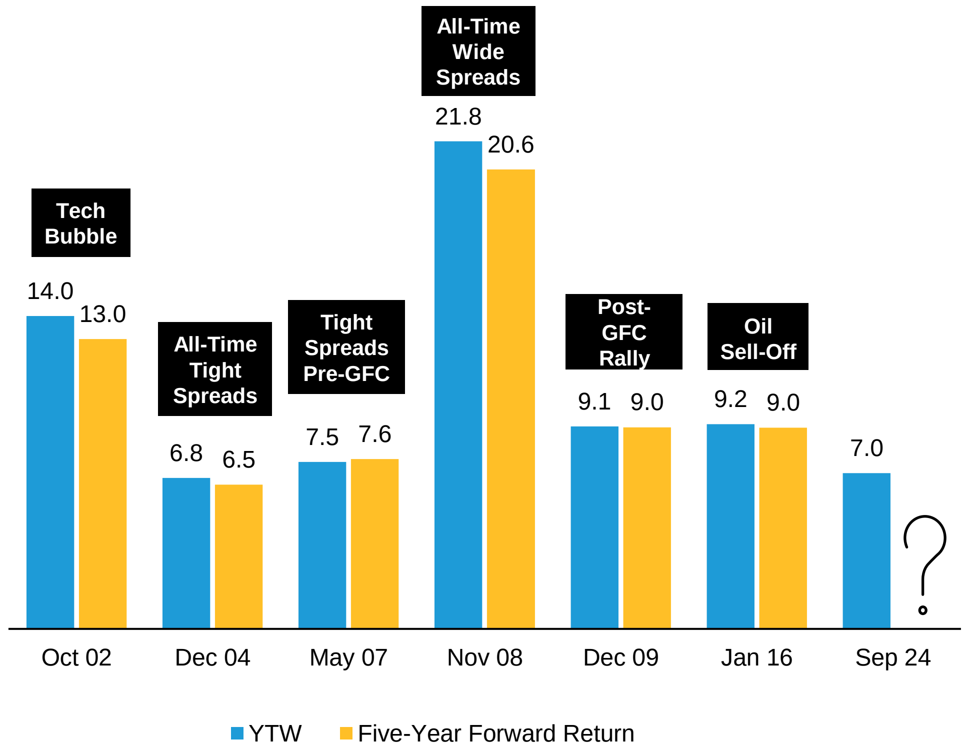
Spreads Are Tight but Yields Are High

Yields on the high-yield index are above the 50th percentile over the last 10 years



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

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



Past performance and historical analysis do not guarantee future results.

bps: basis points; GFC: global financial crisis; YTW: yield to worst

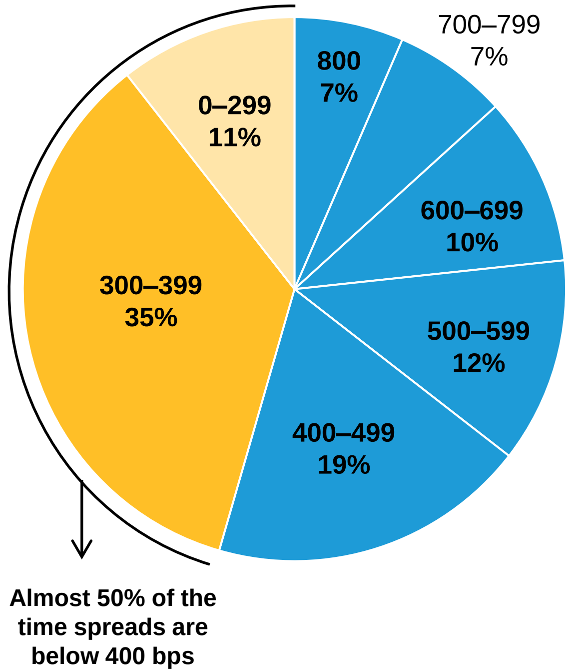
Both displays are represented by the Bloomberg US Corporate High Yield.

As of 30 September 2024

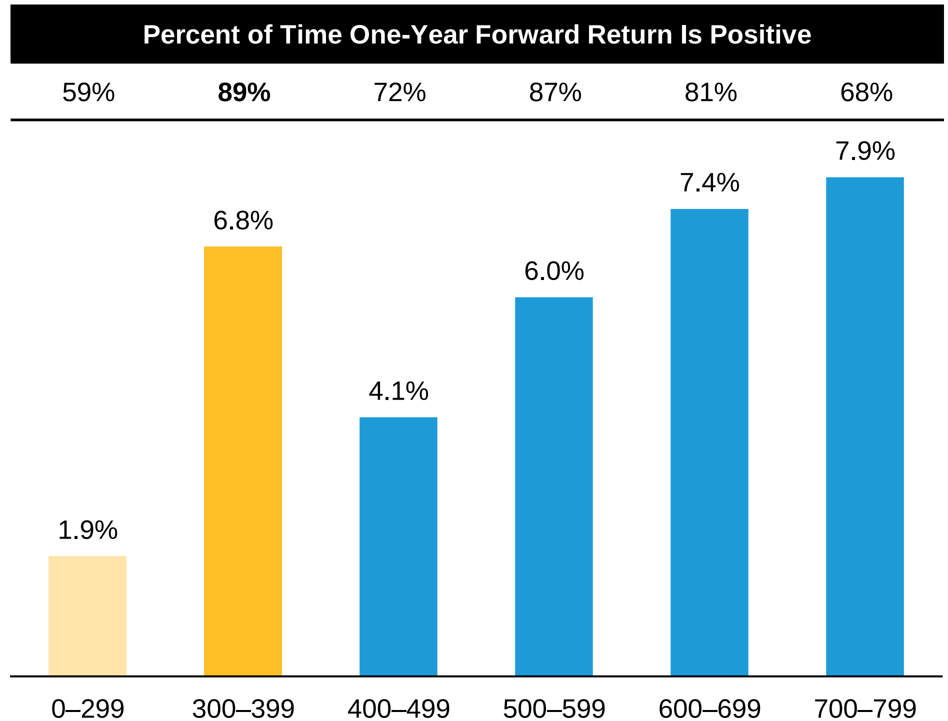
Source: Bloomberg and AB

History as a Guide: High Yields and Tight Spreads Point to Potentially Strong Returns…

Spreads Are Below 400 bps Almost 50% of the Time
Percent of time spreads are in range (OAS, basis points)



Average One-Year Forward Return by Spread Buckets
Average return when spreads are in range (OAS, basis points)



Past performance and historical analysis do not guarantee future results.

