

Capital Markets Outlook

Walking a Tightrope

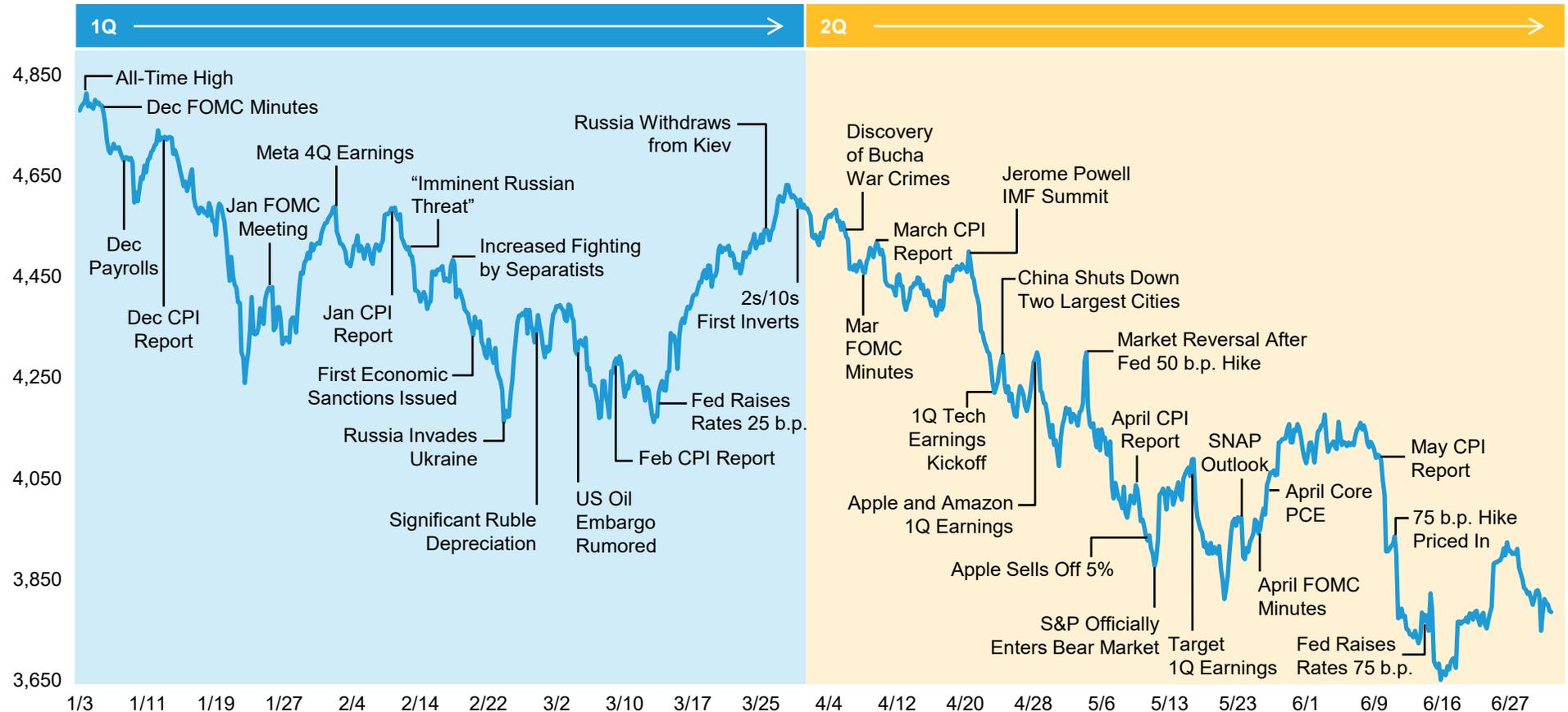
Third Quarter 2022

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.

Investment Products Offered:

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

S&P 500 Price Chart: Experiencing the Storm



Past performance does not guarantee future results.

b.p.: basis points; CPI: Consumer Price Index; FOMC: Federal Open Market Committee; IMF: International Money Fund; PCE: personal consumption expenditures

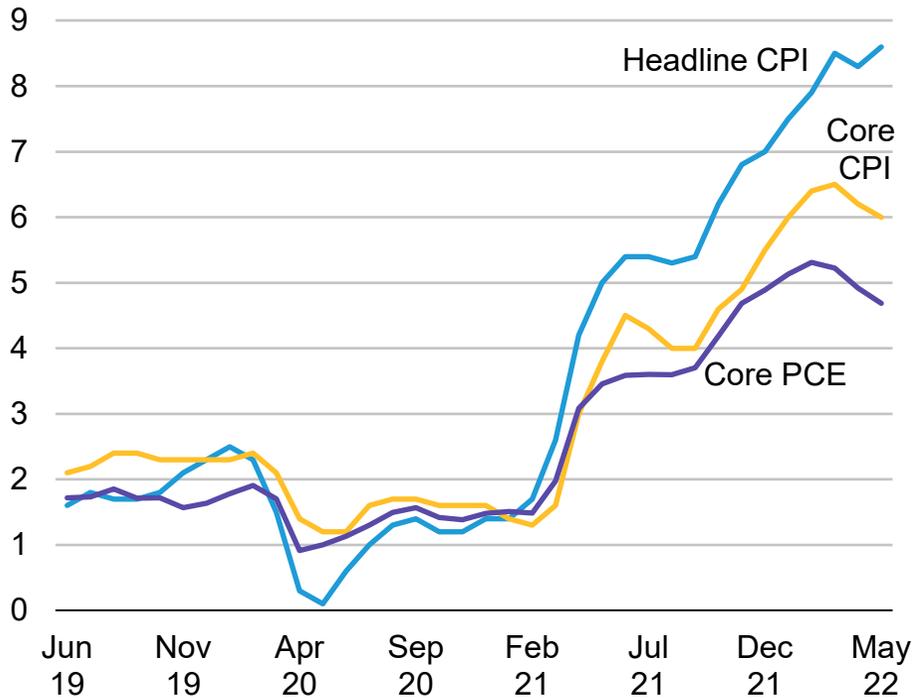
Through June 30, 2022

Source: Bloomberg and AB

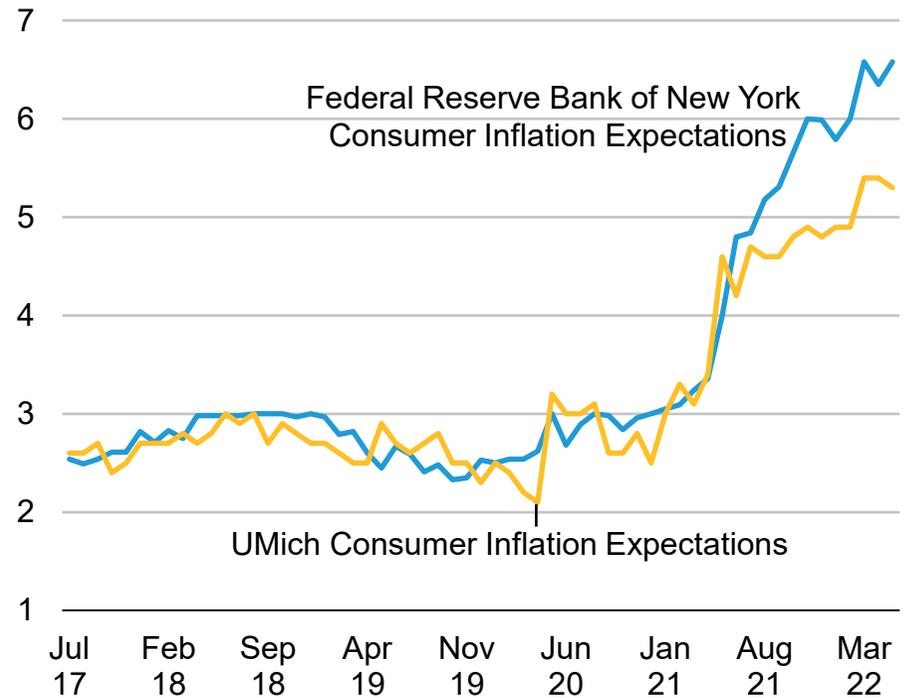


Inflation Picture Magnified by External Influences...

Headline Inflation Divergence Driven by Higher Commodity Prices Due to the Russian Invasion of Ukraine... (Percent)



...Leading to Consumer Inflation Expectations Rising to Uncomfortably High Levels (Percent)



Historical analysis and current forecasts do not guarantee future results.

As of June 30, 2022

Source: Bloomberg, Federal Reserve Bank of New York, US Federal Reserve, University of Michigan and AB

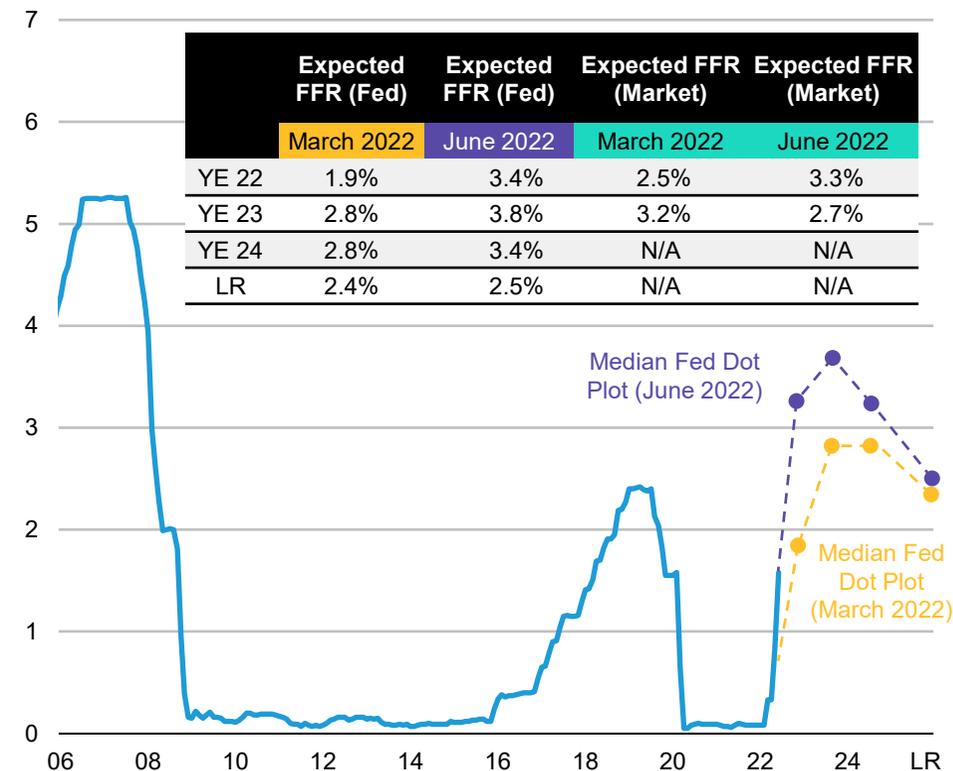


...Pushing the Fed to Forecast a Much More Aggressive Rate Path

Upper Bounds of Federal Funds Rate (FFR) Through Time
Percent

	2022	2023	2024	Longer Run
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	—	—	—	—
1.50	—	—	—	—

Fed and Market Expectations
Percent



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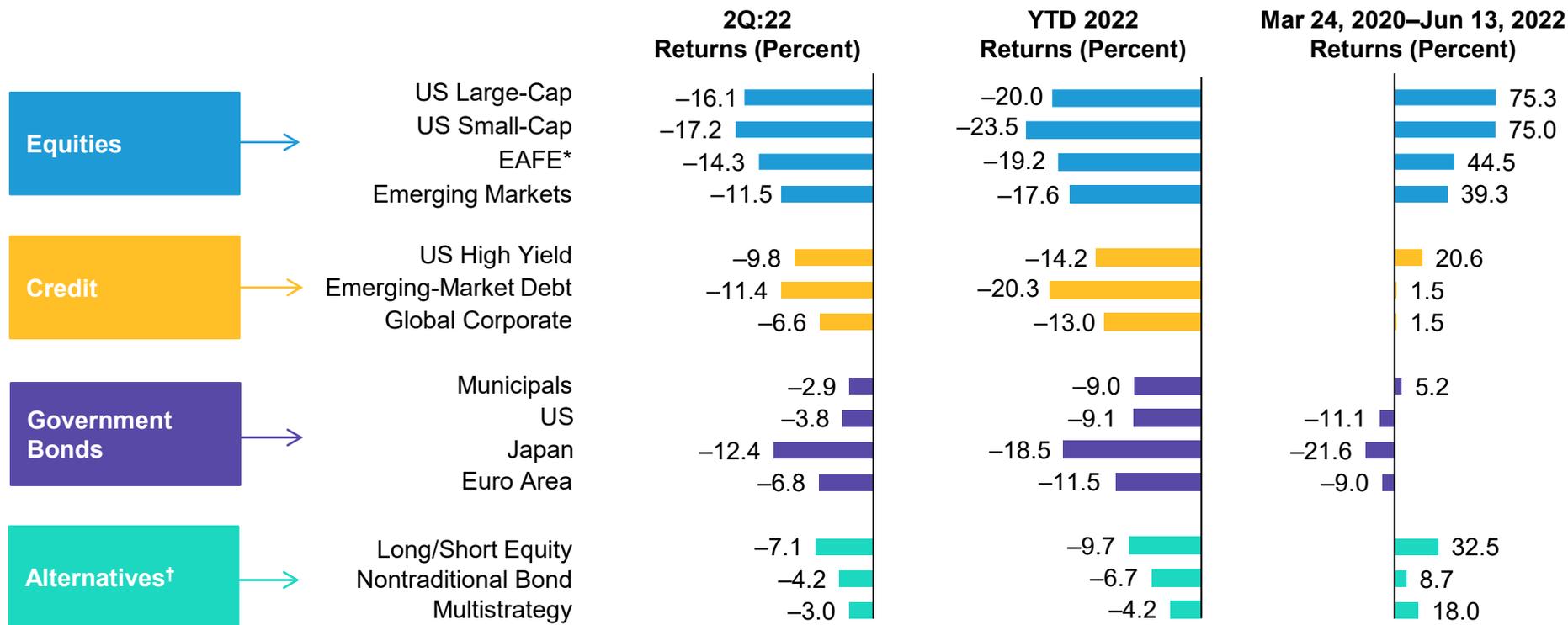
YE: year-end; LR: longer run

As of June 30, 2022

Source: Bloomberg, US Federal Reserve and AB



2Q 22: Markets Stumbled to Worst First Half Since 1970 as Inflation, a More Hawkish Fed and Negative Guidance Weighed on Investors' Minds



Past performance does not guarantee future results.

Returns in US dollars. Global corporates, Japan, and euro-area government bonds in hedged USD terms. All other non-US returns in unhedged USD terms. An investor cannot invest directly in an index, and its performance does not reflect the performance of any AB portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio.

*Europe, Australasia and the Far East. †Returns reflect Morningstar US open-end fund category averages.

As of June 30, 2022

Source: Bloomberg, Morningstar Direct and AB



Predicting a Recession: Opinions Range Widely

“I don’t think we need to provoke a recession. But it’s certainly a possibility.”

—**Jerome Powell** (June 22, 2022)

“We now understand better how little we understand about inflation.”

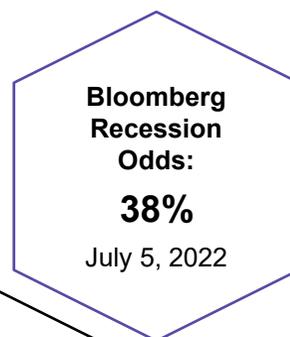
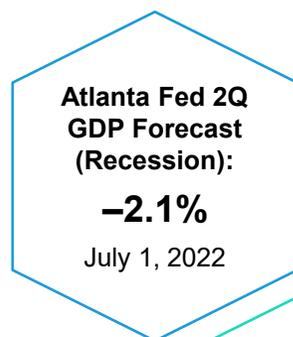
—**Jerome Powell** (June 29, 2022)

“No question that the US economy is heading toward a downturn.”

—**Charlie Scharf** (May 17, 2022)

“Right now it’s kind of sunny, things are doing fine. That hurricane is right out there down the road coming our way.”

—**Jamie Dimon** (June 2, 2022)



“Inflation Isn’t a Recession. The Chances of a Downturn Are Lower Than People Think.”

—**Barron’s** (June 8, 2022)

“We’re going to have the best growth we’ve ever had this year; I think since maybe sometime after the Great Depression.”

—**Jamie Dimon** (January 10, 2022)



“US Recession Already Six Months Old, Says Fed Model.”

—**Forbes** (July 1, 2022)

“This is in the early stages of the US recovery – or US expansion, we are beyond recovery. It would be unusual to go back into a recession at this stage.”

—**James Bullard** (June 24, 2022)

“Inflation’s still too high but coming down. So, there should be a period in the next year or two where growth is low, unemployment is at least up a bit and inflation is still high. So, you could call that stagflation.”

—**Ben Bernanke** (May 17, 2022)

“We do believe the greater risk now, and now more than ever, is deflation.”

—**Cathie Wood** (June 15, 2022)

“I don’t see the likelihood of a recession as particularly elevated right now.”

