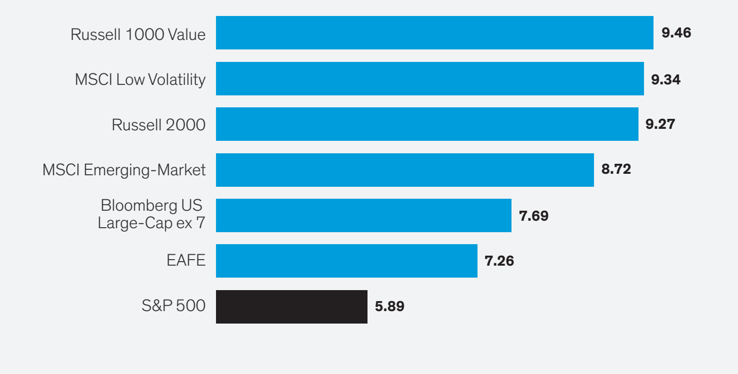
3Q24 in Review: Equity performance broadened out as hopes for a soft landing intensified.

Equity markets achieved several milestones in the third quarter. YTD returns of the S&P 500 were the strongest since 1997, and we saw a sustained broadening out of market performance. While the S&P 500 produced solid quarterly returns, virtually every major equity index outperformed it—including underappreciated areas like value and emerging markets.

3Q24: RETURNS (Percent)

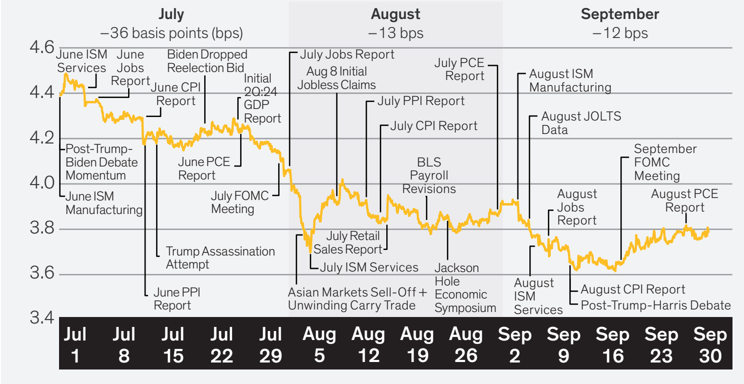


Past performance does not guarantee future results. | Returns are price returns. | YTD: year to date | Ex 7: excluding Magnificent Seven | As of September 30, 2024 | **Source:** Bloomberg and AllianceBernstein (AB)

Rate cuts remain the main driver of returns: a soft landing is predicated on rate cuts, not in spite of them.

Unsurprisingly, equity returns during the quarter were almost a mirror image of the move in rates. However, what was notable about 3Q was that a majority of the move was driven by softer labor market data, not inflation data. Going forward we expect that asymmetric influence to continue, even if base effects are expected to push inflation higher into year end.

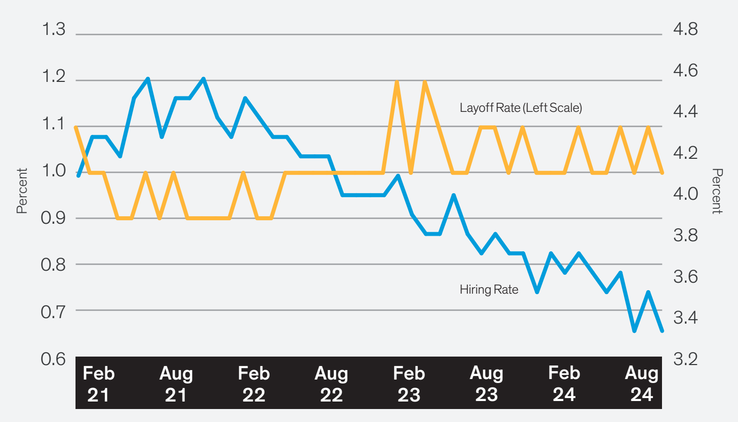
US 10-YEAR TREASURY (Percent)



Past performance does not guarantee future results. | Event dates are approximate. | As of September 30, 2024
Source: Bloomberg and AB

As inflation becomes increasingly more predictable, the pace and degree of rate cuts will rely more on the other half of the fed's mandate…the labor market.