bps: basis points; OAS: option-adjusted spread

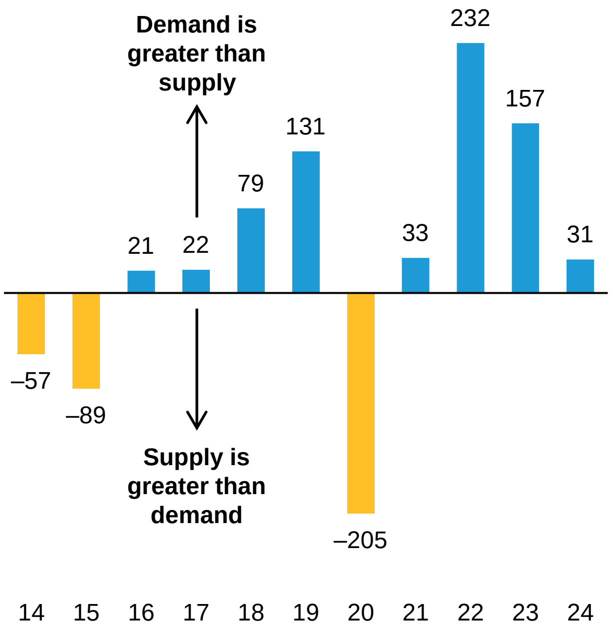
Numbers may not sum to due rounding. US high-yield is represented by Bloomberg US Corporate High Yield. Data are since January 1994.

As of 30 September 2024

Source: Bloomberg and AB

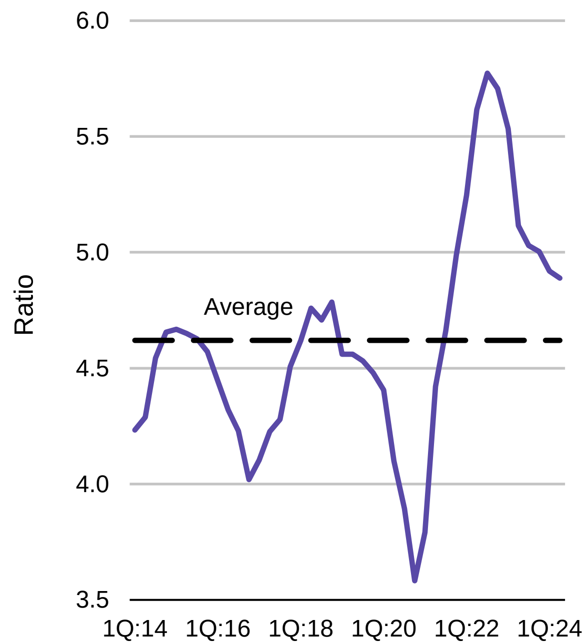
…and Although Some Spread-Widening Is Likely, a Strong Backdrop Provides a Sturdy Foundation

Technicals Still Supportive of Credit, with Demand Outpacing Supply



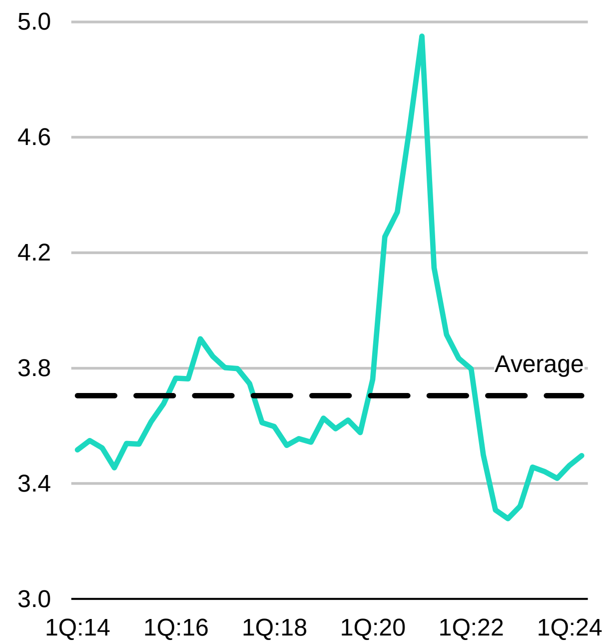
Interest Coverage Is Starting from a Position of Strength

Interest coverage (EBITDA/interest)



Leverage Has Ticked Up but Still Remains Low

Leverage ratio



Current and historical analyses do not guarantee future results.

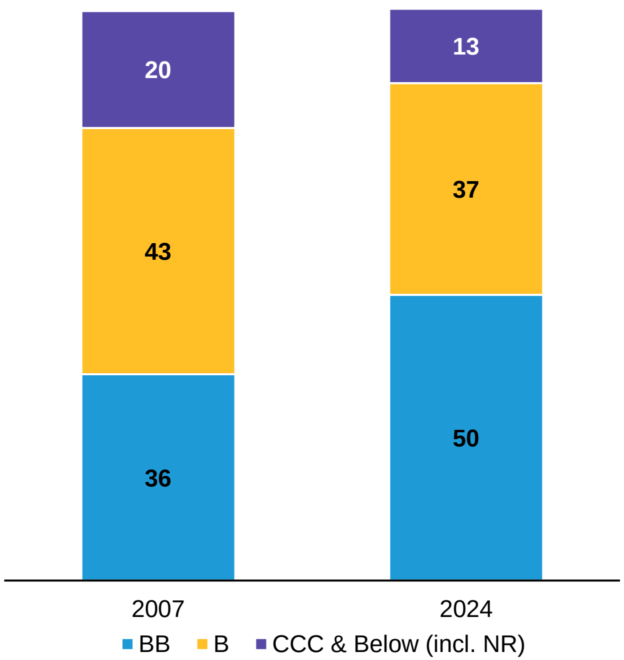
EBITDA: earnings before interest, taxes, depreciation and amortization. Left: High-yield bond and levered loan surplus/shortfall are the difference of high-yield bond supply minus demand. High-yield bond supply is composed of the sum of gross new issuance and fallen angels. High-yield bond demand is composed of the sum of called bonds, tenders, matured bonds, rising stars, assumed 75% of coupons reinvested into market and mutual fund flows. Averages are since 1 January 2014.