—**Jerome Powell** (June 22, 2022)

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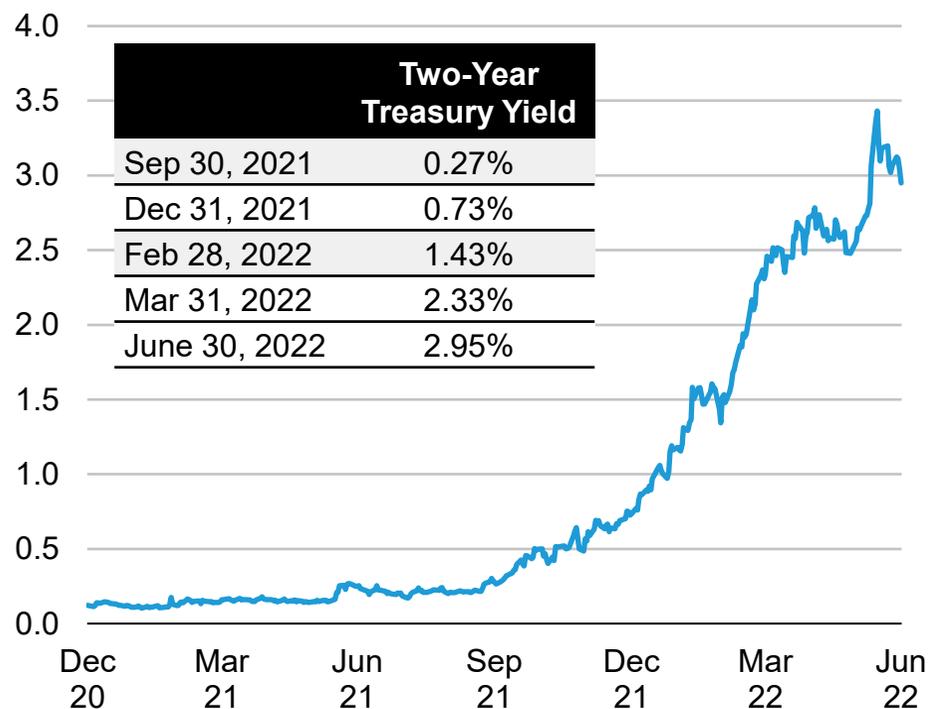
*Recession defined as at least one quarter in the next 10 in which four quarter GDP growth dips below -1%; †Recession predicted by Treasury Spreads

Source: Bloomberg, CivicScience, CNBC, US Federal Reserve and AB



Importantly, Markets Have Continued to Tighten in Advance of the Fed (Until Recently)

Two-Year Treasury (Percent)



Goldman Sachs Financial Conditions Index



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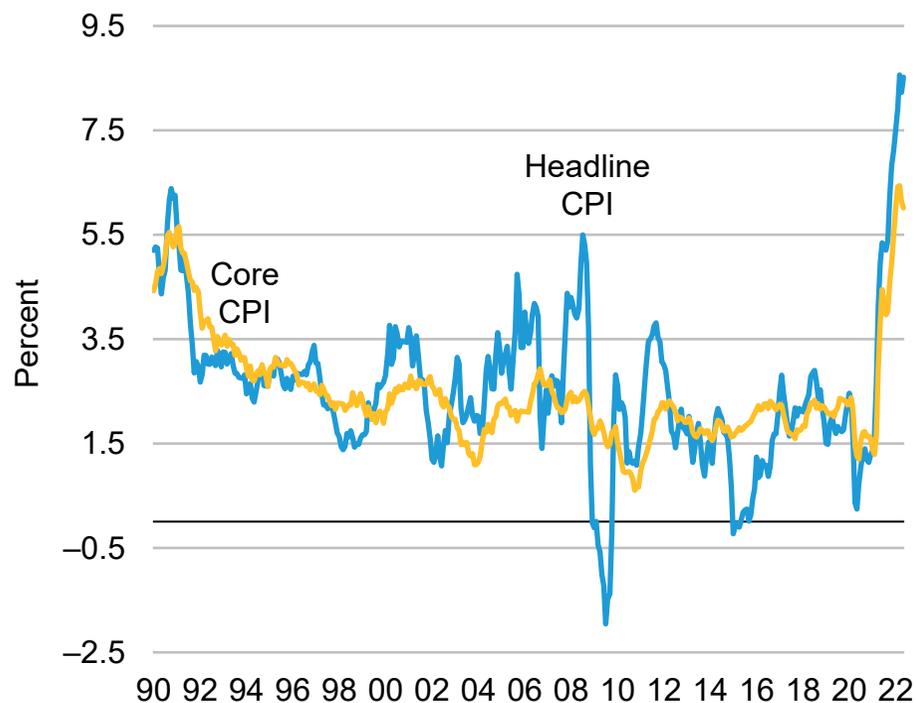
As of June 30, 2022

Source: Bloomberg, Goldman Sachs and AB

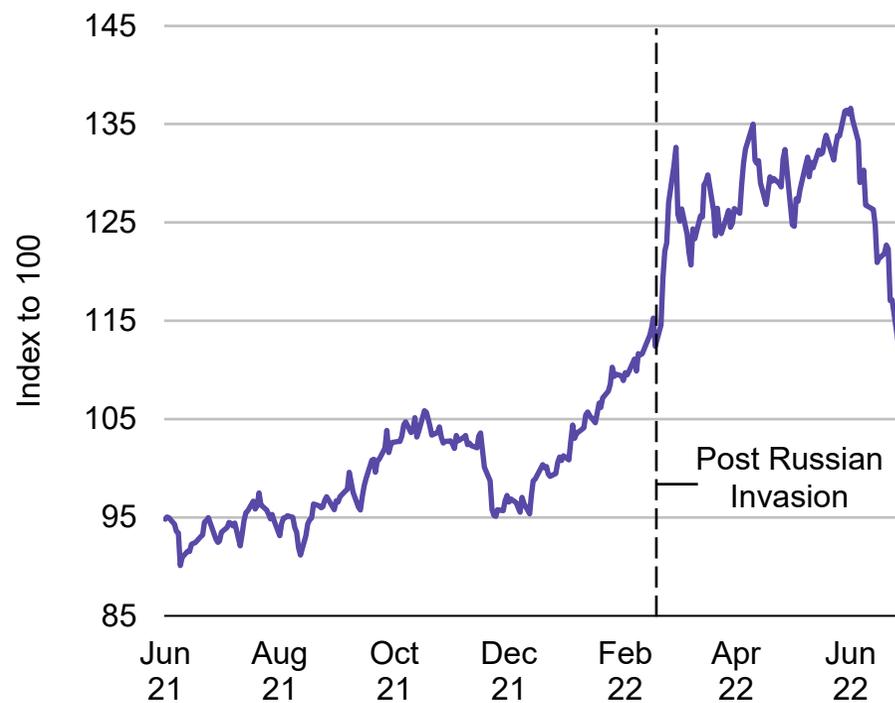


Inflation's Key Drivers: Goods Story Shifts to Commodities & Services

Headline Inflation Has Become the Fed's Focus...



...Due to War in Ukraine Driving Commodity Prices Higher



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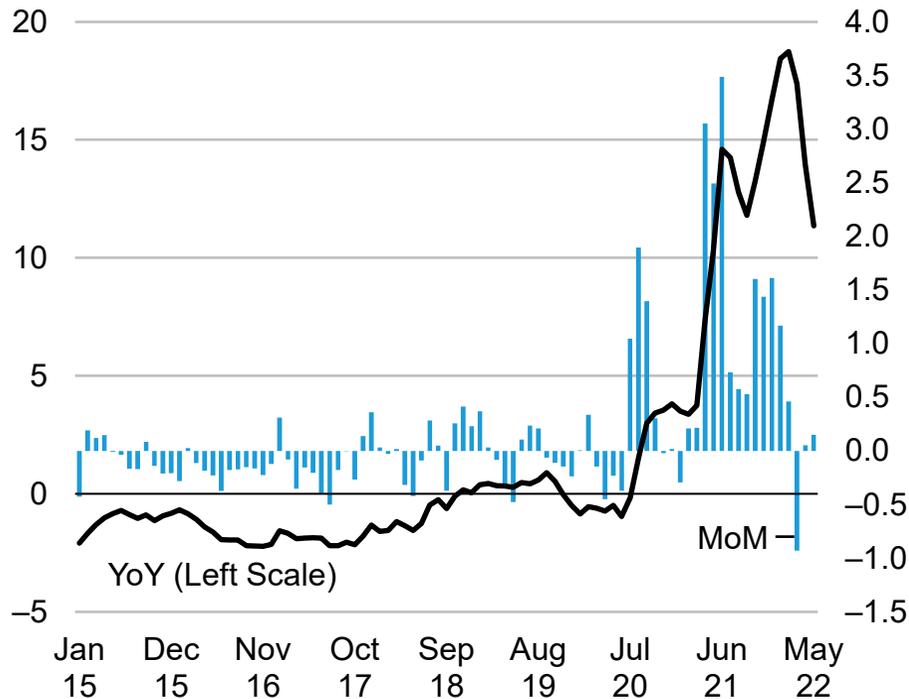
As of July 8, 2022

Source: Bloomberg and AB

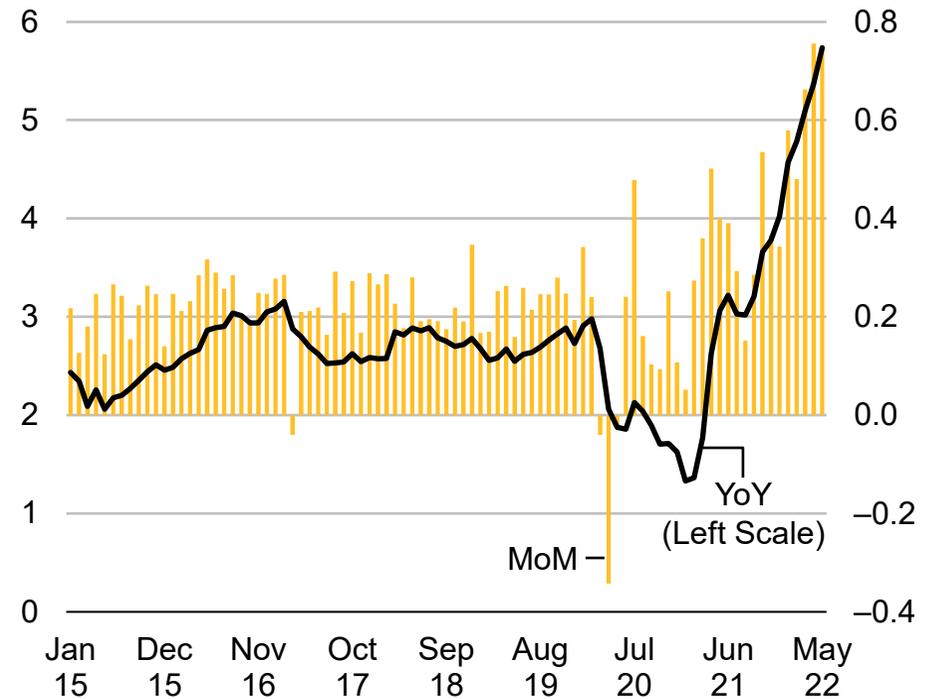


Sticky Service Prices Are Expected to Limit a Quick Return to Neutral

Goods Prices Are Decelerating but Remain Dependent on the Continued Healing of the Supply Chain... (Percent)



...While Service Prices Push Higher Due to Higher Wages and Shifting Consumer Demand



Historical analysis and current forecasts do not guarantee future results.

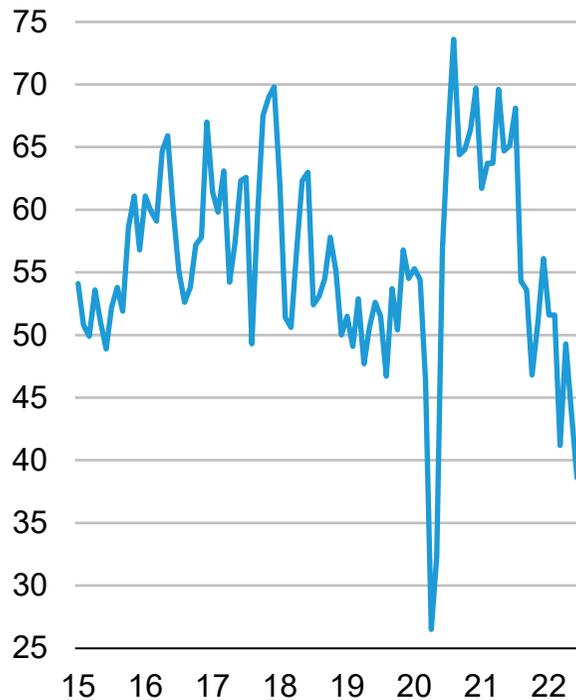
As of June 30, 2022

Source: Bloomberg and AB

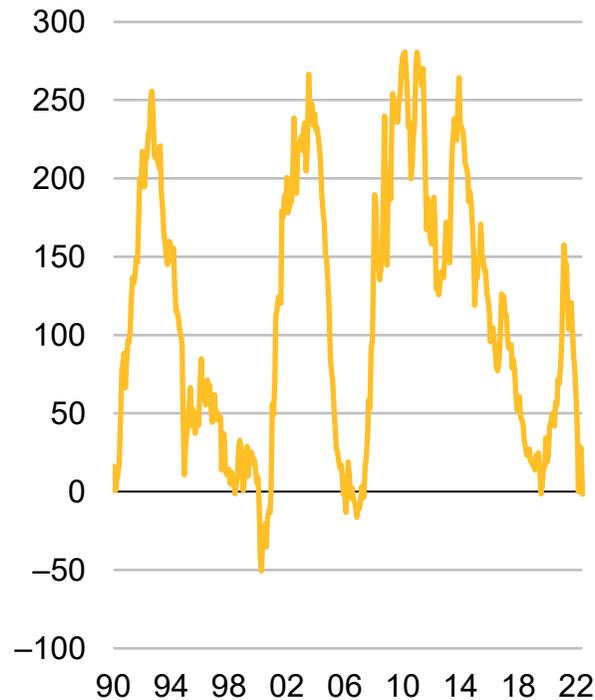


Case for a Recession...

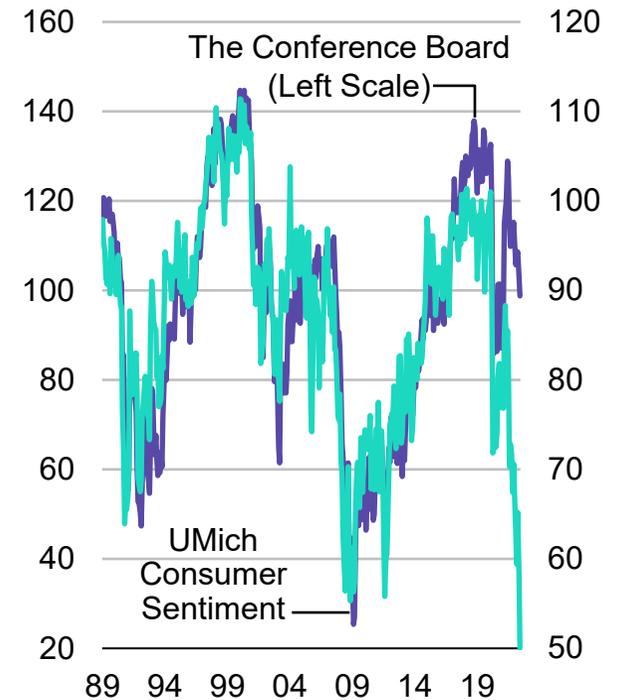
ISM New Orders Inventory Flashing Red...



...While 2s/10s Yield Curve Has Inverted Again...



...and Consumer Sentiment Is Near All Time Low



Historical analysis and current forecasts do not guarantee future results.

As of June 30, 2022

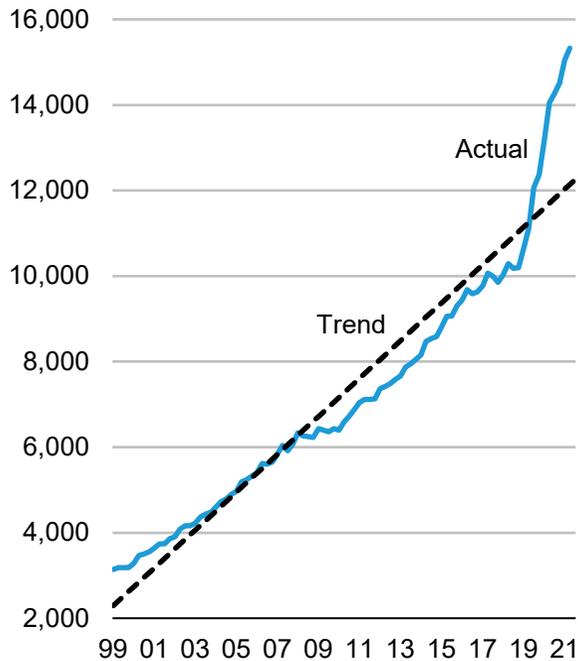
Source: Bloomberg and AB



...Case Against a Recession...

High Household Savings

Total liquid assets (USD trillions)



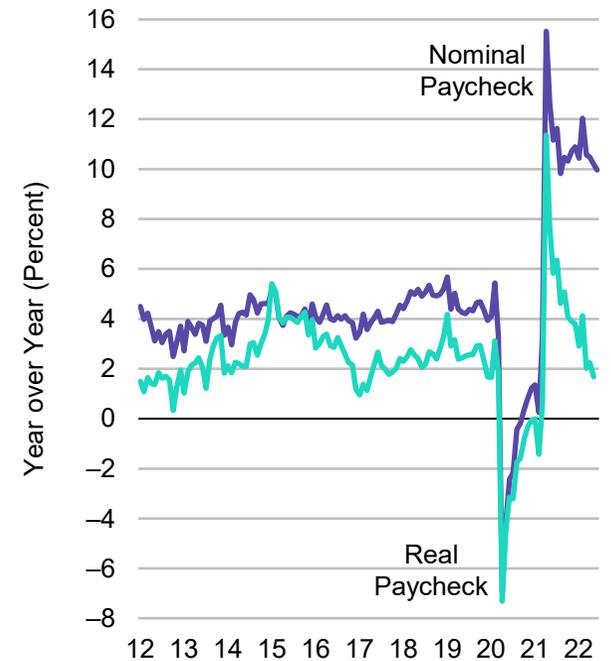
Low Debt

Household debt service payments to disposable income



Positive Real Wages

Income outpacing inflation



Historical analysis and current forecasts do not guarantee future results.