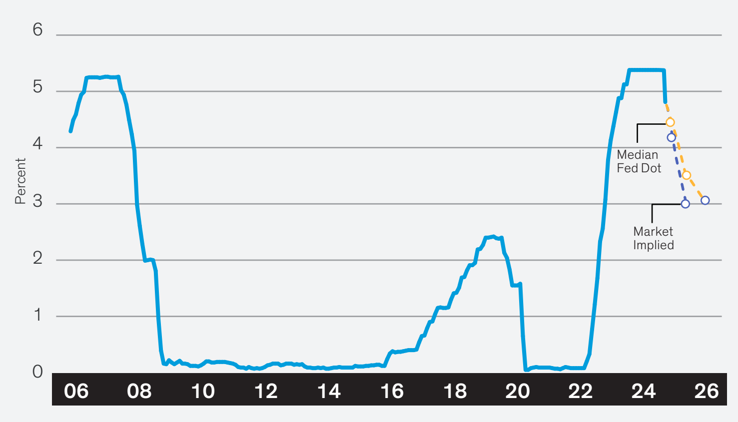
As Fed Chair Jerome Powell said, "the downside risks to employment have increased." This is evidenced by the rise of the unemployment rate. However, while the job market moderated during the third quarter, it remains strong. The uptick in the unemployment rate was notably driven by a lower hiring rate (more people joined the labor force) and not a higher layoff rate.



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

Path forward for rates: The fed is suggesting eight rate cuts ahead—two over the next two meetings, then a cut every other meeting in 2025.

With the Fed officially kicking off the rate-cutting process, it's important to discuss the potential endpoint. The market and Fed may not agree on the pace of cuts, but both see ~3% as the terminal rate. While we think this number isn't far off, we still see it settling slightly lower, as "normal" will introduce "air pockets" of softer data.



Current analysis does not guarantee future results. | As of September 30, 2024 | **Source:** Bloomberg, US Federal Reserve and AB

4Q 2024 AB CAPITAL MARKETS OUTLOOK

AB'S CAPITAL MARKETS COMMITTEE MEMBERS

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Senior Investment Strategist—Equities

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Municipal Bond Portfolio Manager—Municipal Fixed Income

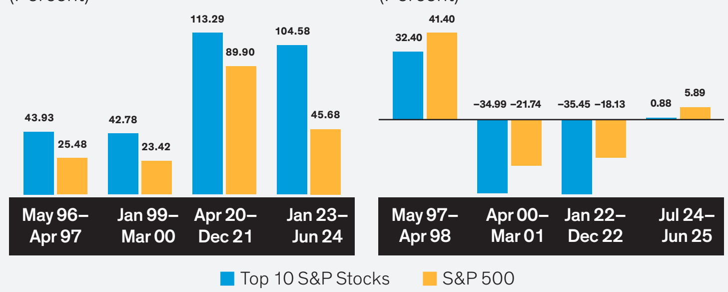
EQUITIES

What Happens After Mega-Caps Outperform? The Anticipated Reversal Got Off to a Good Start Last Quarter

Although it is impossible to perfectly time a regime change, with index concentration at record levels and such meaningful valuation and performance disconnects between the Magnificent Seven and "The Others," we believe history will again rhyme. Fortunately, this broadening process started to materialize during the third quarter, but we believe it still has room to run.

WHEN WERE THE LARGEST EXAMPLES OF OUTPERFORMANCE? (Percent)

NOW CONSIDER THE SUBSEQUENT 12-MONTH PERFORMANCE (Percent)

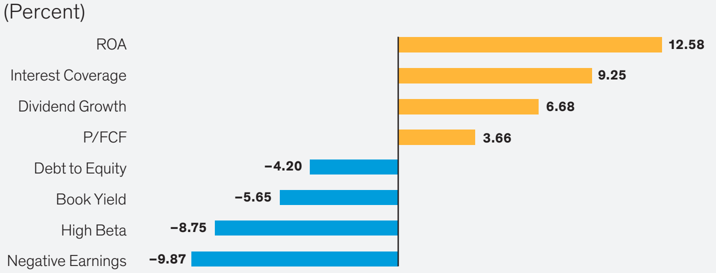


Past performance does not guarantee future results. | As of September 30, 2024 | **Source:** Bloomberg, S&P and AB

QUALITY FACTORS

As the economy continues to normalize, and the Fed eases, quality factors continue to look attractive. In fact, high-quality factors have historically outperformed lower-quality exposures since the Fed's initial rate cut. While high-quality attributes have strongly delivered in recent years, we believe they are not at the end of their runway.