Through 30 June 2024

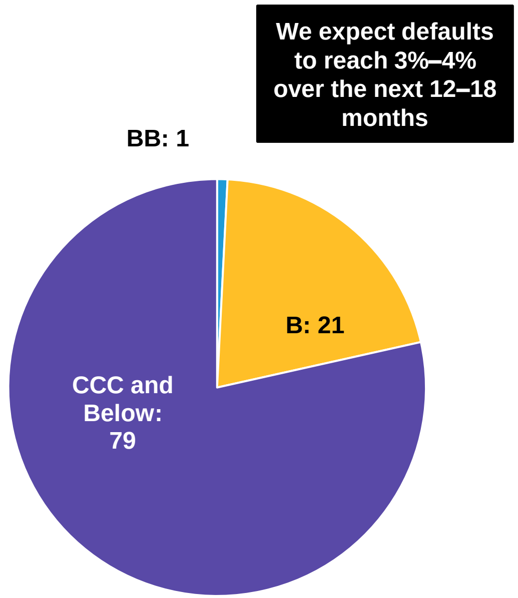
Source: Bloomberg, J.P. Morgan and AB

Good News: When Spreads Widen Materially, It's Largely Contained to CCCs

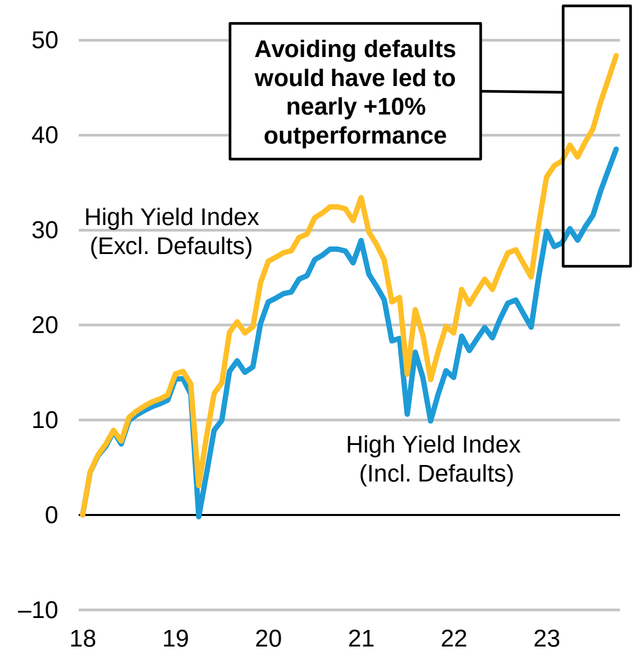
HY Index Is Much Higher Quality Today, with Fewer CCCs than Before GFC*
Percent



Defaults Tend to Be Concentrated in CCCs†
Default by rating January 1998 to June 2024 (percent)



Avoiding Defaults Has Led to Better Outcomes‡
Cumulative return (percent)



Historical analysis does not guarantee future results.

HY: high-yield; GFC: global financial crisis; NR: not rated. Numbers may not sum due to rounding.

*Rating weights represented by quality buckets within the Bloomberg US Corporate High-Yield Index. †Based on credit rating one year prior to default. ‡High Yield Index excluding defaults is based on high-yield index returns, excluding returns of defaulted issuers in the given year. Based on Bloomberg US High Yield Index.

Left and right displays as of 30 September 2024; middle display as of 30 June 2024

Source: Bloomberg, Moody's Analytics and AB

Great News: The Math Is in Your Favor

High-yield scenario analysis

Hard Landing

Assumptions:
- Spreads widen 275 bps
- Treasury yields decline 75 bps

Price Change	–5.92%
Yield	6.99%
Total Return	**1.07%**

Softish Landing

Assumptions:
- Spreads widen 50 bps
- Treasury yields decline 25 bps

Price Change	–0.74%
Yield	6.99%
Total Return	**6.25%**

Strong Growth

Assumptions:
- Spreads tighten 0 bps
- Treasury yields widen 25 bps

Price Change	–0.74%
Yield	6.99%
Total Return	**6.25%**

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 US 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.

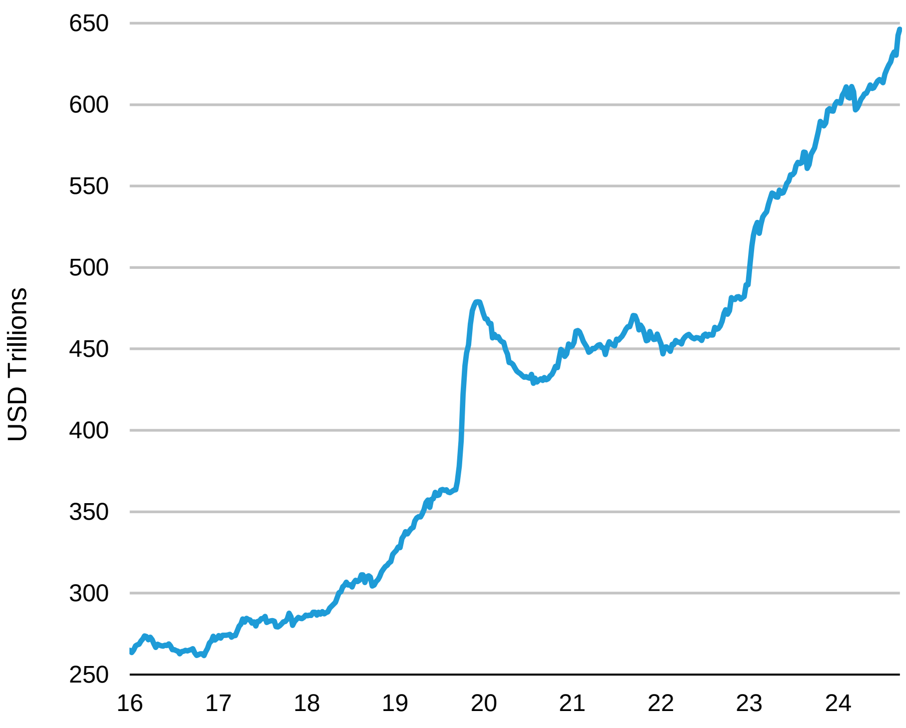
As of 30 September 2024

Source: Bloomberg and AB

Crawl, Walk, Run Approach: Crawl/Walk

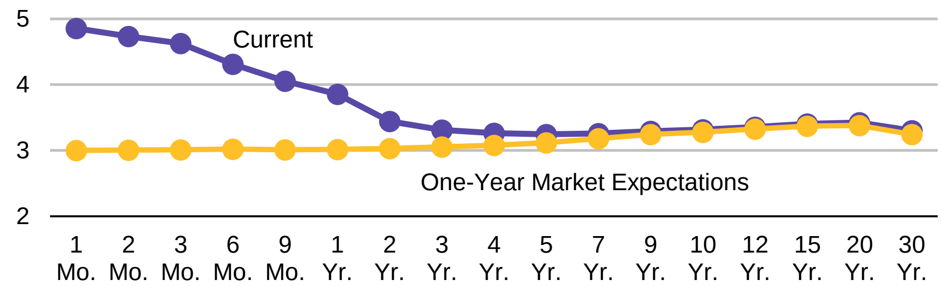
Curve positioning is key when moving cash to duration

Money-Market Funds Continue to Climb



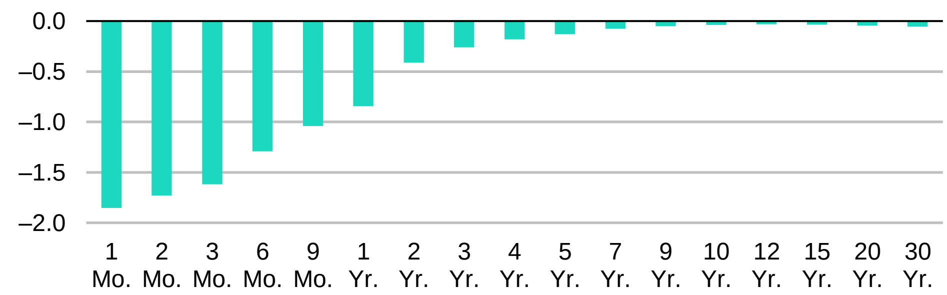
Yield Curve Should Continue to Normalize over Next Year

US Treasury yield curve (percent)



Steepening Expected to Be Driven by Shorter Maturities

Market expectations of changes in yields in one year (percent)



Current analysis and forecasts do not guarantee future results.