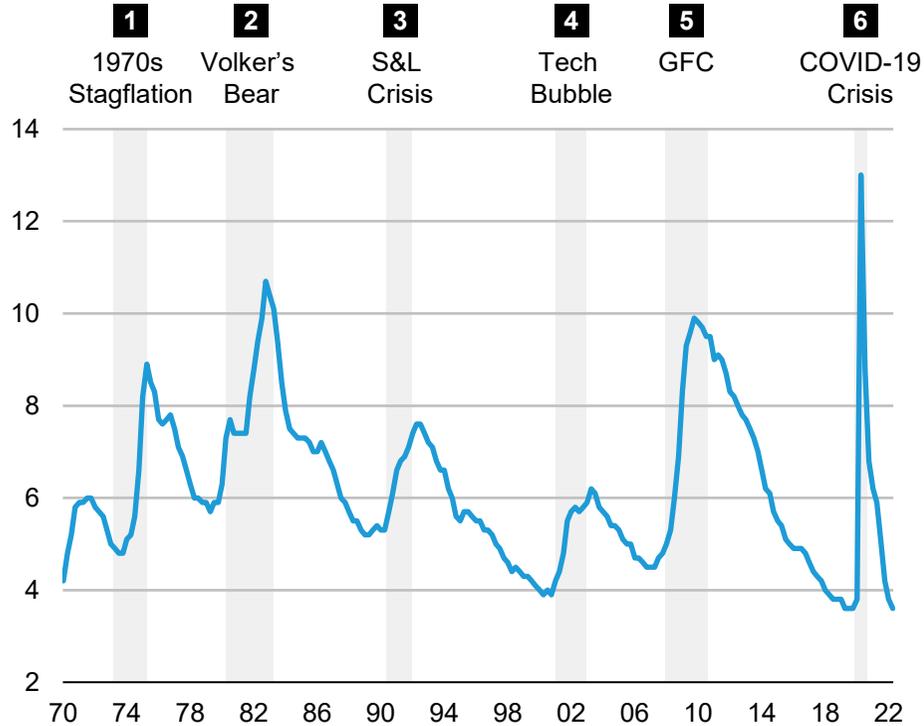
As of June 30, 2022

Source: Bloomberg and AB

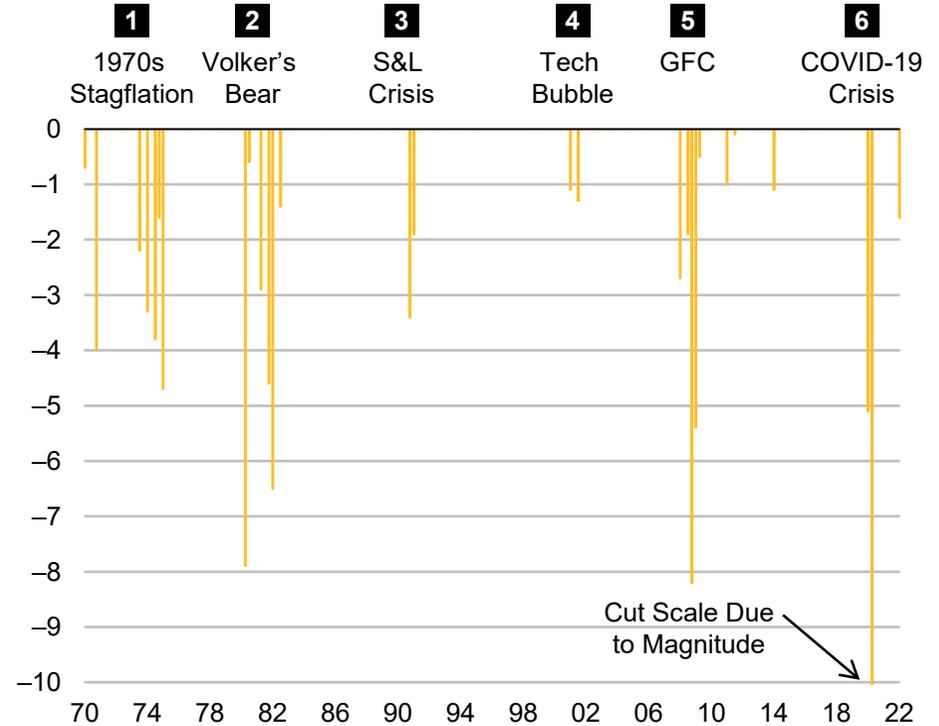


...but Not All Recessions Are Created Equally

Notable Recessions Marked by High Unemployment...



...and Negative Real GDP Growth



Historical analysis and current forecasts do not guarantee future results.

As of June 30, 2022

Source: Bloomberg and AB



Macro Summary

Global growth to see meaningful slowdown in 2023

AB Global Economic Forecast: July 2022

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	22F	23F	22F	23F	22F	23F	22F	23F
Global ex. Russia	3.1	2.4	6.0	3.5	3.21	3.08	3.71	3.38
Industrial Countries	2.2	1.1	5.8	2.8	2.02	2.04	2.59	2.25
Emerging Countries	3.7	4.1	6.8	4.9	5.25	4.85	5.18	4.83
US	2.5	1.0	5.4	3.2	3.13	3.13	3.50	3.00
Euro Area	1.5	0.7	7.0	2.5	0.75	0.50	1.50	1.00
UK	2.0	0.7	10.0	3.0	2.50	2.25	3.25	3.00
Japan	2.0	2.0	2.0	1.9	-0.10	0.25	0.35	0.75
China	5.0	5.4	2.1	2.6	2.10	2.10	3.00	3.10

Past performance and current analysis do not guarantee future results.

Growth and inflation forecasts are calendar-year averages. Interest rates are year-end forecasts. Real growth aggregates represent 48 country forecasts, not all of which are shown. Long rates are 10-year yields.

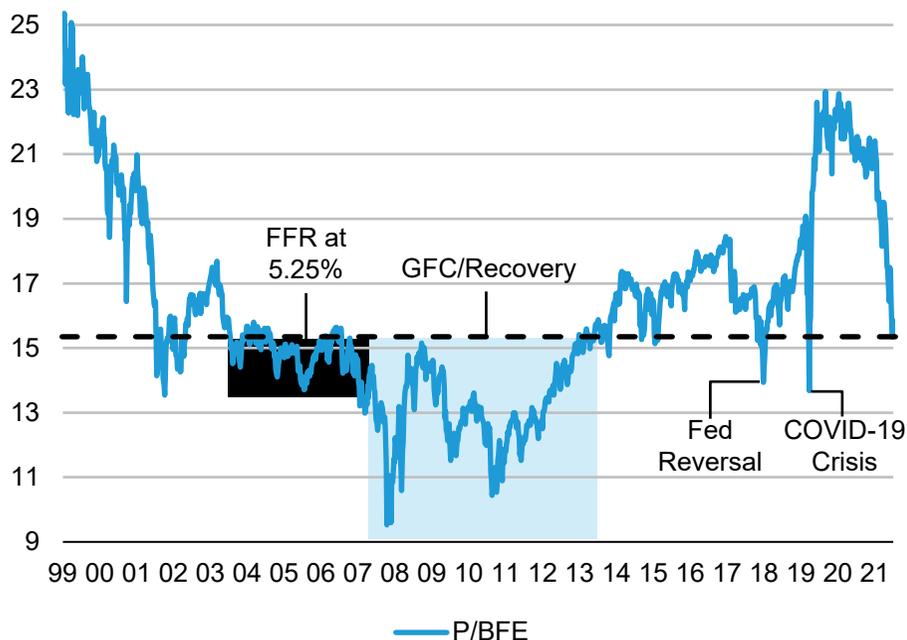
As of June 30, 2022

Source: AB



Valuations: Finding a “Fair Value” While Walking the Tightrope

S&P 500 Multiples



Time Period	P/E	P/BFE	P/FE ₁	P/FE ₂	P/FE ₃
December 31, 2021	24.6	21.4	22.7	21.0	19.2
March 31, 2022	22.8	19.4	20.1	18.3	16.7
June 30, 2022	19.0	15.8	16.2	15.2	14.0
Five-Year Average	22.5	18.7	19.9	17.6	15.8
Pre-Pandemic*	21.5	18.8	19.3	17.3	15.5
10-Year Average	20.2	17.1	18.2	16.1	14.5
Pre-Pandemic Five-Year Average	19.8	16.9	17.8	16.0	14.4
Average Since 2000	19.6	16.3	17.4	15.3	13.8
Average P/E When Rates Are Increasing†	19.2	16.1	17.1	15.4	14.3
January 2014–November 2016	18.5	16.2	17.1	15.3	13.7

Historical analysis and current forecasts do 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 (P/FE₁) is for the calendar year 2022;

P/FE₂ is for the calendar year 2023; P/FE₃ is for the calendar year 2024.

*February 21, 2020

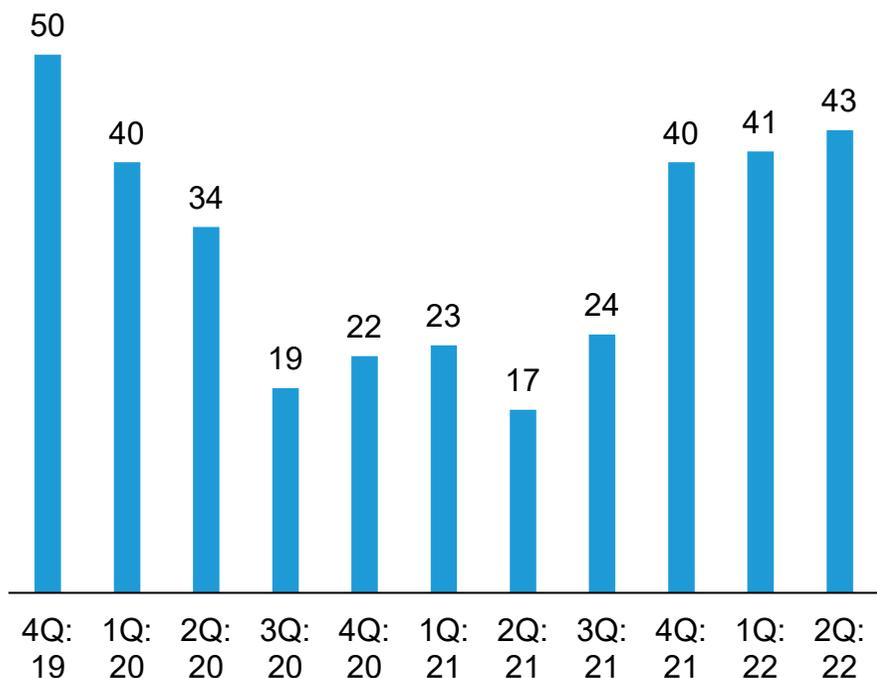
†Last two Fed cycle hikes

As of June 30, 2022

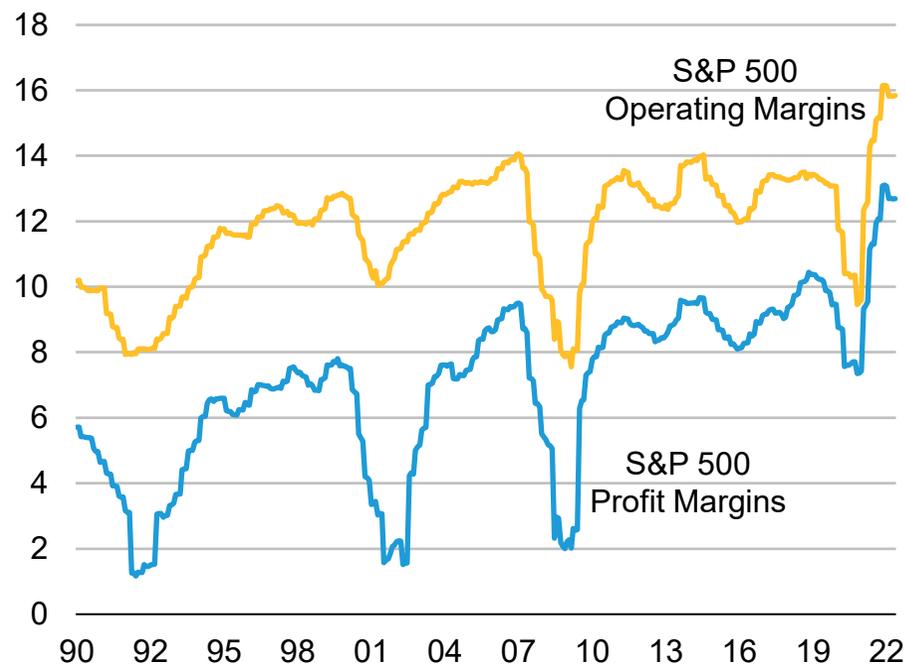
Source: Bloomberg and AB

Earnings Guidance Expected to Face Headwinds as Consumption Moderates and Inflation Bites

S&P 500 Companies That Reported Guidance Which Trailed Analyst Estimates Are on the Rise (Percent)



As Margins Hit a Ceiling, Future Earnings Will Have to Rely More Heavily on Top-Line Growth



Historical analysis and current forecasts do not guarantee future results.

As of June 30, 2022

Source: Bloomberg and AB



Scenario Chart: Choose Your Own Adventure

S&P 500 Return Scenario Chart

2022										S&P Price Level	2022 Price Return*
	13	14	15	16	17	18	19	20	21		
200	2,600	2,800	3,000	3,200	3,400	3,600	3,800	4,000	4,200	3,225	-14.80%
205	2,665	2,870	3,075	3,280	3,485	3,690	3,895	4,100	4,305	3,440	-9.11%
210	2,730	2,940	3,150	3,360	3,570	3,780	3,990	4,200	4,410	3,600	-4.89%
215	2,795	3,010	3,225	3,440	3,655	3,870	4,085	4,300	4,515	3,785	0.00%
220	2,860	3,080	3,300	3,520	3,740	3,960	4,180	4,400	4,620	3,910	3.30%
225	2,925	3,150	3,375	3,600	3,825	4,050	4,275	4,500	4,725	4,050	7.00%
230	2,990	3,220	3,450	3,785	3,910	4,140	4,370	4,600	4,830	4,140	9.38%
235	3,055	3,290	3,525	3,760	3,995	4,230	4,465	4,700	4,935	4,275	12.95%
240	3,120	3,360	3,600	3,840	4,080	4,320	4,560	4,800	5,040	4,465	17.97%

2023										S&P Price Level	2023 Price Return†
	13	14	15	16	17	18	19	20	21		
225	2,925	3,150	3,375	3,600	3,825	4,050	4,275	4,500	4,725	3,290	-8.96%
230	2,990	3,220	3,450	3,680	3,910	4,140	4,370	4,600	4,830	3,430	-6.39%
235	3,055	3,290	3,525	3,760	3,995	4,230	4,465	4,700	4,935	3,675	-1.96%
240	3,120	3,360	3,600	3,840	4,080	4,320	4,560	4,800	5,040	3,785	0.00%
245	3,185	3,430	3,675	3,920	4,165	4,410	4,655	4,900	5,145	3,920	2.38%
250	3,250	3,500	3,785	4,000	4,250	4,500	4,750	5,000	5,250	4,165	6.62%
255	3,315	3,570	3,825	4,080	4,335	4,590	4,845	5,100	5,355	4,320	9.26%
260	3,380	3,640	3,900	4,160	4,420	4,680	4,940	5,200	5,460	4,410	10.78%
265	3,445	3,710	3,975	4,240	4,505	4,770	5,035	5,300	5,565	4,590	13.79%

Historical analysis and current forecasts do not guarantee future results.

*Based on S&P 500's intraday price of 3,785. †Annualized return based on same intraday price

As of June 30, 2022

Source: Bloomberg and AB



Systematic Repricing, but Opportunities Remain

Value, energy and defensive sectors dominate; growth and momentum underperform

		2Q Returns (Percent)	Historical P/FE	1Q:22 P/FE	2Q:22 P/FE
Index	Russell 1000 Value	-12.2	14	16	13
	S&P 500	-16.1	15	19	16
	MSCI EAFE	-14.3	13	14	12
	Russell 2000	-17.2	21	22	18
	Russell 1000 Growth	-20.9	17	26	21
Factor*	Value	-10.2	13	15	13
	Small Cap	-14.9	20	18	14
	Momentum	-17.5	20	20	14
	Quality	-15.7	17	22	17
	Growth	-22.1	18	30	22
Sector	Energy	-5.2	16	11	8
	Utilities	-5.1	15	21	20
	Consumer Staples	-4.6	17	21	20
	Financials	-17.5	13	14	11
	Materials	-15.9	15	16	13
	Industrials	-14.9	15	20	16
	Healthcare	-5.9	15	17	16
	Real Estate	-14.7	39	45	34
	Technology	-20.2	16	24	19
	Consumer Discretionary	-26.2	17	26	20
	Communication Services	-20.7	14	17	14

Current analysis does not guarantee future results.

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

P/FE is the blended forward 12-months price/earnings ratio calculated by dividing the price of the security by Bloomberg Estimates (BEst) EPS

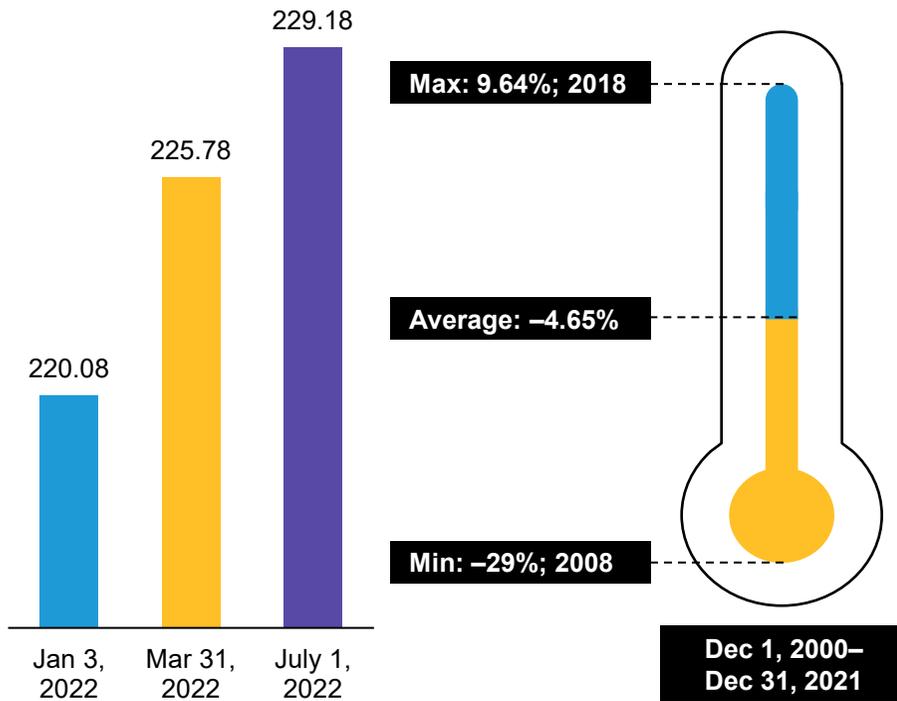
*MSCI USA Factor indices; 1Q returns are total return

As of June 30, 2022. Source: Bloomberg, FTSE Russell, MSCI and S&P

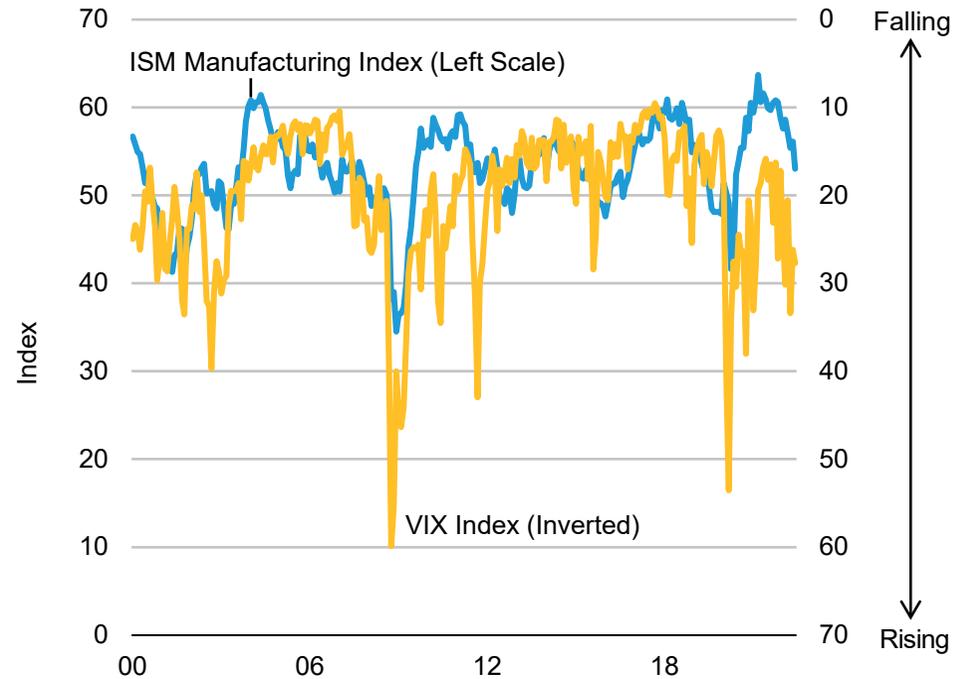
Forthcoming Earnings Will Be Telling

A probable speed bump on the way to a sustained recovery

Earnings Estimates for 2022 Have Risen Thus Far: Counter to the Historical Trend as the Calendar Year Advances...*



...and Earnings Are Likely to Slow as the Economy Slows, Which Should Keep Volatility Elevated



Current analysis does not guarantee future results.