QUALITY FACTORS HAVE PERFORMED WELL VS. LOWER-QUALITY EXPOSURES 12 MONTHS AFTER INITIAL FED RATE CUTS (Percent)



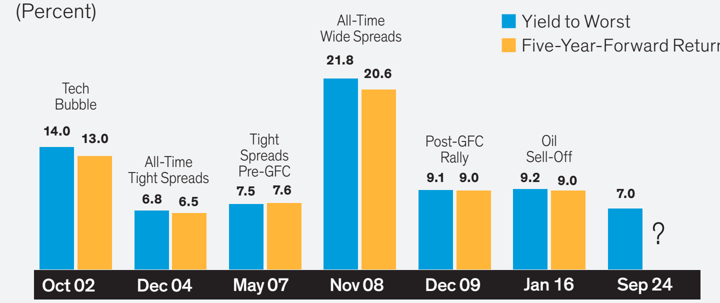
Current analysis does not guarantee future results. | ROA: return on assets; P/FCF: price to free cash flow | As of September 30, 2024 | **Source:** Piper Sandler, S&P and AB

FIXED INCOME

Corporate and Municipal Finances Remain Healthy, Creating Great Potential for Investors

Credit—more specifically high yield—continues to look appealing. The level of yield is highly predictive of returns in the forward five years. As the normalization process comes to an end, we believe high yield represents a compelling, and time sensitive, risk-adjusted opportunity inside of equity portfolios.

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

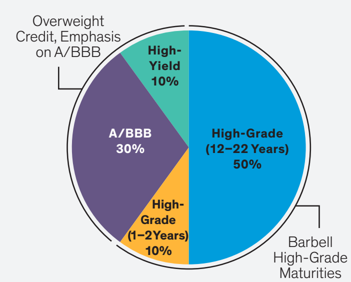


Past performance does not guarantee future results. | GFC: global financial crisis | High yield is represented by the Bloomberg US Corporate High Yield Index. | As of September 30, 2024 | **Source:** Bloomberg, S&P and AB

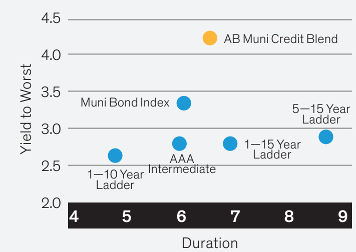
MUNICIPAL

While the muni yield curve remains inverted, active management can tap into a wide range of investment options, including overweighting municipal credit and select duration via a barbelled maturity structure.

AAA MUNICIPAL CREDIT BLEND



ACTIVE APPEARS BETTER POSTITIONED THAN PASSIVE (Percent)



Current analysis does not guarantee future results. | AB Muni Credit Blend is a blend of Bloomberg muni indices: 60% high-grade, 30% A/BBB and 10% high-yield. | As of September 30, 2024 | **Source:** Bloomberg and AB

A Word About Risk—Market Risk: The market values rise and fall from day to day, so investments may lose value. **Interest-Rate Risk:** Fixed-income securities may lose value if interest rates rise or fall—long-term securities tend to rise and fall more than short-term securities. The values of mortgage-related and asset-backed securities are particularly sensitive to changes in interest rates due to prepayment risk. **Credit Risk:** A bond's credit rating reflects the issuer's ability to make timely payments of interest or principal—the lower the rating, the higher the risk of default. If the issuer's financial strength deteriorates, the issuer's rating may be lowered and the bond's value may decline. **Inflation Risk:** Prices for goods and services tend to rise over time, which may erode the purchasing power of investments. **Derivatives Risk:** Investments in derivative instruments such as options, futures, forwards or swaps can be riskier than traditional investments, and may be more volatile, especially in a down market. **Leverage Risk:** Trying to enhance investment returns by borrowing money or using other leverage tools can magnify both gains and losses, resulting in greater volatility.

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