Historical average since January 1, 1990

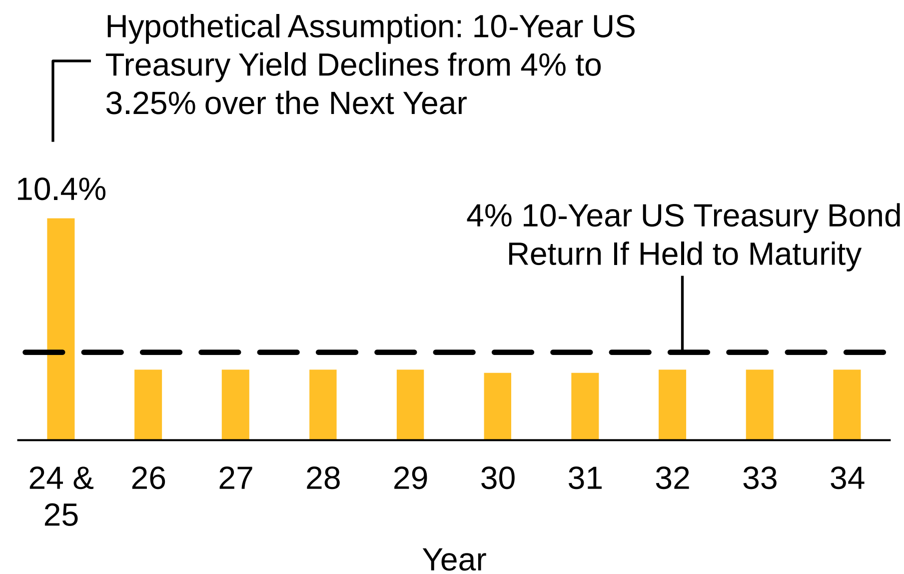
As of 30 September 2024

Source: Bloomberg, US Federal Reserve and AB

Crawl, Walk, Run Approach: Walk/Run

You Were Here
Investing in October 2023

You Are Here
Investing in October 2024



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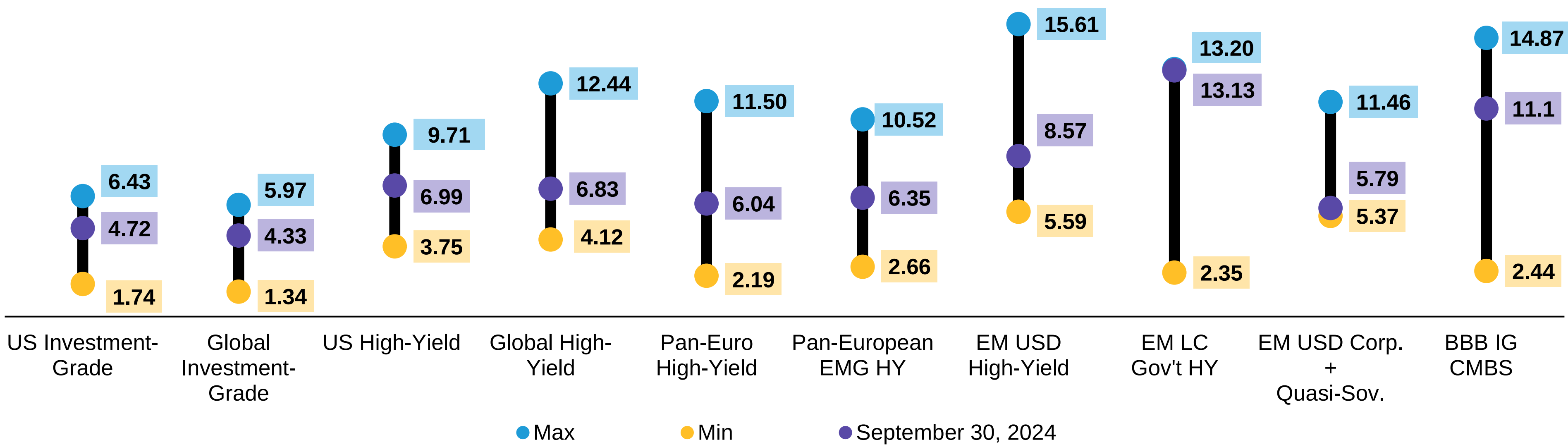
Simulated or hypothetical performance results have certain inherent limitations. Simulated or hypothetical trading programs, in general, are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve returns or a volatility profile similar to those being shown. Returns are simplified and thus are for illustrative purposes only; they assume an eight-year duration. Convexity, roll, term premium and coupon reinvestment are excluded from this approximation. Assumed duration of 8.5.
As of 30 September 2024
Source: AB

Beyond High-Yield: We Are Finding Other Opportunities Around the Globe as the Normalization Process Proceeds at Different Speeds

Yield-to-Worst Range

January 2012–September 2024



Past performance does not guarantee future results.

CMBS: commercial mortgage-backed securities; EM: emerging-market; EMG: emerging; HY: high-yield; IG: investment-grade; LC: local-currency; Quasi-Sov.: quasi-sovereign; USD: US-dollar

Historical information is provided for illustrative purposes only. US investment-grade is 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 USD high-yield by Bloomberg EM USD Sovereign 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; BBB IG CMBS by Bloomberg CMBS IG BBB.

As of 30 September 2024

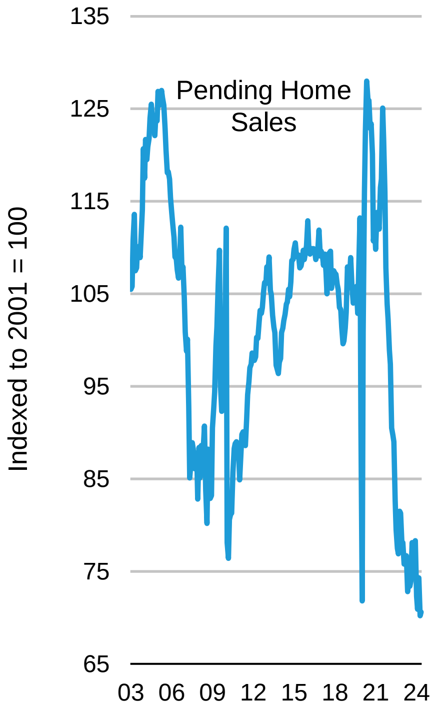
Source: Bloomberg and AB

Appendix

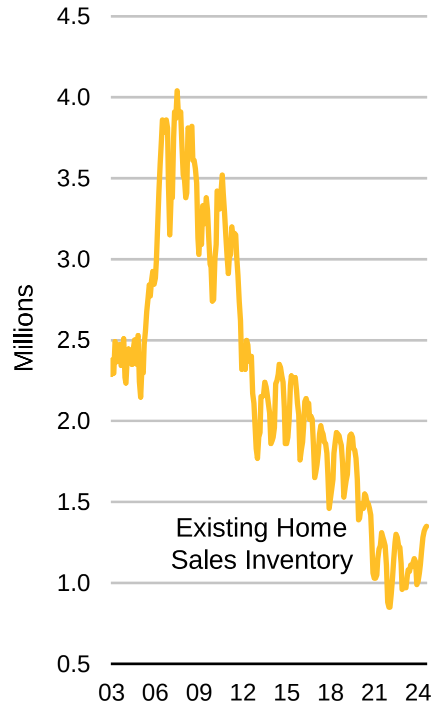
Beyond the Lag: Shelter in the Now

The housing market has come to a crawl, but there are concerns over the effects of rate cuts