*Earnings per share revisions for the S&P 500 Index from calendar year beginning estimate to year-end actual earnings per share.

As of July 1, 2022

Source: Bloomberg, FactSet and AB



Snapback Likely After Sharp, Persistent Drawdowns

Consecutive six week, or more, negative returns for the S&P 500 Index has often led to better outcomes

SPX Forward Returns (1957–June 30, 2022)			
Date	Number of Weeks	Next 12 Months (Percent)	Next Three Years* (Percent)
5/22/1970	8	39.78	12.49
3/23/2001	8	0.78	-0.67
3/28/1980	7	33.74	15.85
8/23/1957	6	7.23	8.19
1/10/1969	6	-8.45	0.74
2/11/1977	6	-10.12	5.37
3/12/1982	6	39.25	17.80
2/17/1984	6	16.60	21.45
8/24/1990	6	26.54	14.02
10/13/2000	6	-20.56	-7.93
10/4/2002	6	28.64	14.41
7/23/2004	6	14	12
7/11/2008	6	-29.07	2.35
6/10/2011	6	4.30	14.82
5/20/2022	7	?	?
Average		10.16	9.34
Median		10.41	12.17
Percent Positive		71.43	85.71

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*Next three-year returns are annualized

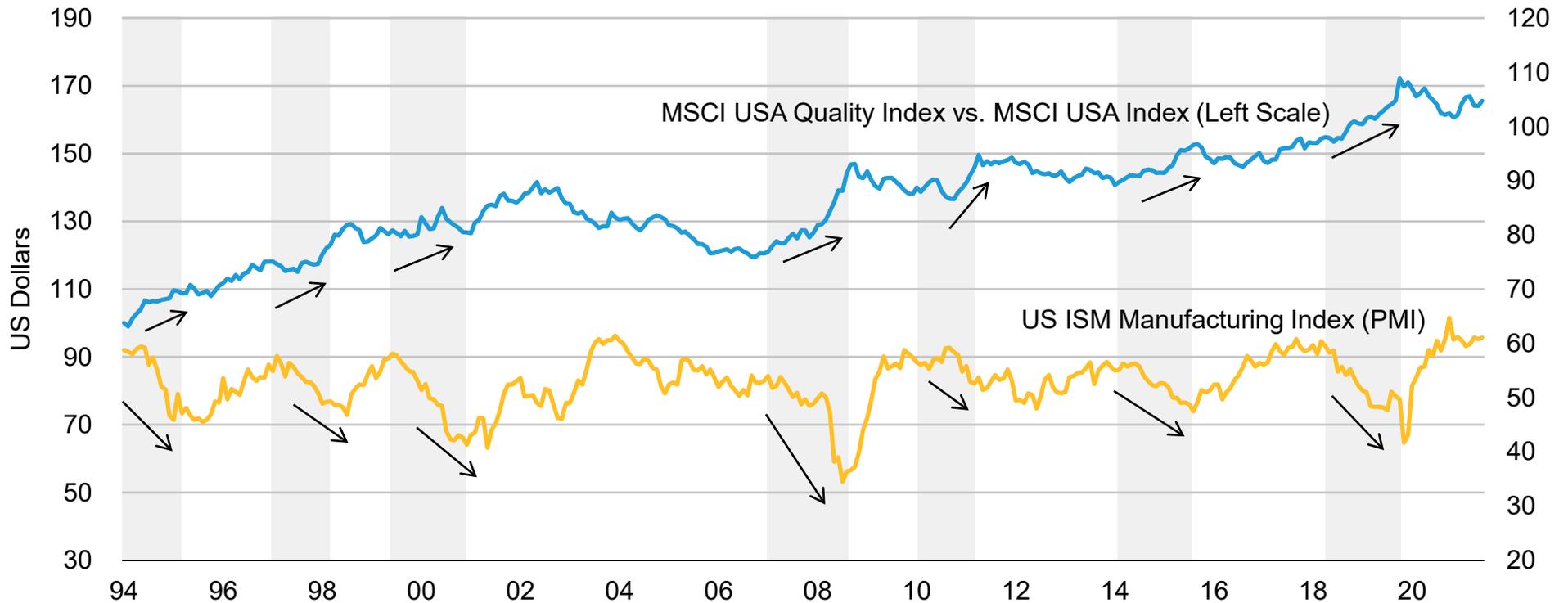
As of June 30, 2022

Source: Morningstar, Piper Sandler and AB



Slower Economic and Earnings Growth Calls for a Quality Bias

Quality works in times of uncertainty and slower economic growth



Historical analysis and current forecasts do not guarantee future results.

December 31, 1994 = \$100

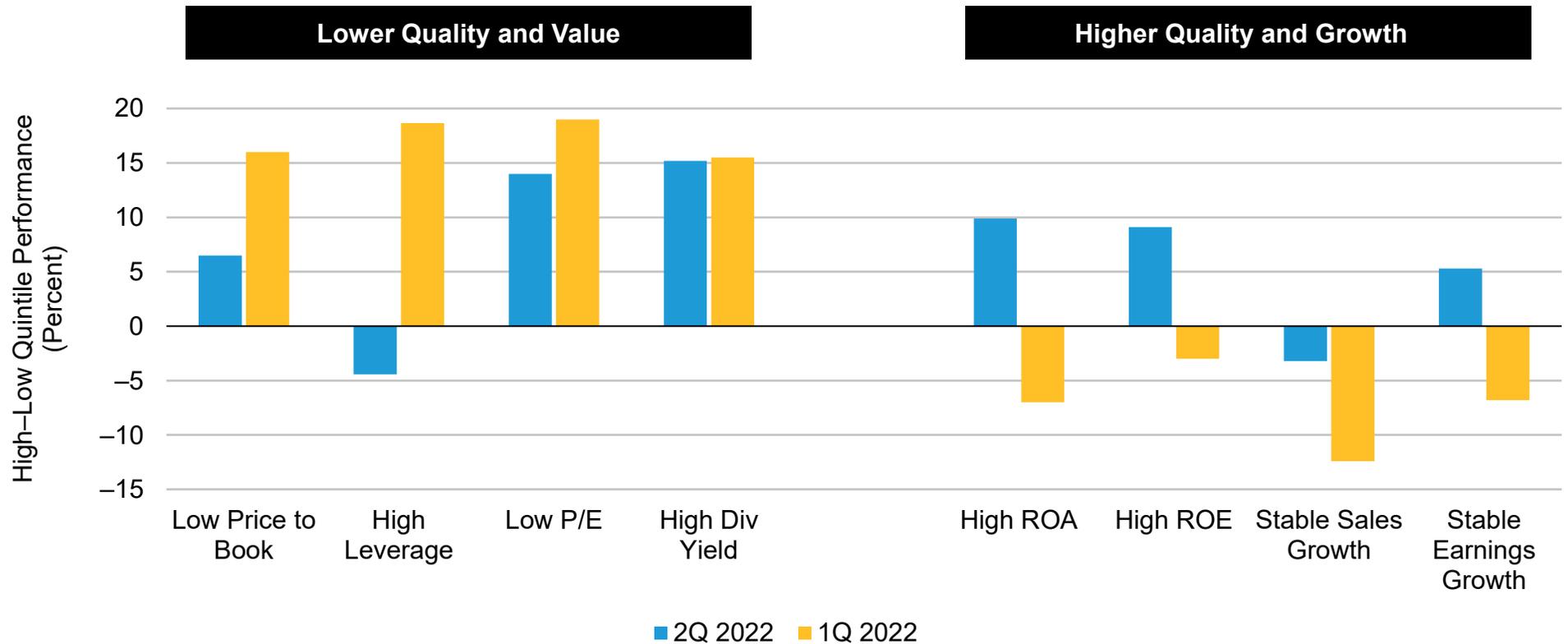
As of June 30, 2022

Source: Bloomberg, MSCI and AB



Quality Factors Tally Improved Performance in the Second Quarter

Economic growth concerns superseding inflation woes



Past performance does not guarantee future results.

Factor performance difference between highest ranked and lowest ranked quintiles: low price to book value, high leverage, low price to earnings, high dividend yield, high return on assets, high return on equity, stable sales growth and stable earnings growth

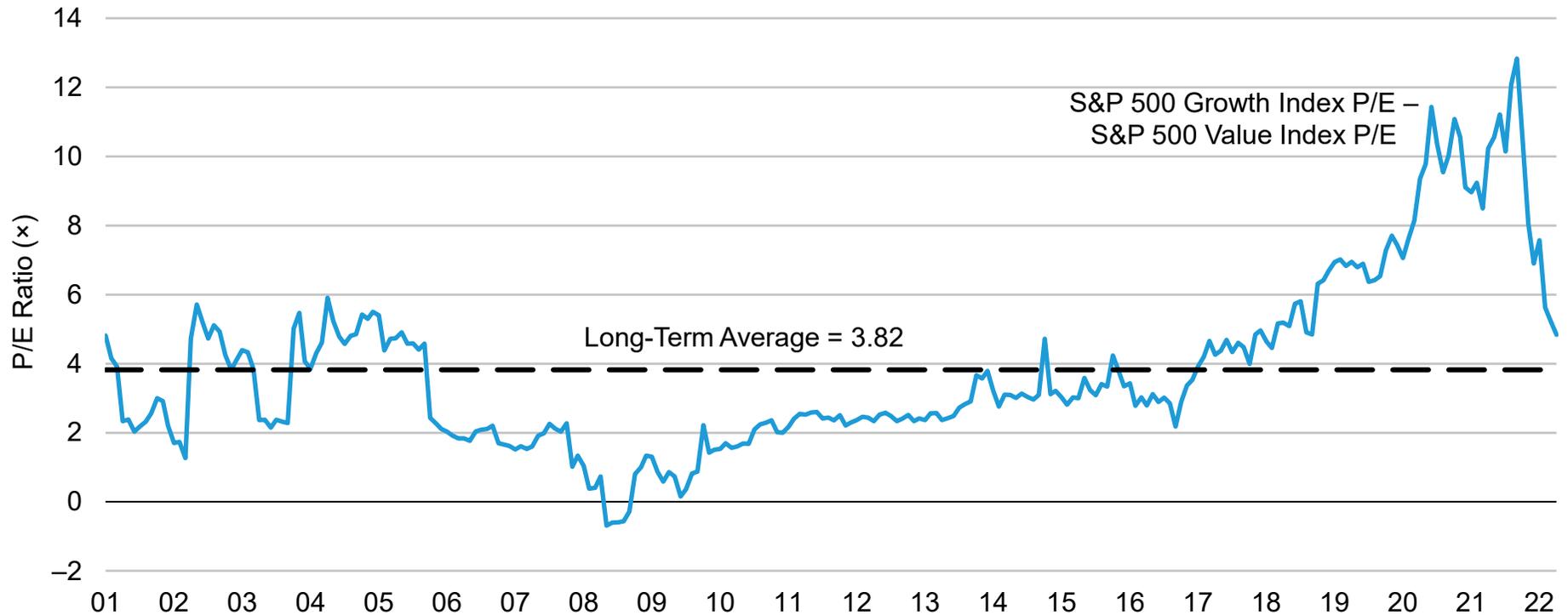
As of June 30, 2022

Source: AB



An Improved Entry Point for Growth Stocks

Many, including profitable companies, have re-rated back to historical averages



Historical analysis and current forecasts do not guarantee future results.

As of June 30, 2022

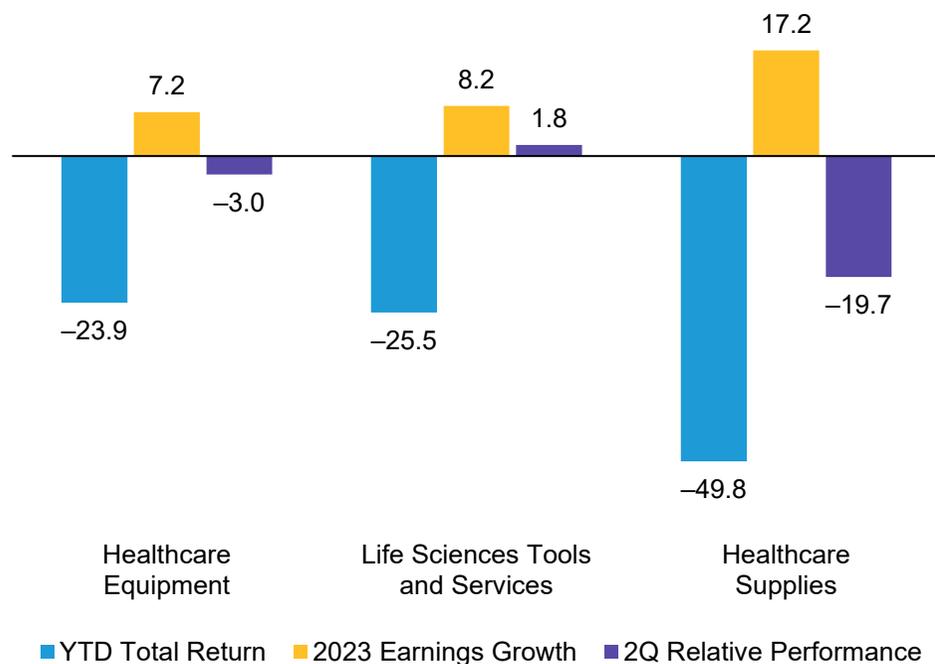
Source: Bloomberg, Piper Sandler and AB



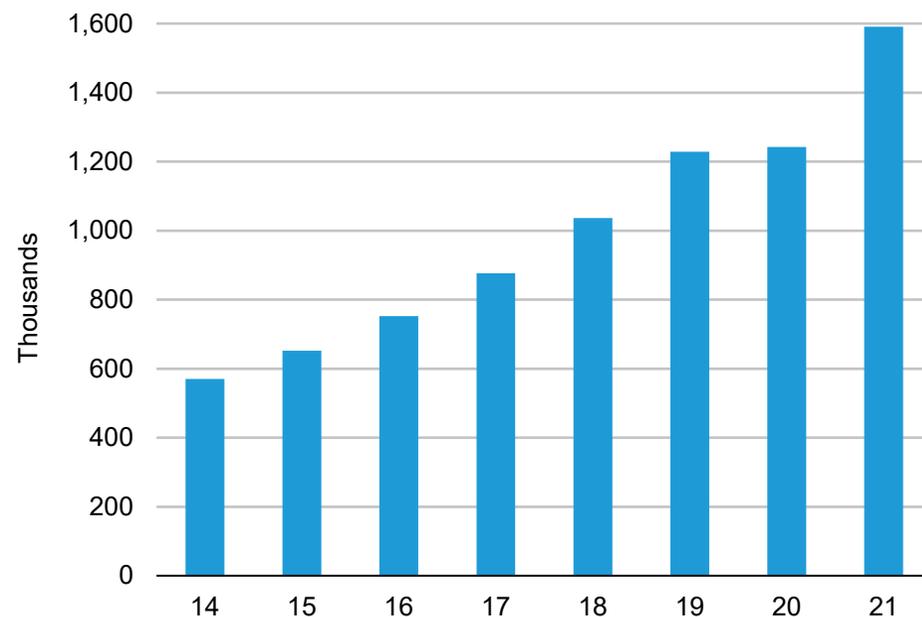
An Opportunity in Quality Growth: Healthcare

A resilient group on the right side of change

Healthcare Sector: Wide Industry Return Dispersion, but Select Industries Now Offer Attractive Risk/Reward



Global Robotic Surgical Procedures Are Growing



2014–2021 Procedure Growth: 16%

Past performance does not guarantee future results.

Based on consensus estimates. 2Q Relative Performance compared against the S&P 500 Total Return Index

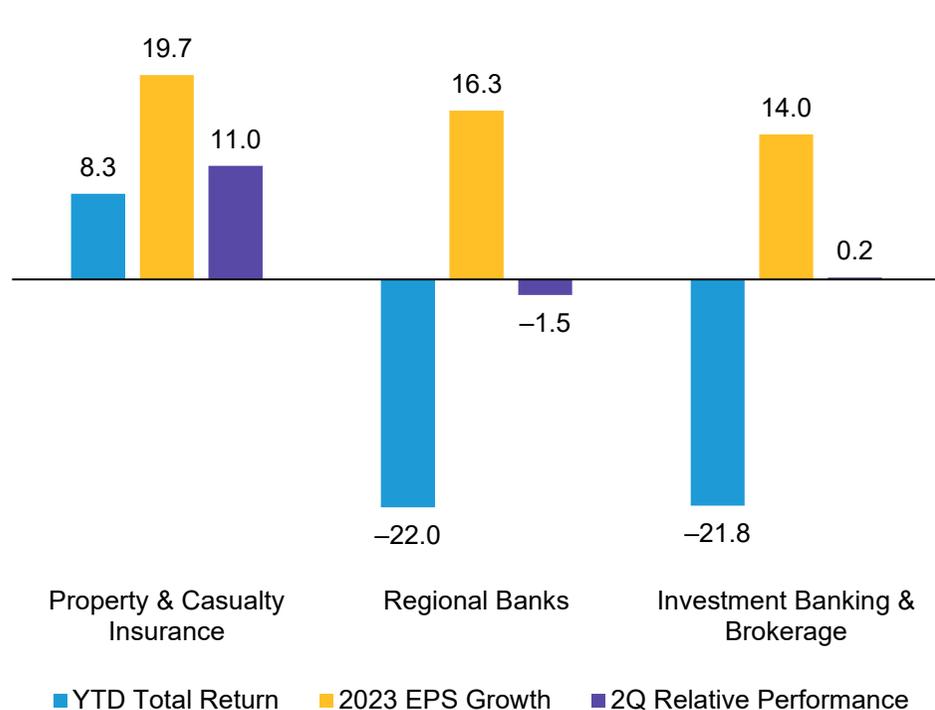
Left display as of June 30, 2022; right display through December 31, 2021

Source: Bloomberg, S&P, Strategas Research Partners, company reports and AB

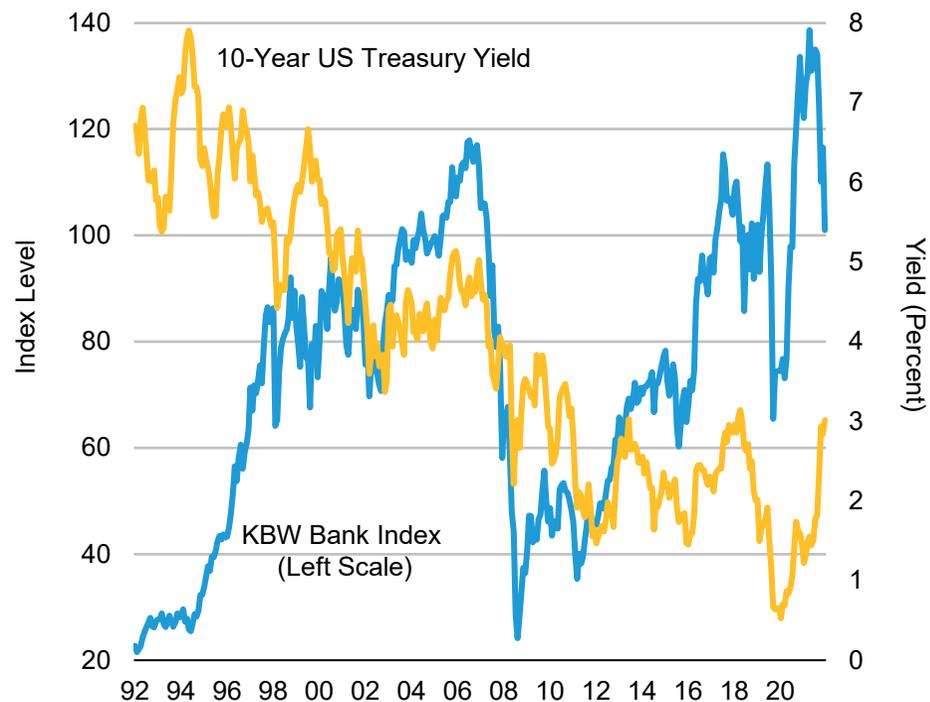


An Area of Focus for Value Equities: Financials

The Breadth of the Sector Allows for Vast Stock Selection Opportunities



Higher Yields: A Tailwind for Financial Stocks, Especially Banks



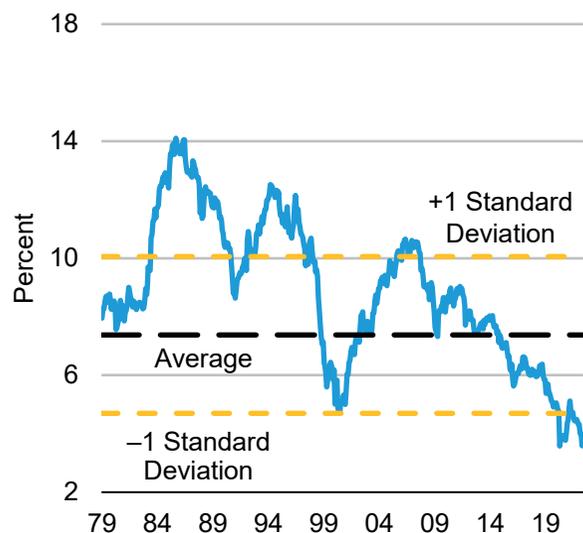
Based on consensus estimates. 2Q Relative Performance compared against the S&P 500 Total Return Index
As of June 30, 2022

Source: Bloomberg, KBW, S&P, Strategas Research Partners and AB

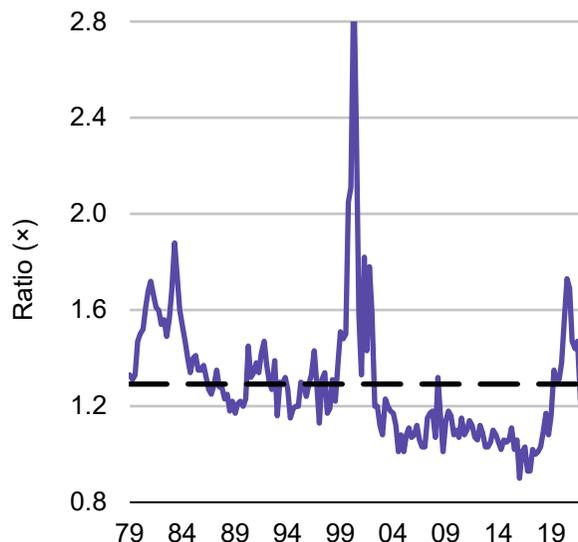


A Compelling Entry Point for Small-Cap Stocks, Especially Growth

Small Caps at 3.6% of the Equity Market Present a Rebalancing Opportunity



Russell 2000 Growth vs. Russell 2000 Value



First Half 2022: Small-Cap Growth Sell-Off Was an Extreme Outlier

First Half Performance			
Year	R2 Growth	Next 12-Months	Next Three-Years*
2022	-27.6	?	?
2002	-17.3	0.7	11.4
1982	-15.6	106.8	19.9
1984	-14.0	16.3	18.5
1994	-10.1	25.8	18.5
1992	-9.6	20.5	15.2
2008	-8.9	-24.9	8.4
2005	-3.6	14.6	6.1
2020	-3.1	51.4	?
2010	-2.3	43.5	20.0
2016	-1.6	24.4	14.7
Average		27.9	14.7
Percent Positive		90	100

- April 2020: The last time small caps comprised such a scant portion of the broad equity market
- Growth versus value valuations at historic lows
- Taking advantage of such meaningful pullbacks has proven rewarding

Past performance does not guarantee future results.

*Next three-year returns are annualized

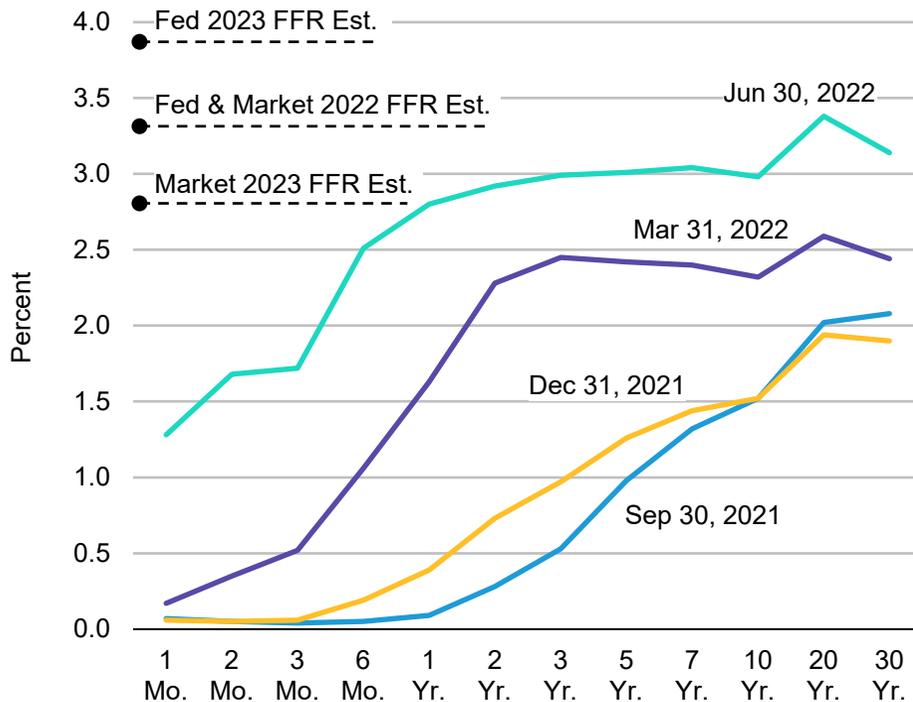
As of June 30, 2022

Source: Center for Research in Security Prices (CRSP), Jefferies, The University of Chicago Booth School of Business and AB

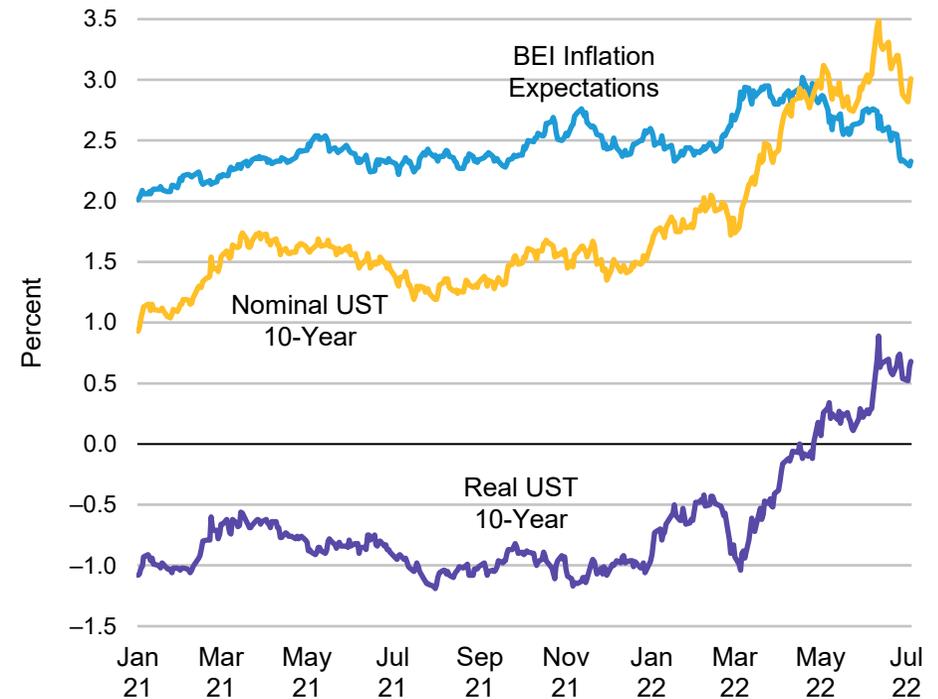


Yields Continued Ascent During the Second Quarter as Headline Inflation Pushed Higher

Front-End Yields Rose Rapidly on the Back of a More Hawkish Fed



Both Nominal and Real Yields Rose



Historical analysis does not guarantee future results.

FFR: federal funds rate; BEI: break-even inflation; UST: US Treasury

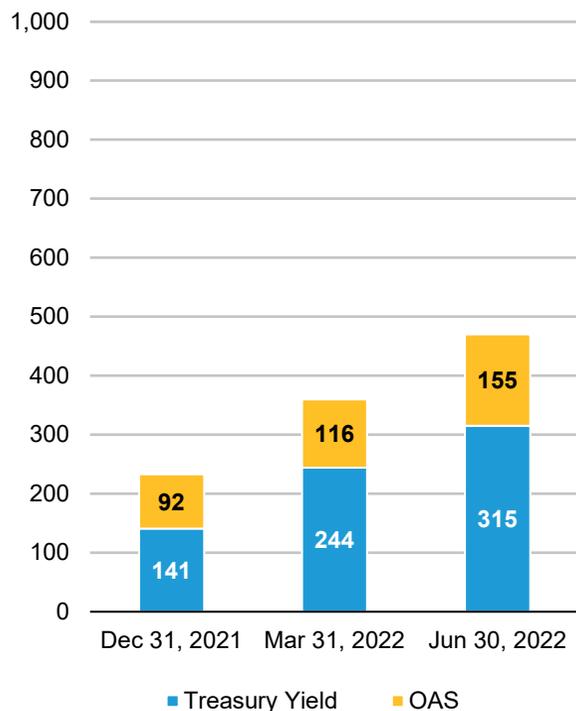
As of July 7, 2022

Source: Bloomberg, US Treasury and AB

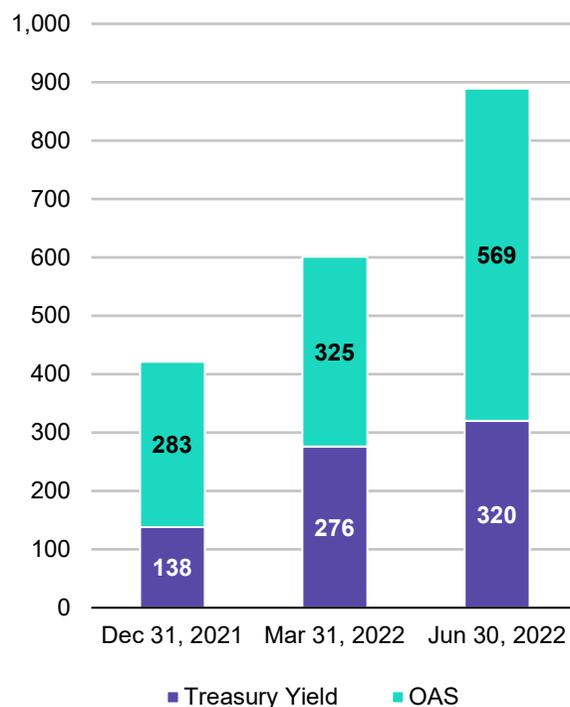


US Corporate Credit Yields Continue to Push Higher Through Quarter

Investment Grade YTW More Than Doubled Due to Rising Yields...



...While High-Yield YTW Sees a Similar Scenario Due to Spreads Widening



Current USHY Drawdown Is Greater Than 13%

Following a 5% Drawdown from Peak (Since 1994)

	One Year	Two Years	Three Years
Returns	20.77%	27.87%	44.42%

% Positive	88.57%	97.14%	96.97%
------------	--------	--------	--------

Following a 10% Drawdown from Peak (Since 1994)

	One Year	Two Years	Three Years
Returns	48.66%	74.87%	85.61%

% Positive	100%	100%	100%
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Historical analysis does not guarantee future results.

YTW: yield to worst; OAS: option-adjusted spread; USHY: US High Yield

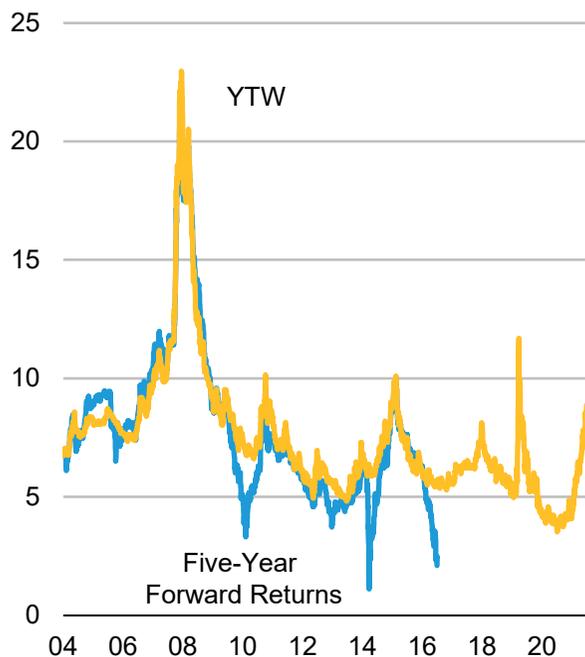
As of June 30, 2022

Source: Bloomberg and AB

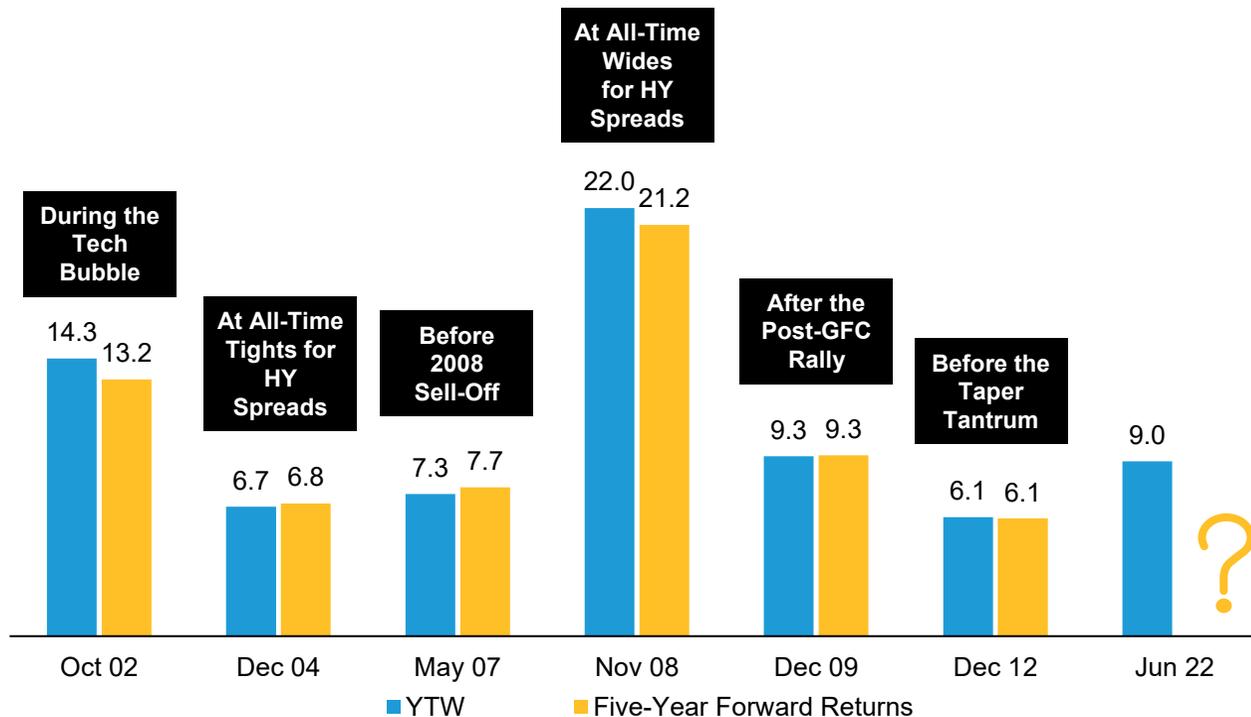


Elevated Yields Suggest Attractive Five-Year Forward Returns...