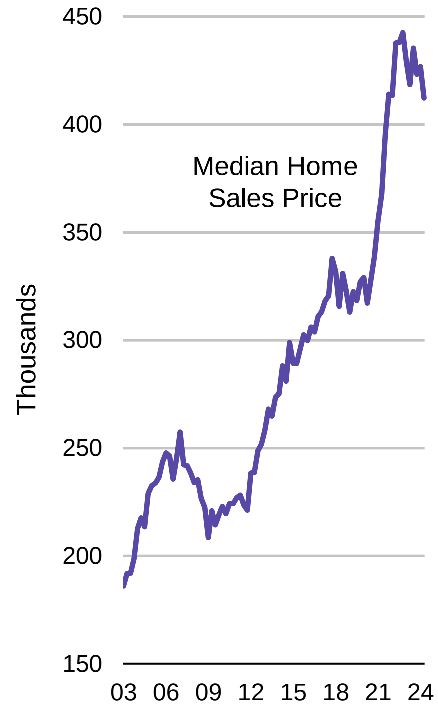
Since 2023, Home Sales Have Fallen off a Cliff...



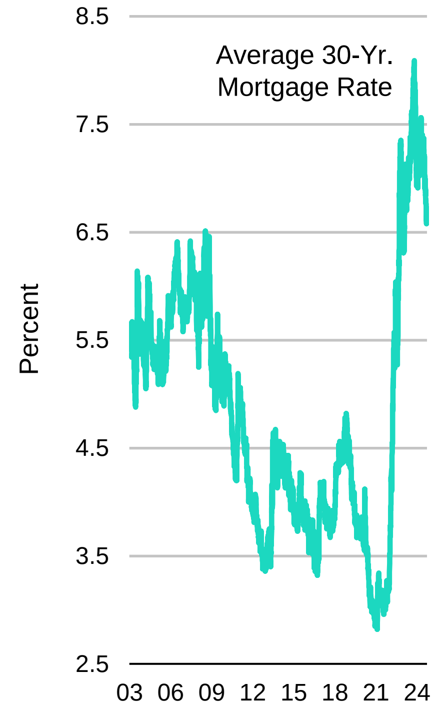
…as a Result of Historically Low Inventory Levels…



…Record-Breaking Prices (That Have Now Stabilized)…



…and Decades-High Borrowing Costs



Current analysis does not guarantee future results.

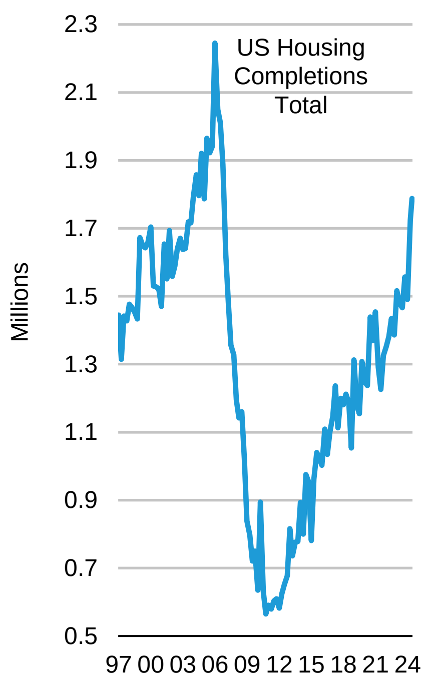
As of 30 September 2024

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

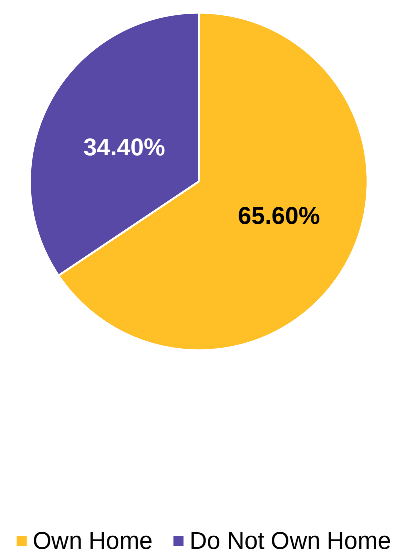
Shelter in a Lower-Rate Environment (Supply Perspective)

Supply levels are expected to increase for both new and existing homes

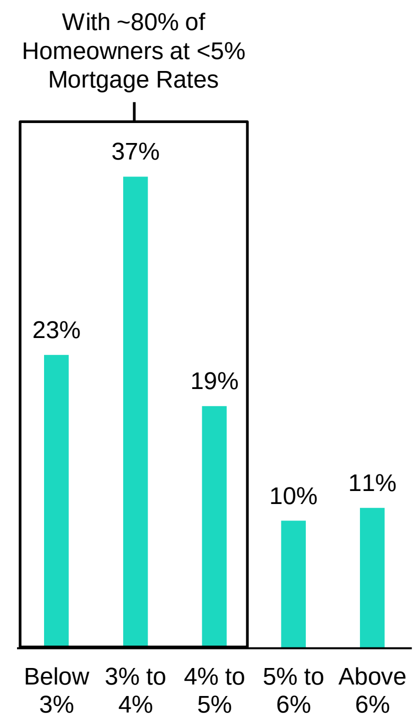
The Pandemic Spurred a Historic Surge in Homebuilding After a Decade-Plus of Slow Recovery



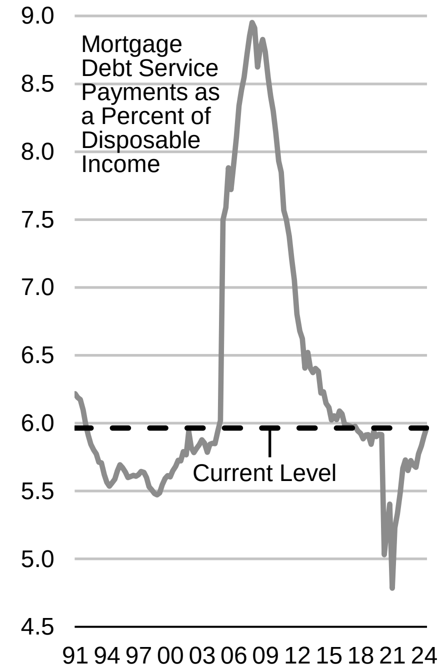
Rate Cuts Will Likely Lead to an Increase in the Existing Housing Supply (Lower Lock-In Effect)…



…because a Majority of Americans Own Their Home and Are Locked into Low Rates



These Homeowners Haven't Wanted to Give Up Their Low Mortgage Payments



Current analysis does not guarantee future results.

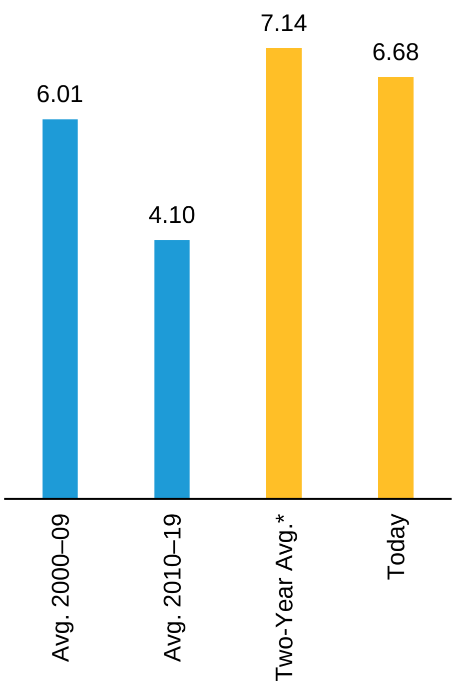
As of 30 September 2024

Source: Bloomberg, Federal Housing Finance Agency, FRED and AB

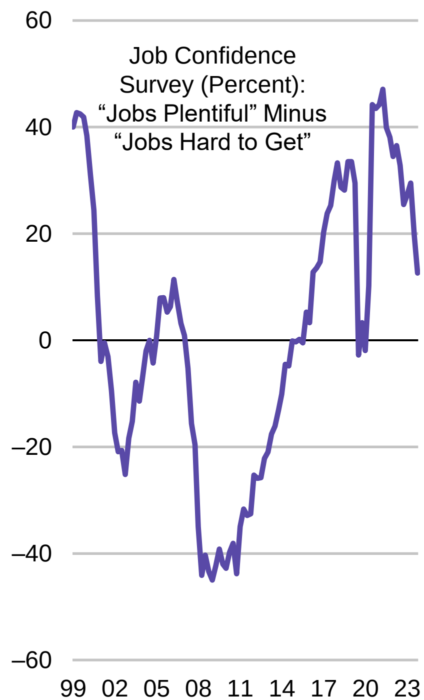
Shelter in a Lower-Rate Environment (Demand Perspective)

Housing demand is also expected to rise, but to a lesser extent

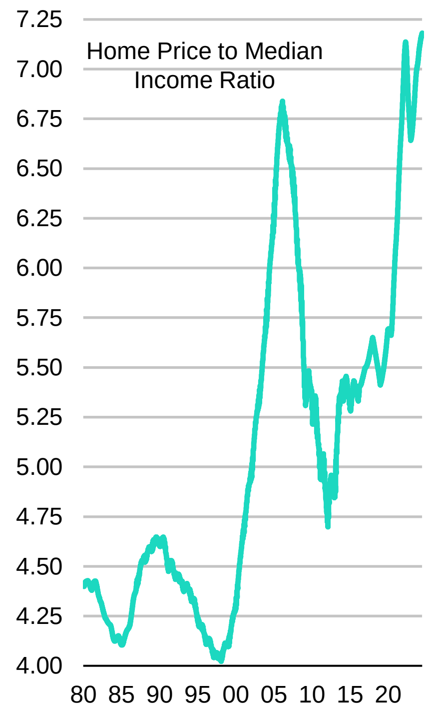
Lower Rates from 2010 to 2019 Didn't Produce a Surge in Housing Demand (Percent)



The Missing Ingredient from 2010–19 and Today? A Hot Labor Market to Provide the Spark



Furthermore, High Home Prices Create a Certain Level of Demand Destruction



The Result: Home Price Growth Is More in Line with the Fed's 2% Target

- Housing **supply** is expected to increase:
  - New inventory, built during the pandemic and beyond, continues to accumulate
  - Lower lock-in effect—more existing homes become available as lower rates allow people to sell their home with less fear of losing their low rate
- Housing **demand** is also expected to increase, but closer to the pre-pandemic pace:
  - Lower rates alone aren't expected to be enough to trigger a surge in housing demand
  - Job market is not as strong/tight as it was during the pandemic recovery period
  - Home prices remain high relative to history

Current analysis does not guarantee future results.
*From 30 September 2022 to 30 September 2024
As of 30 September 2024
Source: Bloomberg, The Conference Board, FRED and AB

Investment Regimes Change Frequently

10 largest companies by market cap

1980: Peak Oil	1990: Japan Will Take Over the World	2000: TMT Bubble	2010: Peak of China Commodities Supercycle	2023: Only Tech Can Deliver Growth
IBM	NTT	Microsoft	ExxonMobil	Apple
AT&T	Bank of Tokyo-Mitsubishi	General Electric	PetroChina	Microsoft
Exxon	Industrial Bank of Japan	NTT DoCoMo	Apple	Saudi Aramco
Standard Oil	Sumitomo Mitsui	Cisco Systems	BHP Billiton	Alphabet Inc.
SLB	Toyota Motor	Walmart	Microsoft	Amazon
Shell	Fuji Bank	Intel	ICBC	NVIDIA
Mobil	Dai-Ichi Kangyo Bank	NTT	Petrobras	Meta Platforms
Atlantic Richfield	IBM	ExxonMobil	China Construction Bank	Tesla
General Electric	UFJ Bank	Lucent Technologies	Royal Dutch Shell	Berkshire Hathaway
Eastman Kodak	Exxon	Deutsche Telekom	Nestlé	Eli Lilly