Starting YTW vs. Five-Year Forward Annualized Returns (Percent)



If You Invested...



Past performance and historical analysis do not guarantee future results.

HY: high-yield; GFC: global financial crisis

Left display YTW and returns represent Bloomberg US Corporate High Yield; right display YTW and returns represent Bloomberg Global Corporate High Yield (USD Hedged).

As of June 30, 2022

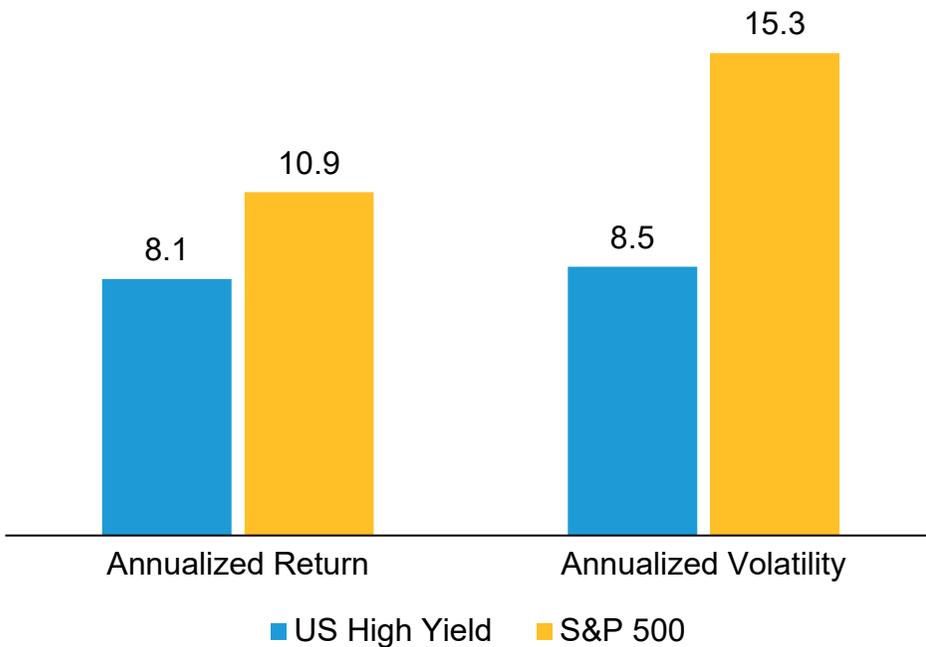
Source: Bloomberg and AB



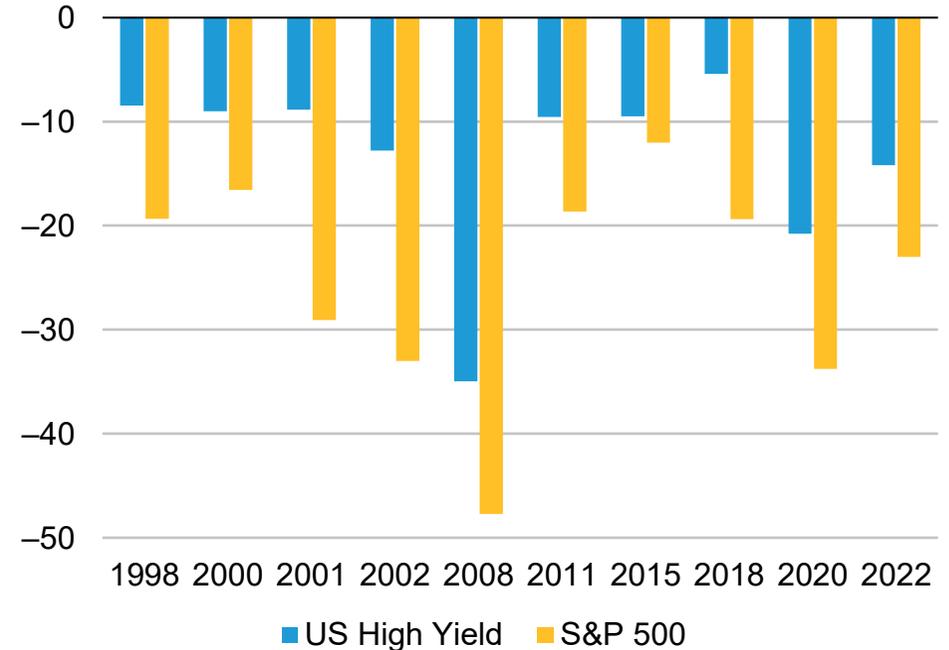
...and Offer an Opportunity to De-Risk Equities

Over time, high-yield bonds could generate equity-like returns with half the risk

Historical Returns and Volatility
July 1983–March 2022 (percent)



When HY Draws Down ~5%, Equities Draw Down More
Calendar year max. drawdown (percent)



Past performance and historical analysis do not guarantee future results. Individuals cannot invest directly in an index.

US High Yield is represented by Bloomberg US Corporate High Yield.

As of June 30, 2022

Source: Bloomberg, S&P and AB

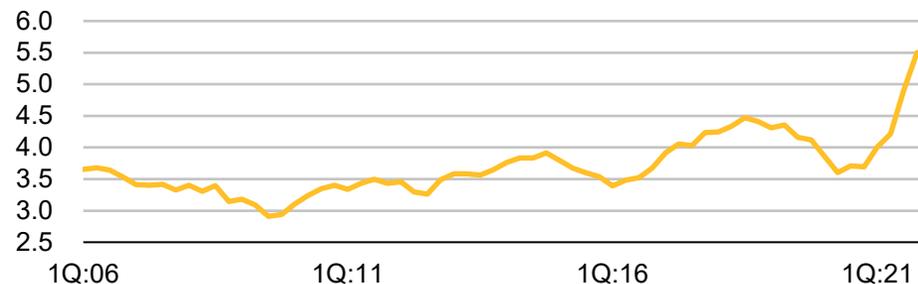


US High Yield Fundamentals Are Expected to Remain Resilient

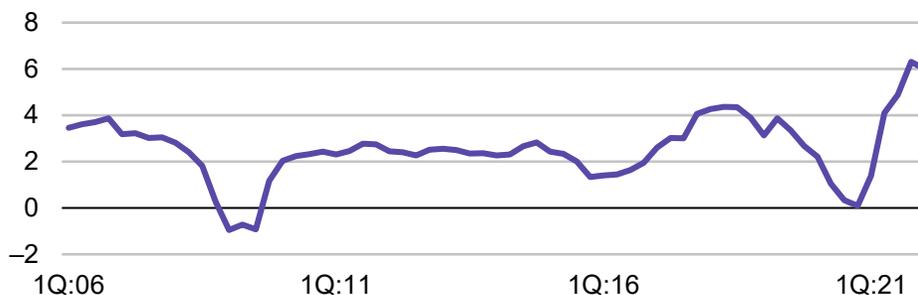
Net Leverage (Debt/EBITDA)



Interest Coverage (EBITDA/Interest)



Net Income Margin (Percent)



Default Rates (Percent)



Historical and current analyses do not guarantee future results.

Ex financials. Data represent ~70% of ex financials US High Yield in market value. Metrics data are calculated using median.

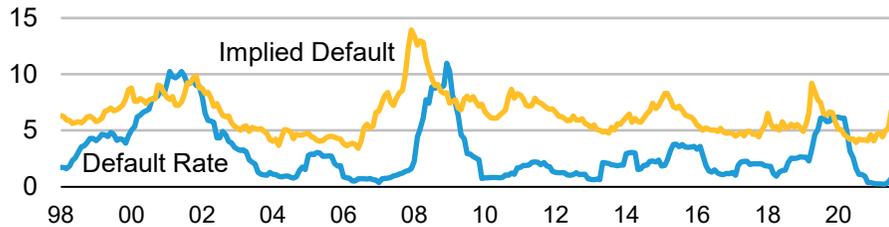
As of June 30, 2022

Source: Morgan Stanley, S&P Compustat and AB

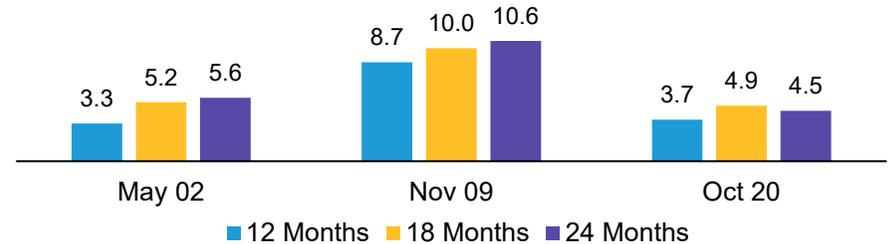


Defaults Starting from a Strong Position While Most Increases Remain Below Average

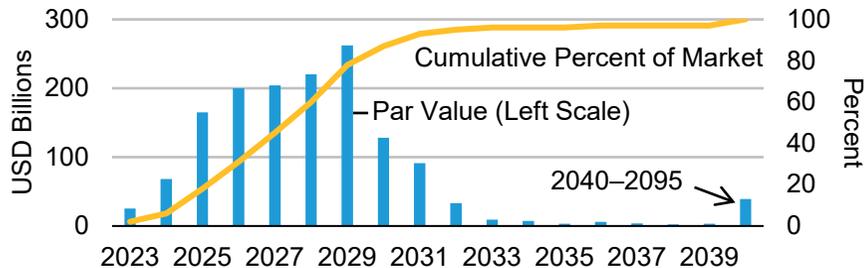
Defaults, on Average, Are Typically Lower Than the Implied Rate (Percent)



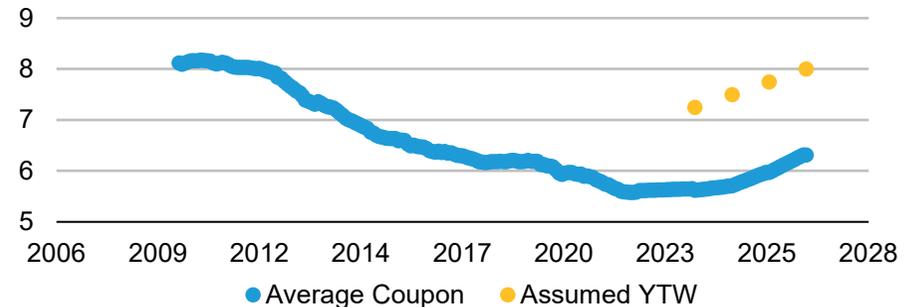
Default Growth, Net Change, to Peak Periods Looking Back 12, 18 and 24 months (Percent)



Only 20% of HY Market Maturing Over the Next Three Years



Even if Yields Increase, Actual Interest Expense Should Not Increase Very Much (Percent)



Past performance does not guarantee future results.

Implied default rates represented by Bloomberg US Corporate High Yield; high-yield market defaults by J.P. Morgan high yield market default data; default rise by change from lowest default rate to highest in the period; average spread by the average OAS from Bloomberg US Corporate High Yield during the default rise period; high yield and assumed YTW by Bloomberg US Corporate High Yield 2% Constrained; average coupon by S&P U.S. High Yield Corporate Bond Index Average Coupon
As of June 30, 2022; Source: Bloomberg, J.P. Morgan and AB



By the Numbers

A blended credit portfolio offers a better income-to-risk profile today

Hypothetical Portfolio Characteristics

	Corporate Credit		Emerging Markets			Securitized Credit		Hypothetical Portfolio		US High Yield Index	
	Global High Yield	IG BBB Corp	EM HC Sov	EM HC Corp	EM LC Gov't	CRTs	IG BBB CMBS	Jun 30, 2022	Mar 31, 2022	Jun 30, 2022	Mar 31, 2022
Percent Market Weight	70.0%	7.5%	5.0%	5.0%	0.0%	5.0%	7.5%	100%	100%	100%	100%
YTW (Percent)	9.0	5.1	11.6	8.3*	12.5	10.0	7.1	8.7	7.2	8.9	6.0
OAS (b.p.)	617	192	852	793	116	707	392	593	439	569	325
Credit Quality	B+	BBB	B	BB/B	B	B-	BBB	Ba/B	Ba/B	Ba/B	Ba/B
Duration (Years)	4.4	7.4	7.5	5.8	3.9	0.3	4.2	4.6	4.6	4.0	3.9

Date	Starting YTW US HY	1-Year Forward Returns	5-Year Forward Returns
5/31/06	8.3%	13.2%	10.4%
7/31/07	9.1%	0.0%	11.7%
1/29/10	9.0%	16.1%	8.4%
6/30/11	7.3%	7.3%	8.2%
5/31/12	7.9%	14.4%	7.7%
11/30/15	8.0%	12.1%	9.0%
10/31/18	6.9%	8.5%	—
3/31/20	9.4%	23.9%	—
6/30/22	8.9%	—	—

Past performance does not guarantee future results.

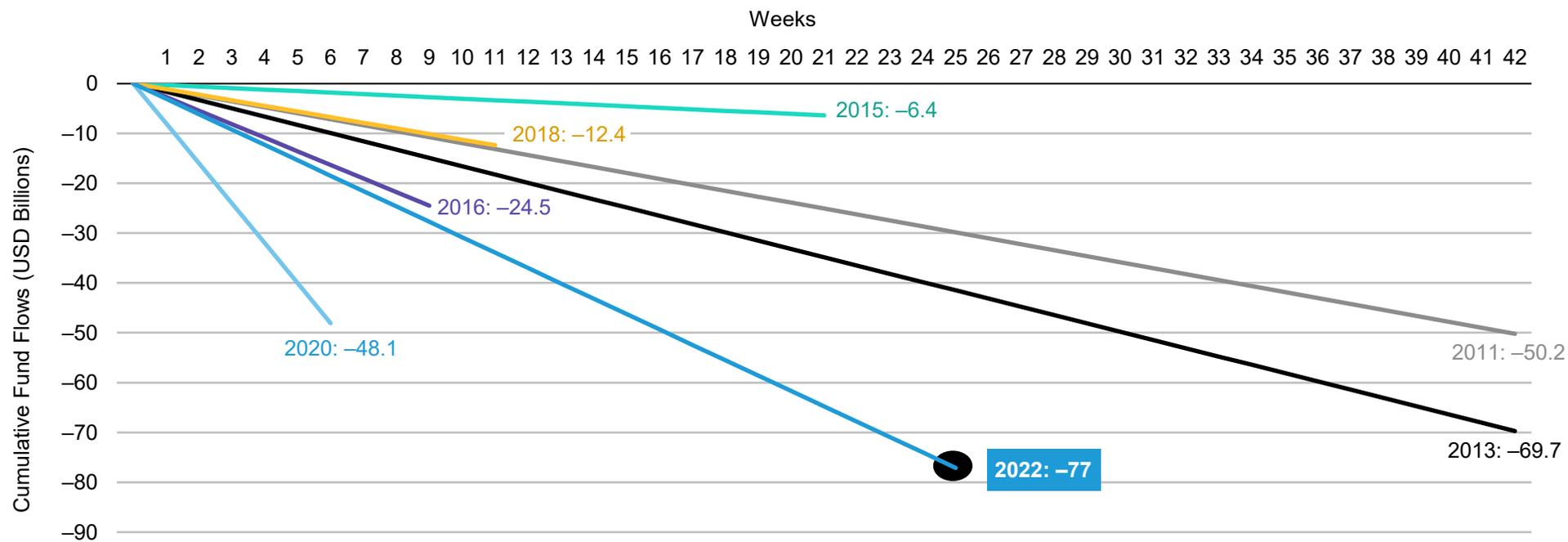
EM: emerging markets; HC: hard currency; LC: local currency; CRTs: credit-risk transfers; CMBS: commercial mortgage-backed loans. Simulated or hypothetical performance results have certain inherent limitations. Unlike the results shown in an actual performance record, these results do not represent actual trading. Results include estimates of trading costs and market impact; however, because these trades have not actually been executed, results may have under- or overcompensated for these costs. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve returns or a volatility profile similar to those being shown. IG BBB Corp: Bloomberg BBB Investment-Grade Corporates; EM HC Sov: EM USD Aggregate (rated high yield); EM HC Corp: EM USD Corp + Quasi-Sov (rated high yield); EM LC Gov't: EM Local Currency Government (rated high yield). Securitized includes Agency CRTs; IG BBB CMBS: CMBS IG BBB Index. Bloomberg indices were used for the hypothetical portfolio characteristics. *As of March 31, 2022

As of June 30, 2022. Source: Bloomberg and AB

2022 Outflow Cycle: Now the Largest on Record

The pace and severity have generated significant pressure in a retail-driven market