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

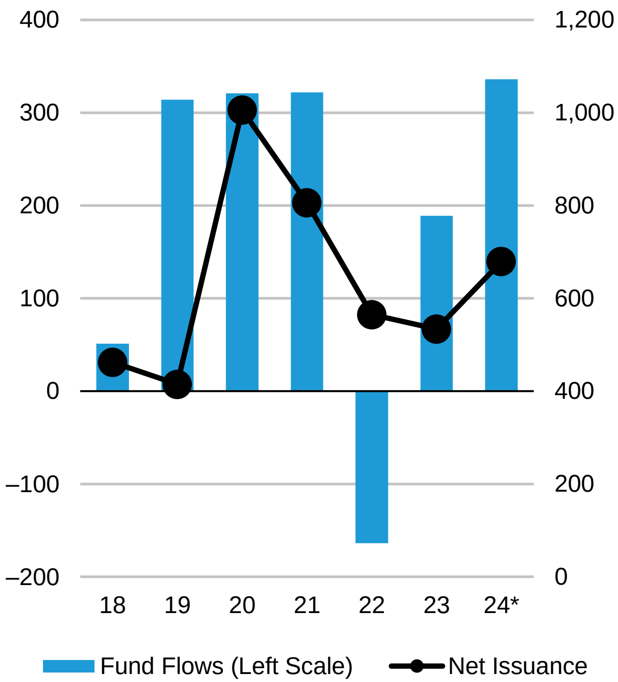
TMT: technology, media and telecom

As of 31 May 2024

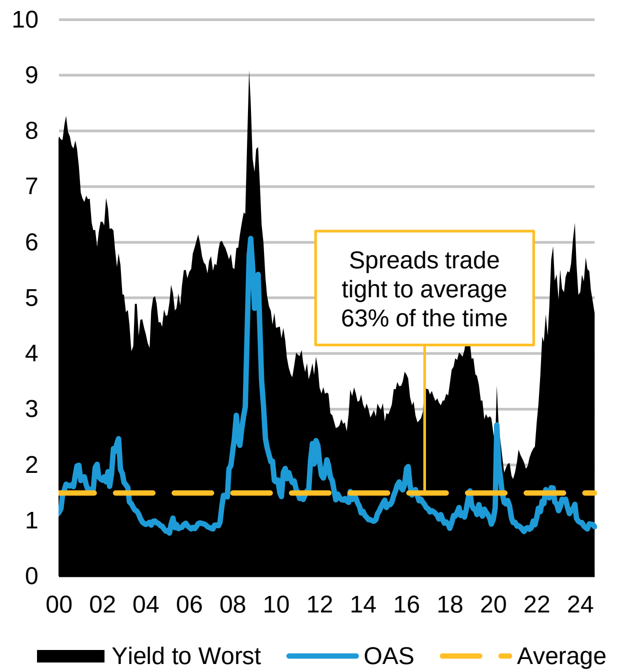
Source: Gavekal Dragonomics; see Disclosures and Important Information.

Strong Backdrop for Investment-Grade Credit

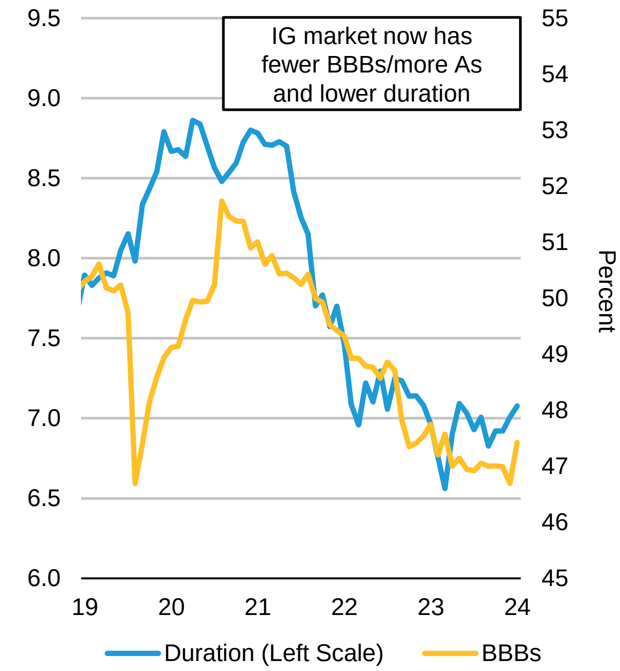
Net Supply Remains Low, While Demand Is Increasing
USD billions



Yields Are Compelling, While Spreads Look Tight
Percent



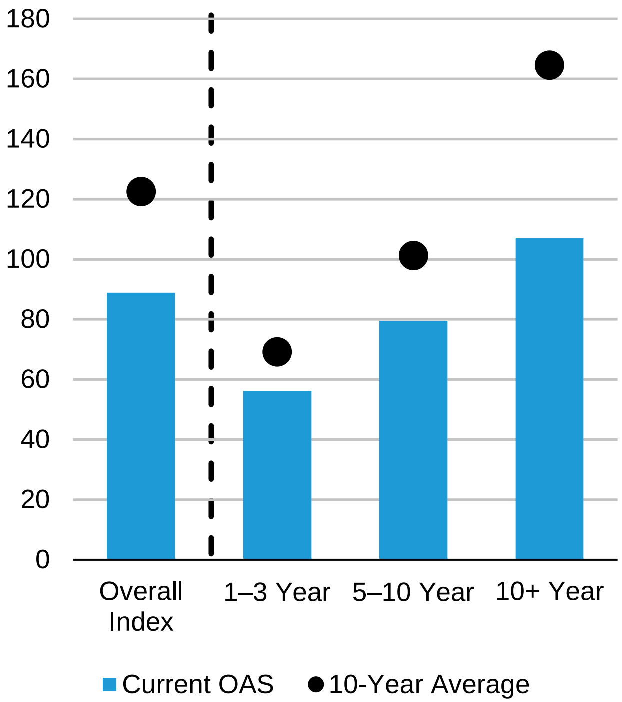
Tight Spreads Partly Explained by a Higher-Quality, Shorter-Duration Market
Years



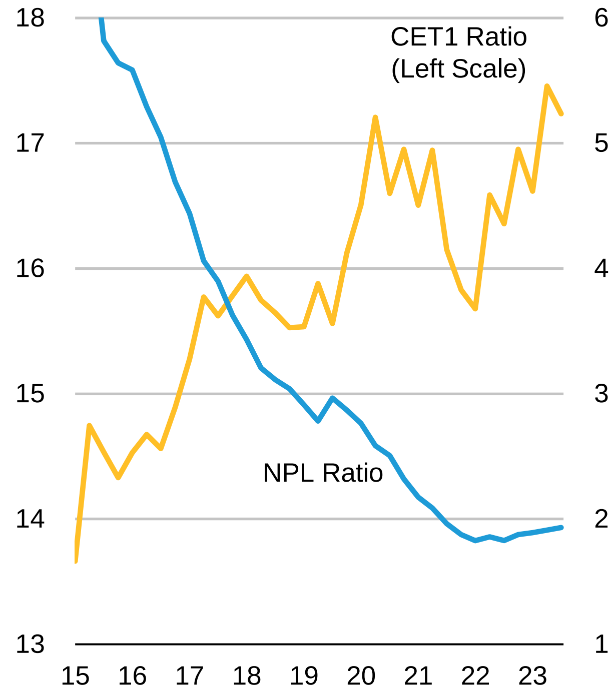
Past performance and current analysis do not guarantee future results.
IG: investment-grade; OAS: option-adjusted spread. Fund flow forecast as of 31 March 2024; middle display average since 1 January 2000.
*2024 indicates forecasts
As of 30 September 2024
Source: Bloomberg, J.P. Morgan and AB