Historical Municipal Market Outflow Cycles



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

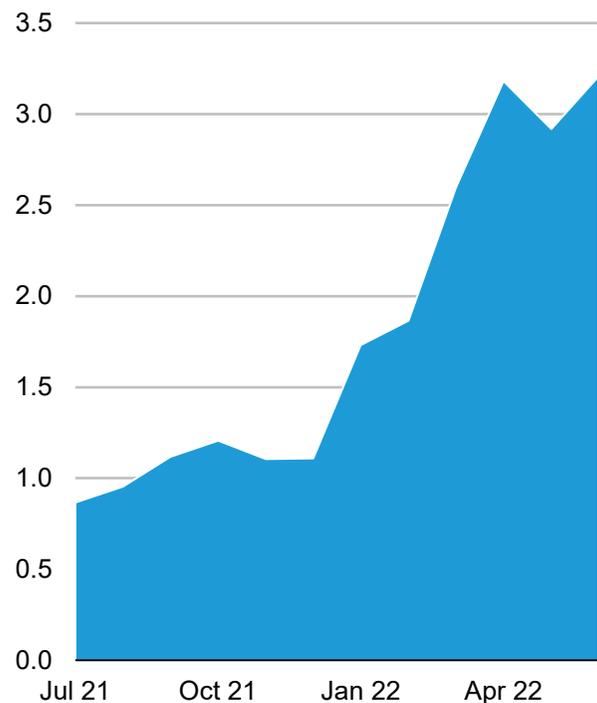
As of June 30, 2022

Source: J.P. Morgan, Refinitiv Lipper US Fund Flows and AB

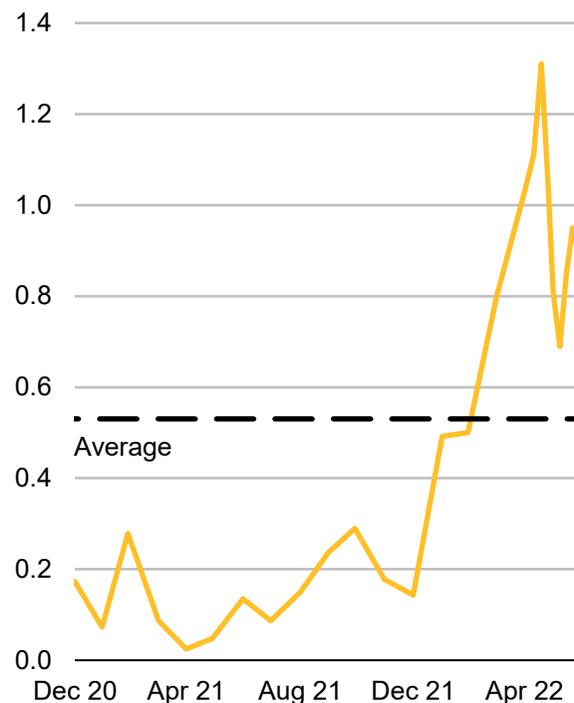


Outflow Pressure + Macro Backdrop Has Caused Rapid Market Repricing

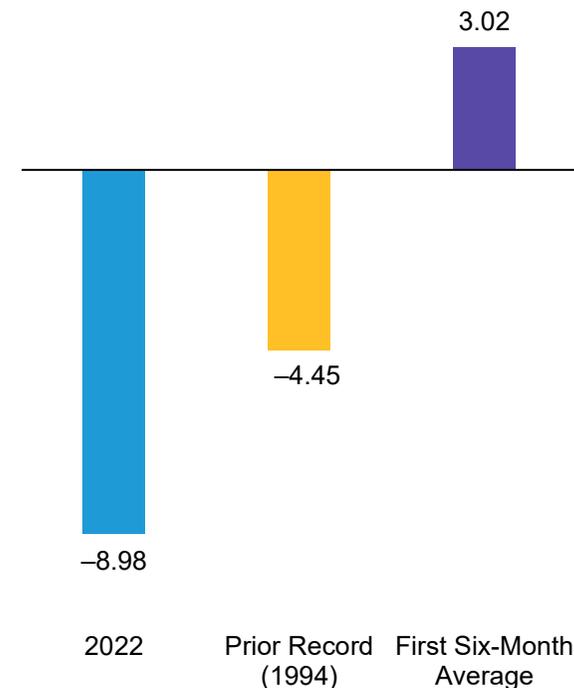
Bloomberg Municipal Index Yield to Worst Percent



10-Year After-Tax Spread Percent



Worst Six-Month Start in Muni History
Muni Index YTD returns (percent)



Past performance does not guarantee future results.

Numbers may not sum due to rounding. Index returns and yields are represented by the Bloomberg Municipal Index.

*Five-year average

As of June 30, 2022

Source: Bloomberg, Municipal Market Data and AB

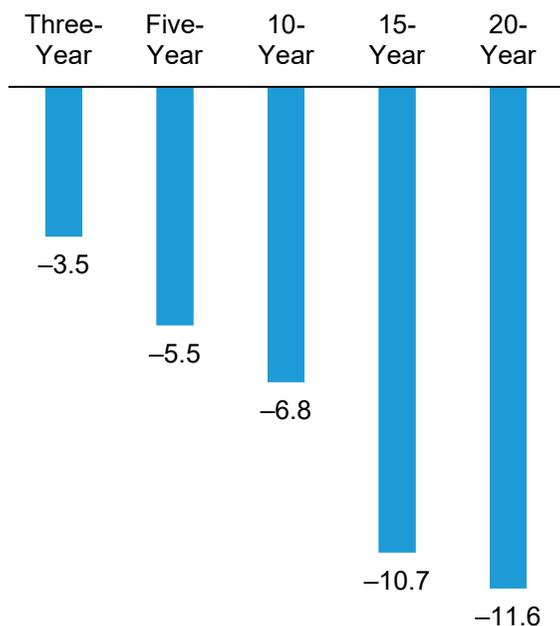


Good/Bad News: There Has Been No Place to Hide

Valuations look much more attractive

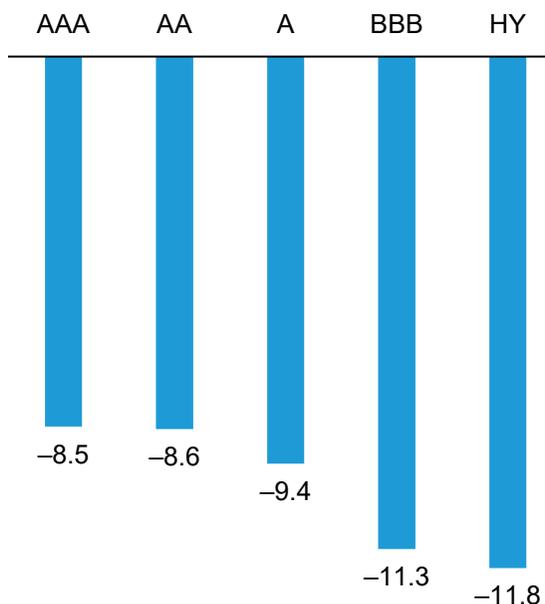
Performance by Maturity

Percent



Performance by Credit Quality

Percent



AAA Muni vs. UST After-Tax Spreads

Basis points

Maturity	Dec 31, 2021	Jun 30, 2022	LT Avg.*
2Y	-19	25	16
5Y	-15	47	23
10Y	14	94	53
15Y	20	98	76
20Y	18	97	85
30Y	37	126	93

Past performance does not guarantee future results.

Numbers may not sum due to rounding.

UST: US Treasuries; LT: long-term

*Five-year average

As of June 30, 2022

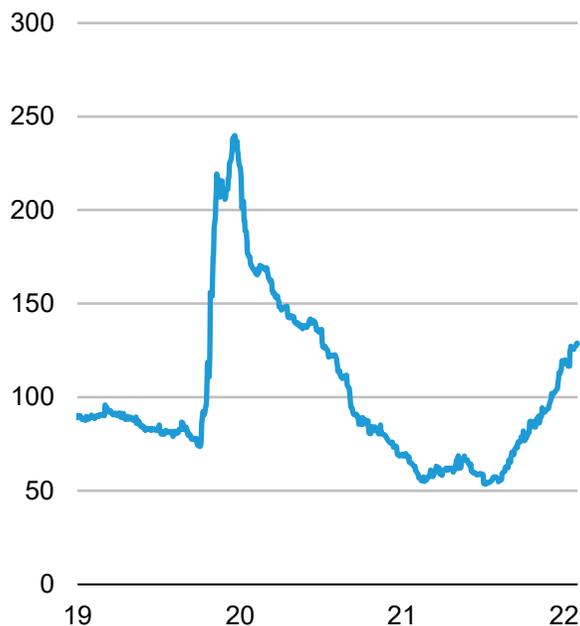
Source: Bloomberg, Municipal Market Data and AB



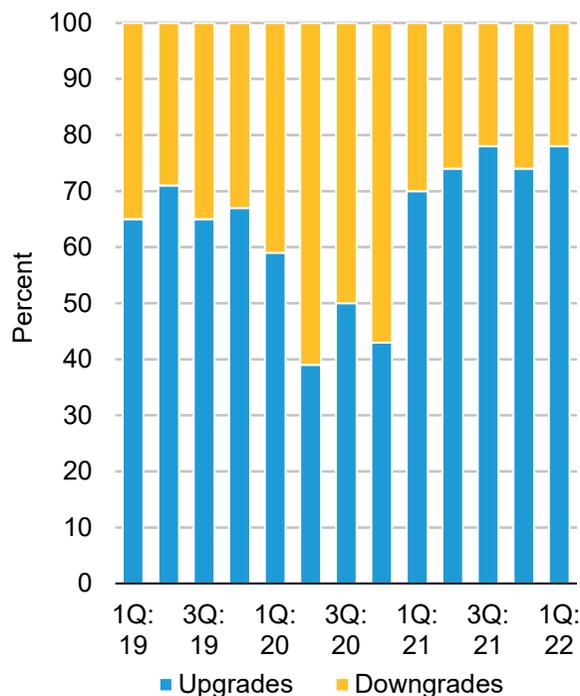
With Wider Spreads and Strong Fundamentals, Credit Opportunities Are Attractive

BBB Municipal Credit Spreads

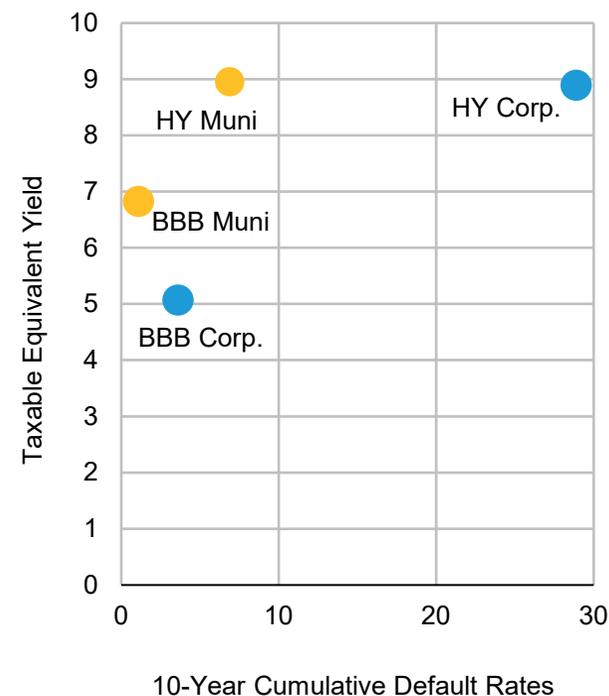
Basis points



Fifth Consecutive Quarter in Which Upgrades Have Outpaced Downgrades



Compelling Yield Pickup vs. Default Risk



Past performance does not guarantee future results.

Bloomberg indices are used for each respective rating category.

As of June 30, 2022

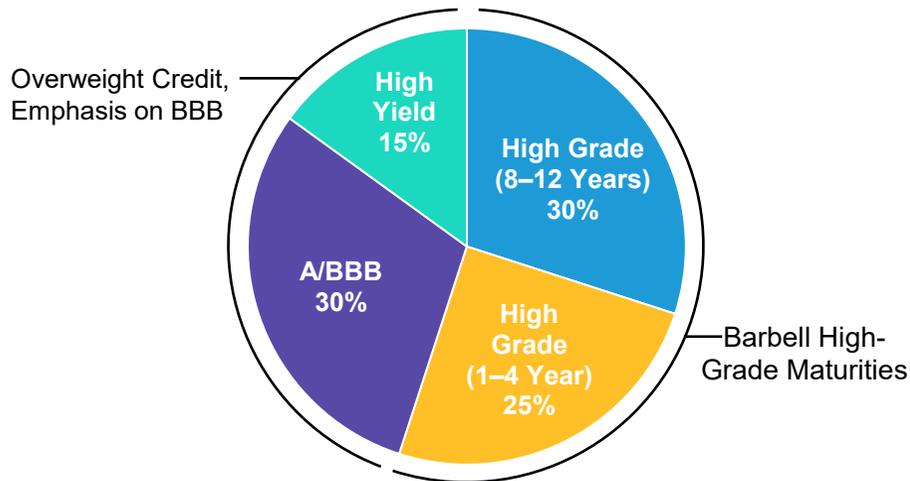
Source: Bloomberg, Municipal Market Data and AB



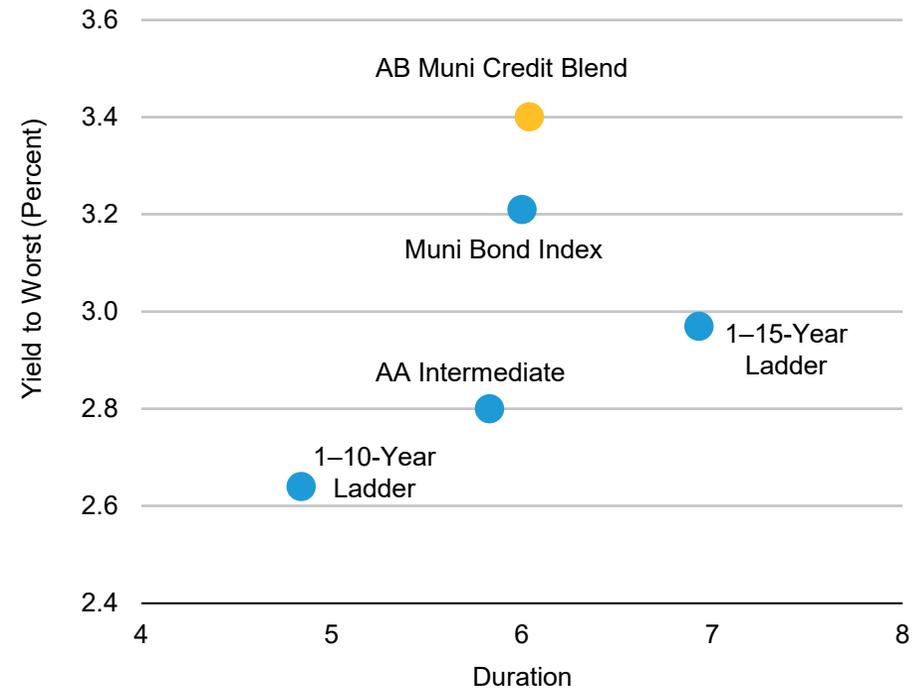
Portfolio Construction for Today's Environment

Overweight municipal credit with emphasis on BBBs, duration neutral versus benchmarks

AB Municipal Credit Blend



Bond Ladders Fall Short



Current analysis does not guarantee future results.

AB Muni Credit Blend is a blend of Bloomberg Muni Credit indices: 55% high grade, 30% A/BBB and 15% high yield.

As of June 30, 2022

Source: Bloomberg and AB

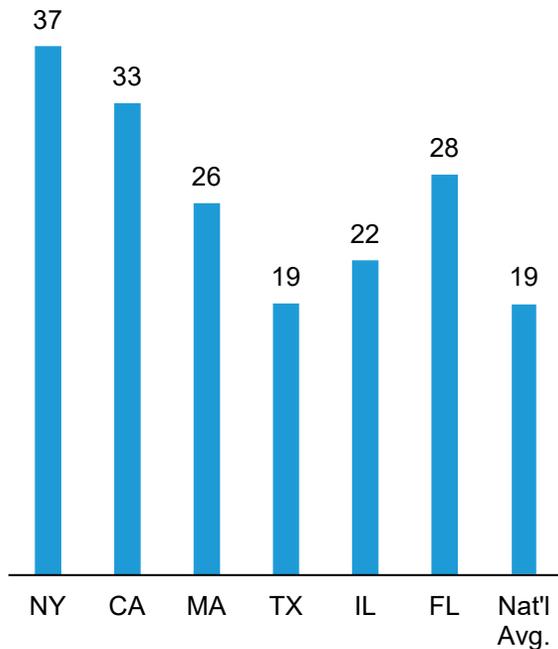


Appendix

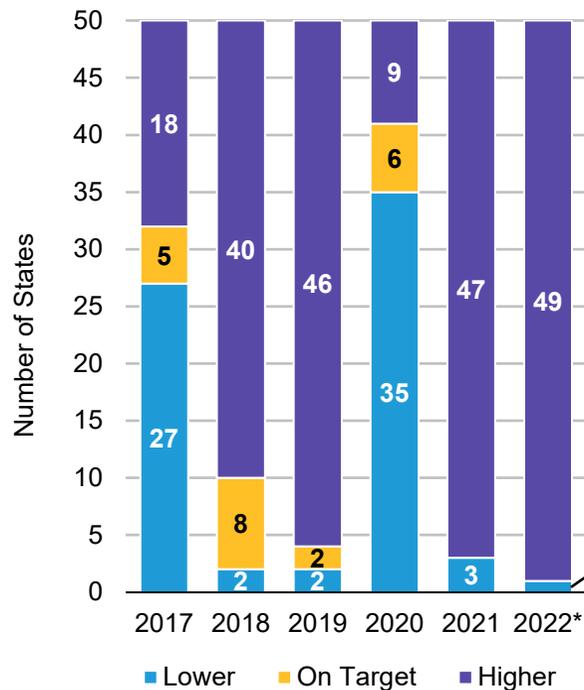
Credit Fundamentals Are Strong in Municipals

49 states reported revenue collections above budget projections in fiscal 2022

2021 Tax Receipt Collections Change vs. 2020 (Percent)

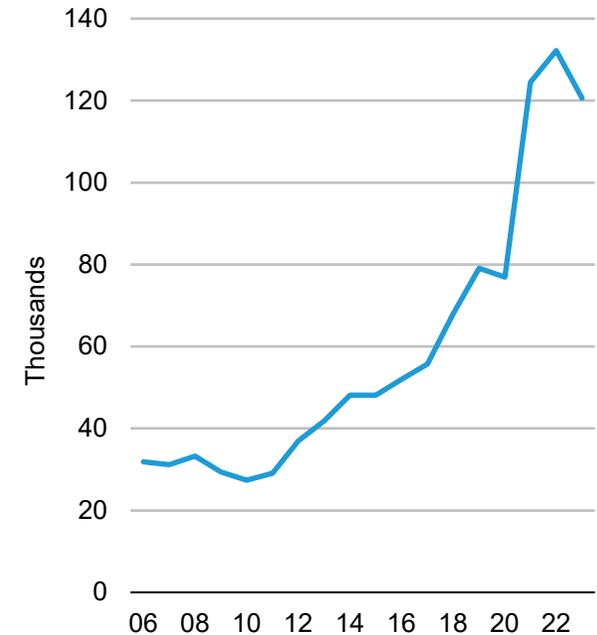


General Fund Revenue Collections Compared to Original Budget Projections (by Fiscal Year)



States Well Positioned to Weather a Potential Recession

State rainy day fund balances (USD billions)



Past performance does not guarantee future results.