Opportunities in Investment-Grade Credit

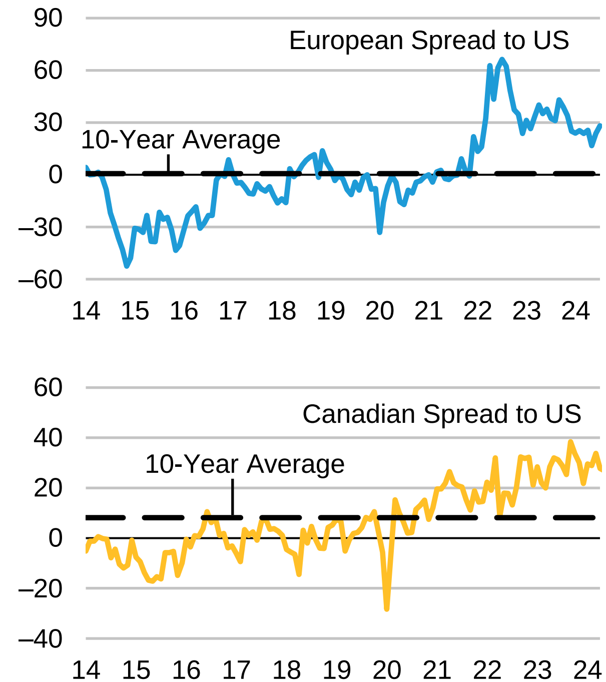
Spread Compression Largely Driven by Long End
OAS (basis points)



Financials Have Strong Capital Ratios and Higher Asset Quality
Percent



European and Canadian Spreads Look Compelling
OAS (basis points)

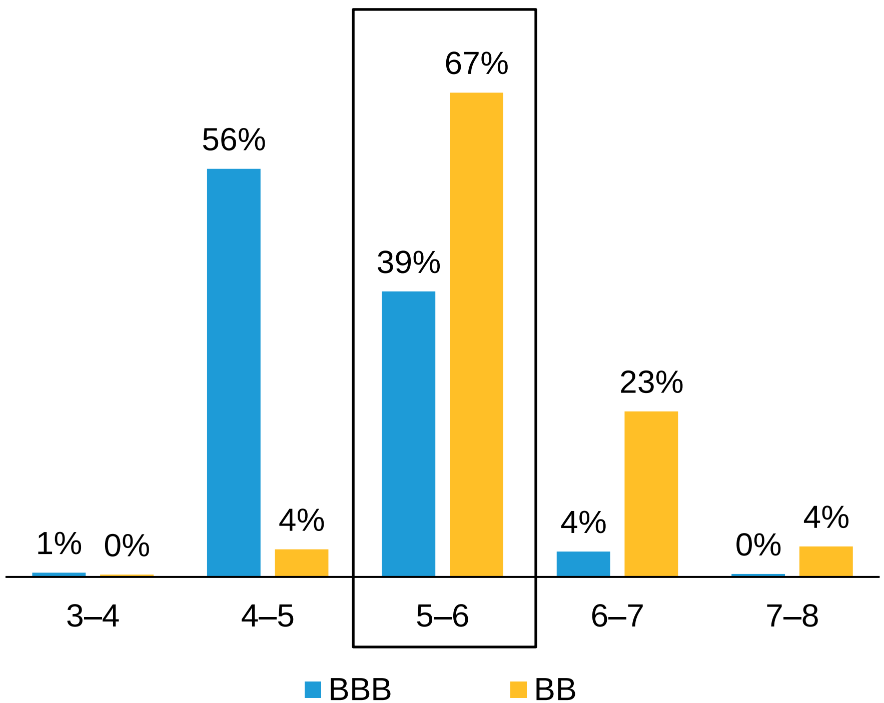


Past performance and current analysis do not guarantee future results.

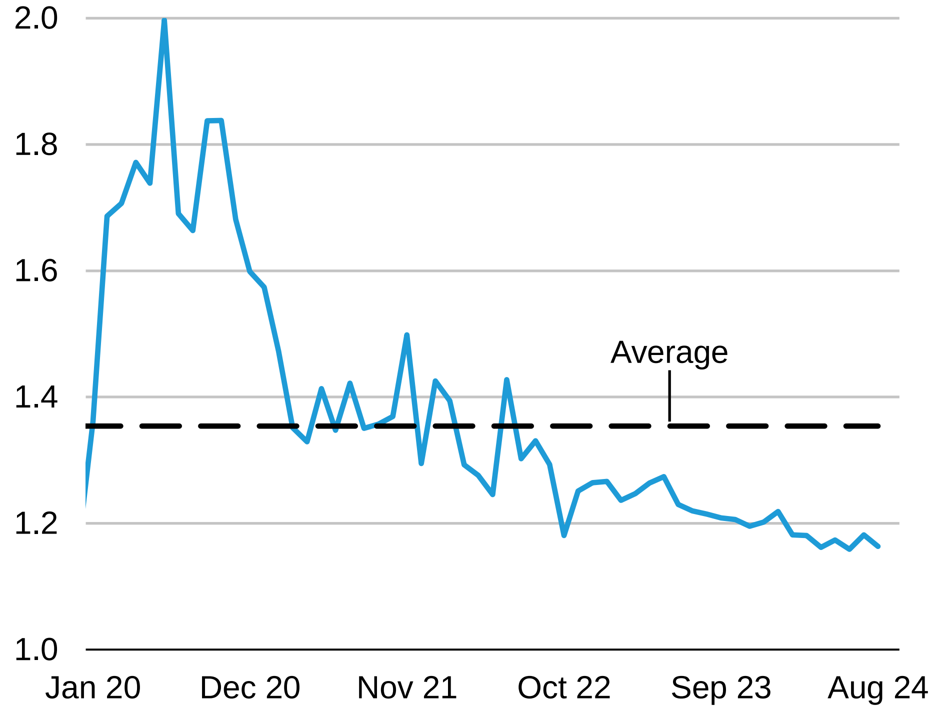
CET1 ratio: common equity tier 1 capital/total risk exposure amount; NPL ratio: nonperforming loans and advances/total gross loans and advances; OAS: option-adjusted spread
Left and right displays as of 30 September 2024; middle display as of 31 March 2024
Source: Bloomberg, European Central Bank and AB

US BBBs Offer Opportunities to Diversify High-Yield Exposure with BB-Like Yields

Over 30% of the BBB Market Offers Similar Yields to BBs
Yield-to-worst buckets



BB to BBB Yield Ratio at Three-Year Tights
BB to BBB yield-to-worst ratio



Historical and current analyses do not guarantee future results.

Left display: index US BB yields are represented by Bloomberg US Corporate High Yield BA Index; US BBB represented by Bloomberg US Corporate BAA Index. Right display: US Market is represented by Bloomberg US Corporate High Yield BA Index and Bloomberg US Corporate BAA Index.

As of 27 September 2024. Source: Bloomberg and AB

A Word About Risk

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

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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