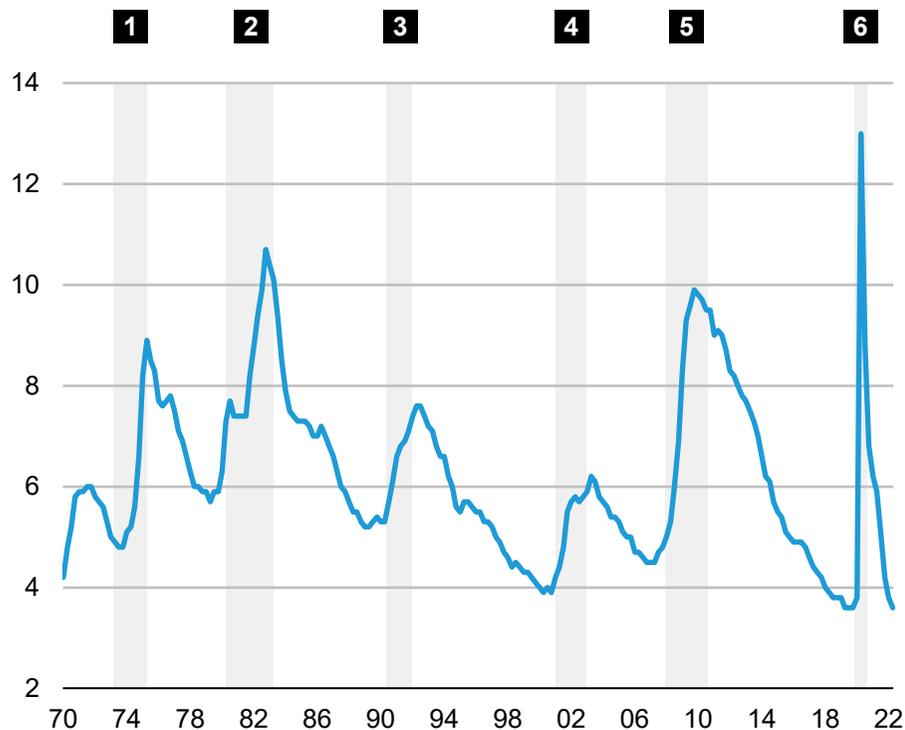
As of June 30, 2022

Source: National Association of State Budget Officers (NASBO) and AB



Not All Recessions Are Created Equally

Notable Recessions Marked by High Unemployment...



...and Negative Real GDP Growth

Table #	Recession	Quarters With Negative Real GDP	Real GDP
1	1970s Stagflation	3Q:73, 1Q:74, 3Q:74, 4Q:74, 1Q:75	-2.2%, -3.3%, -3.8%, -1.6%, -4.7%
2	Volker's Bear	2Q:80, 3Q:80, 2Q:81, 4Q:81, 1Q:82, 3Q:82	-7.9%, -0.6%, -2.9%, -4.6%, -6.5%, -1.4%
3	Savings & Loans Crisis	4Q:90 and 1Q:91	-3.4% and -1.9%
4	Tech Bubble	1Q:01 and 3Q:01	-1.1% and -1.3%
5	Global Financial Crisis	1Q:08, 3Q:08, 4Q:08, 1Q:09, 2Q:09	-2.7%, -1.9%, -8.2%, -5.4%, -0.5%
6	COVID-19 Pandemic	1Q:20 and 2Q:20	-5.1% and -31.2%

Historical analysis and current forecasts do not guarantee future results.

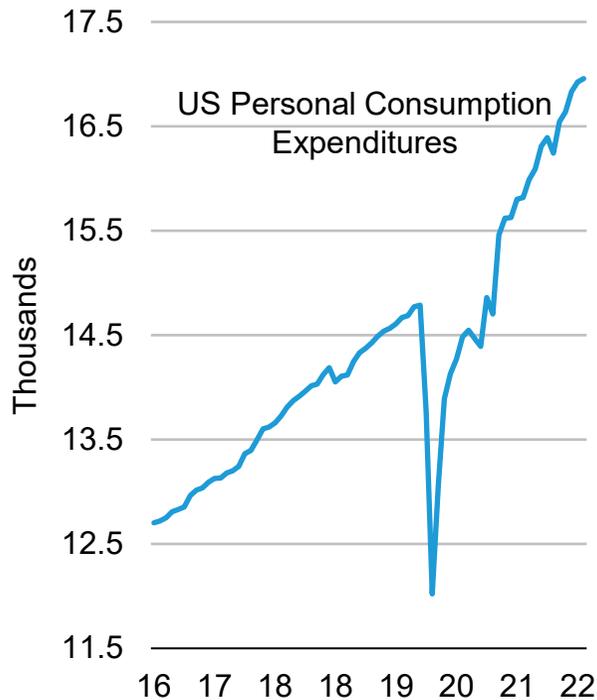
As of June 30, 2022

Source: Bloomberg and AB

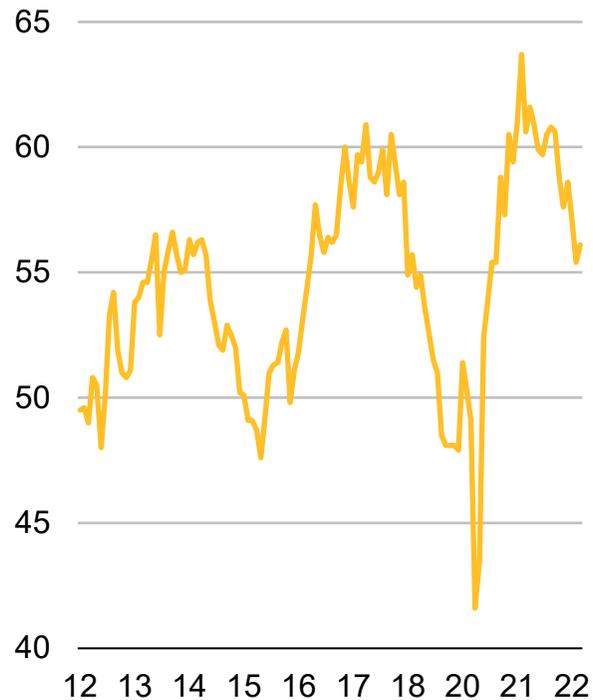


Case Against a Recession

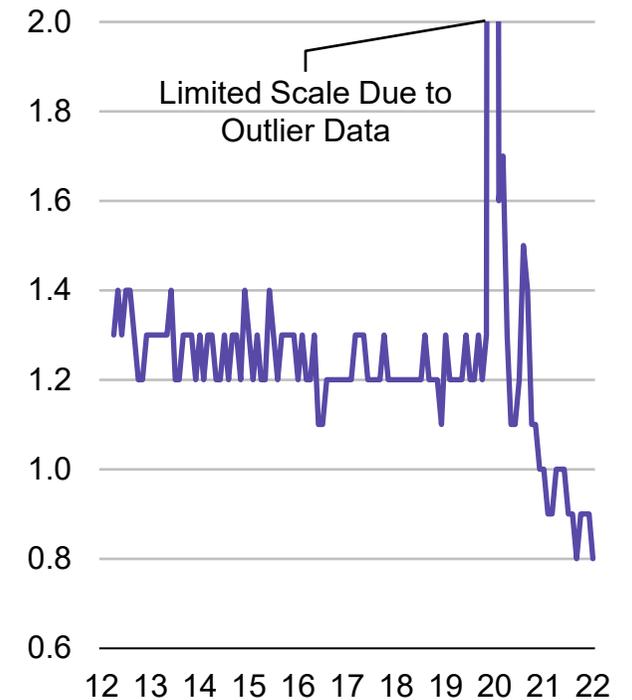
Although Slowing, Retail Spending Remains at Record Levels



Strong Business Confidence
ISM Manufacturing PMI



Record Low Levels of Layoffs and Discharges



Historical analysis and current forecasts do not guarantee future results.

As of June 30, 2022

Source: Bloomberg and AB

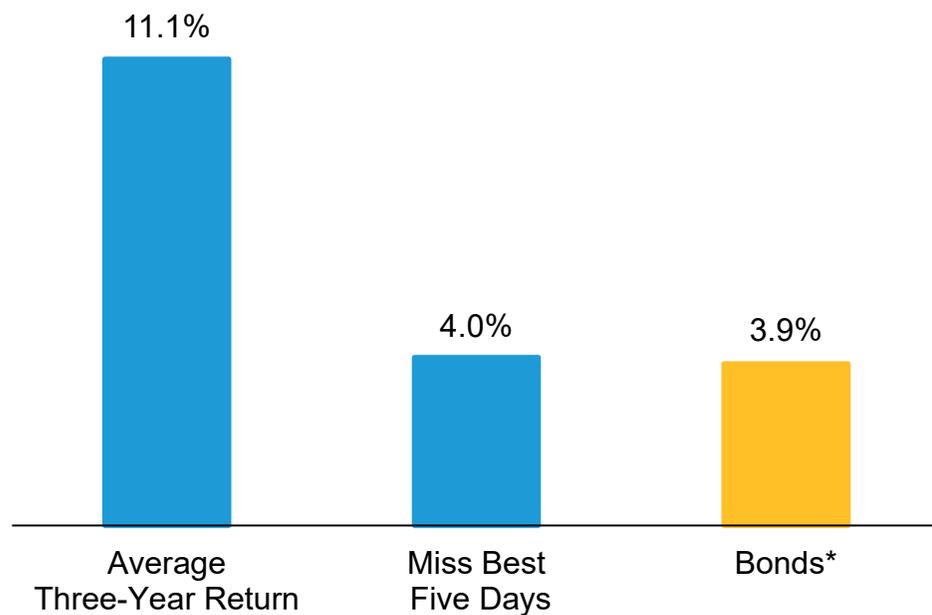


Timing the Market Means Getting Out and Getting Back In

Timing the market vs. time in the market

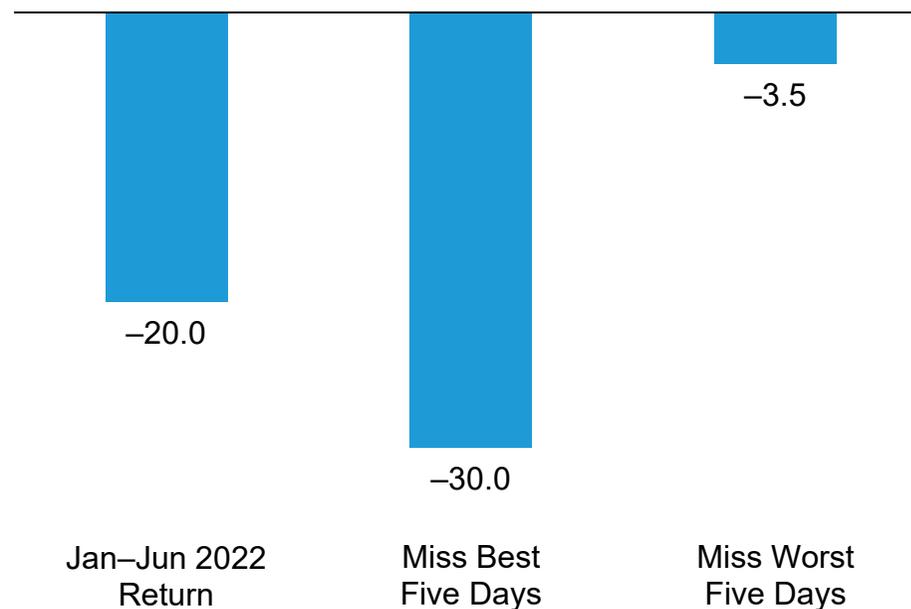
S&P 500 Rolling Three-Year Returns

Annualized (1988–2022)



The Cost of Missing Out

S&P 500 return in 2022 (percent)



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

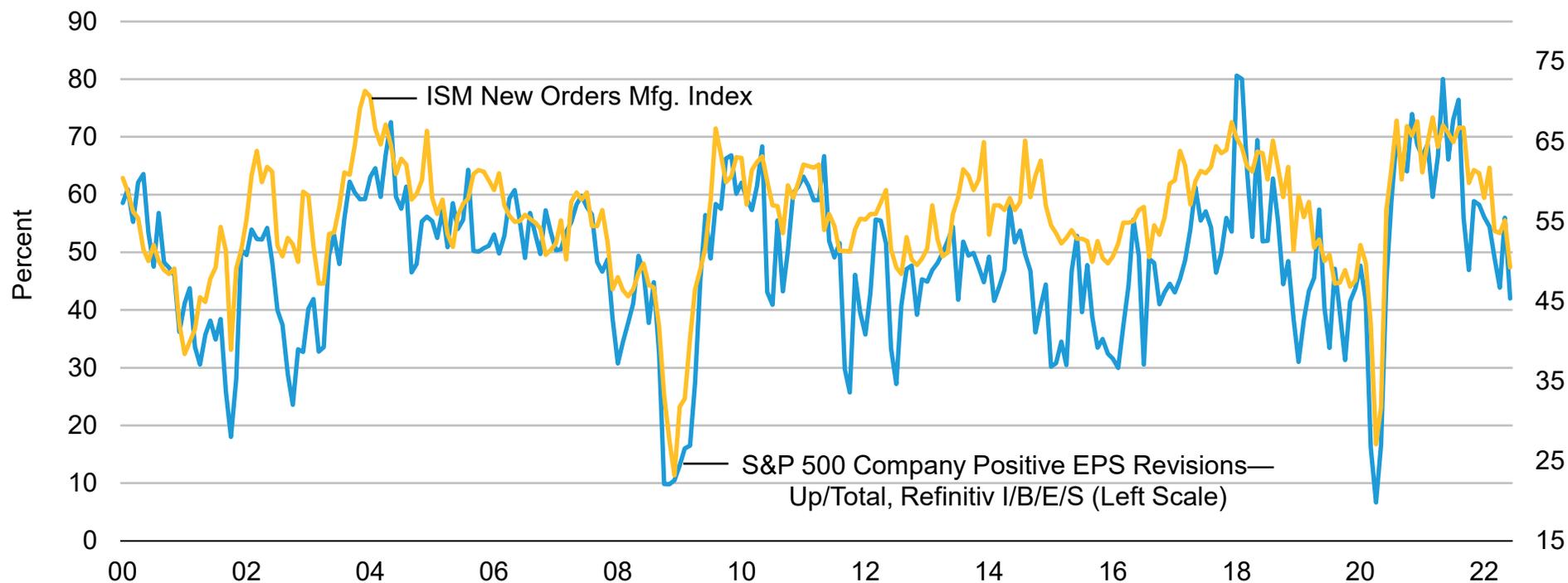
*Bonds represented by annualized return of the Lipper Short/Intermediate Municipal Bond Fund Average from January 1988 through June 2022

Left display as of June 30, 2022; right display as of June 30, 2022

Source: Bloomberg, Lipper, S&P and AB



Slower Economic and Earnings Growth Calls for a Quality Bias



Historical analysis and current forecasts do not guarantee future results.

As of June 30, 2022

Source: Bloomberg, Institute for Supply Management (ISM), Piper Sandler, Refinitiv I/B/E/S and AB



Disclosures and Important Information

Hypothetical, back-tested or simulated performance has many inherent limitations only some of which are described herein. The hypothetical performance shown herein has been constructed with the benefit of hindsight and does not reflect the impact that certain economic and market factors might have had on the decision-making process. No hypothetical, back-tested or simulated performance can completely account for the impact of financial risk in actual performance. Therefore, it will invariably show better rates of return. The hypothetical performance results herein may not be realized in the actual management of accounts. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in constructing the hypothetical returns have been stated or fully considered. Assumption changes may have a material impact on the returns presented. This material is not representative of any particular client's experience. Investors should not assume that they will have an investment experience similar to the hypothetical, back-tested or simulated performance shown. There are frequently material differences between hypothetical, back-tested or simulated performance results and actual results subsequently achieved by any investment strategy. Prospective investors are encouraged to contact the representatives of the investment manager to discuss the methodologies (and assumptions) used to calculate the hypothetical performance shown herein.

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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, 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 Barclays 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 4.)
- **Bloomberg Barclays 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.
- **Bloomberg Barclays 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 Barclays 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 4.)
- **Bloomberg Barclays 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 4.)
- **Bloomberg Barclays Municipal Bond Index:** A rules-based, market value-weighted index engineered for the long-term tax-exempt bond market. (Represents municipals on slide 4.)
- **Bloomberg Barclays 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 Barclays US Corporate High-Yield Bond Index:** Represents the corporate component of the Bloomberg Barclays US High-Yield Index. (Represents US high yield on slide 4.)
- **Bloomberg Barclays 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 4.)
- **Credit Suisse Leveraged Loan Index:** Tracks the investable market of the US dollar-denominated leveraged loan market. It consists of issues rated 5B or lower, meaning that the highest-rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

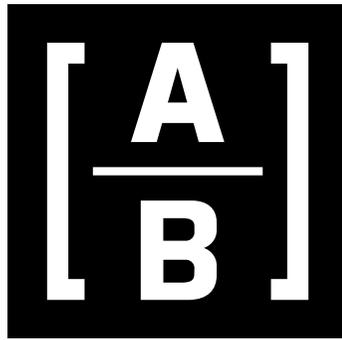
Index Definitions (cont.)

- **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. Equity Hedge managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.
- **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 4.)
- **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. (Represents EAFE on slide 4.)
- **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 4.)
- **MSCI Europe ex UK Index:** Captures large- and mid-cap representation across 14 developed markets countries in Europe. With 345 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European developed markets, excluding the UK.
- **MSCI Japan Index:** Designed to measure the performance of the large- and mid-cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.
- **MSCI United Kingdom Index:** Designed to measure the performance of the large- and mid-cap segments of the UK market. With 97 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the UK.
- **MSCI World Index:** A market capitalization-weighted index that measures the performance of stock markets in 24 countries.
- **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. (Represents US small-cap on slide 4.)

Index Definitions (cont.)

- **S&P 500:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US large-cap on slide 1.)

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