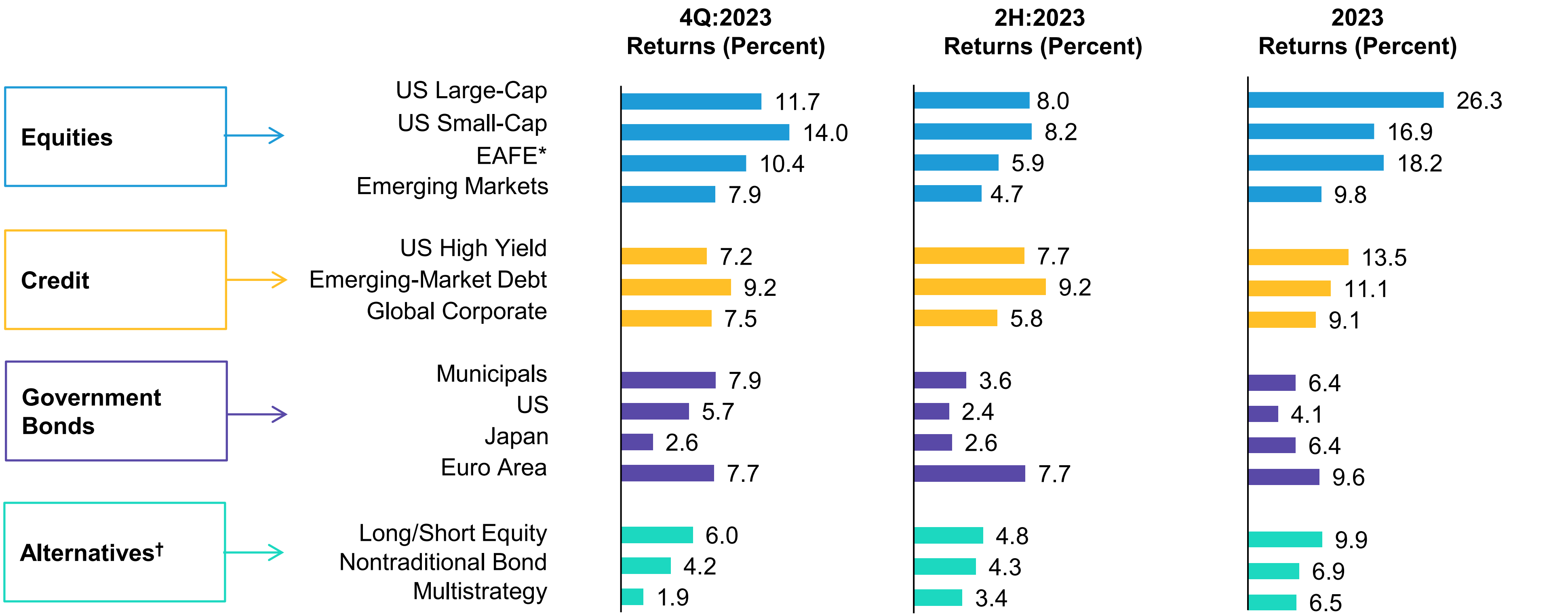
Capital Markets Outlook

What to Expect When You’re Expecting Economic Normalization

First Quarter 2024

The information herein reflects prevailing market conditions and our judgments, which are subject to change, as of the date of this document. In preparing this document, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Opinions and estimates may be changed without notice and involve a number of assumptions that may not prove valid. There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice.

Sharp Move Lower in Long-Term Rates Sparked the “Everything” Rally During the Tail End of the Year



Past performance does not guarantee future results.

Returns in US dollars. EAFE and emerging-market returns are net returns; all other returns are total returns. Global corporates, Japan and euro-area government bonds in hedged USD terms. All other non-US returns in unhedged USD terms. US large-cap represented by S&P 500. US small-cap represented by Russell 2000. 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. 2H: second half

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

As of December 31, 2023

Source: Bloomberg, FTSE Russell, Morningstar Direct, S&P and AB

Contextualizing the Everything Rally

November 1, 2023–December 31, 2023

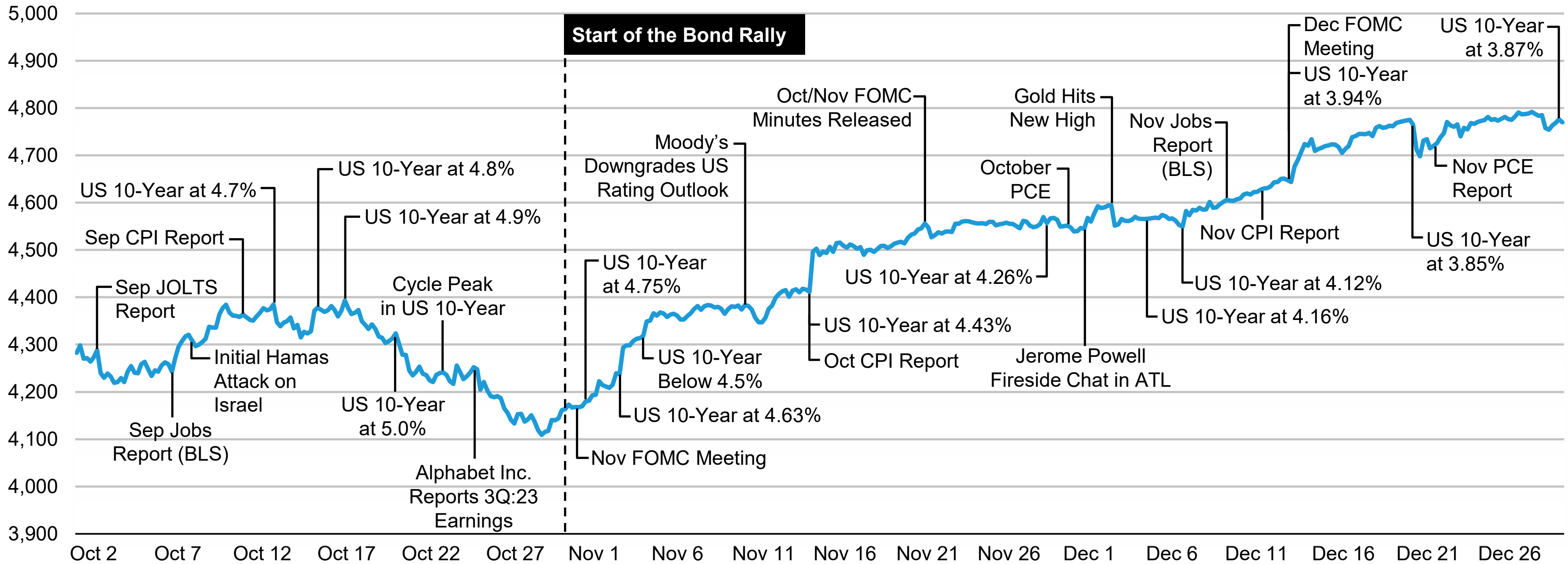
60/40 Returns	Stock Returns	Bond Returns
+11.9%	**+13.7%**	**+8.5%**
60% S&P 500/40% US Agg.	**S&P 500**	**US Agg.**
Best Two-Month Return Since the 1980s	12th Best Two-Month Return Since 1950	Best Two-Month Return Since the 1980s

Past performance does not guarantee future results.
60/40: 60% S&P 500 price return, 40% US Agg.; Equities: S&P 500 price return; Bonds: US Agg.
As of December 31, 2023
Source: Bloomberg, LPL Financial, S&P and AB

4Q 2023: A Story About Rates

Normalization is a process, not an event

S&P 500 Price Chart (US Dollars)



Past performance does not guarantee future results.

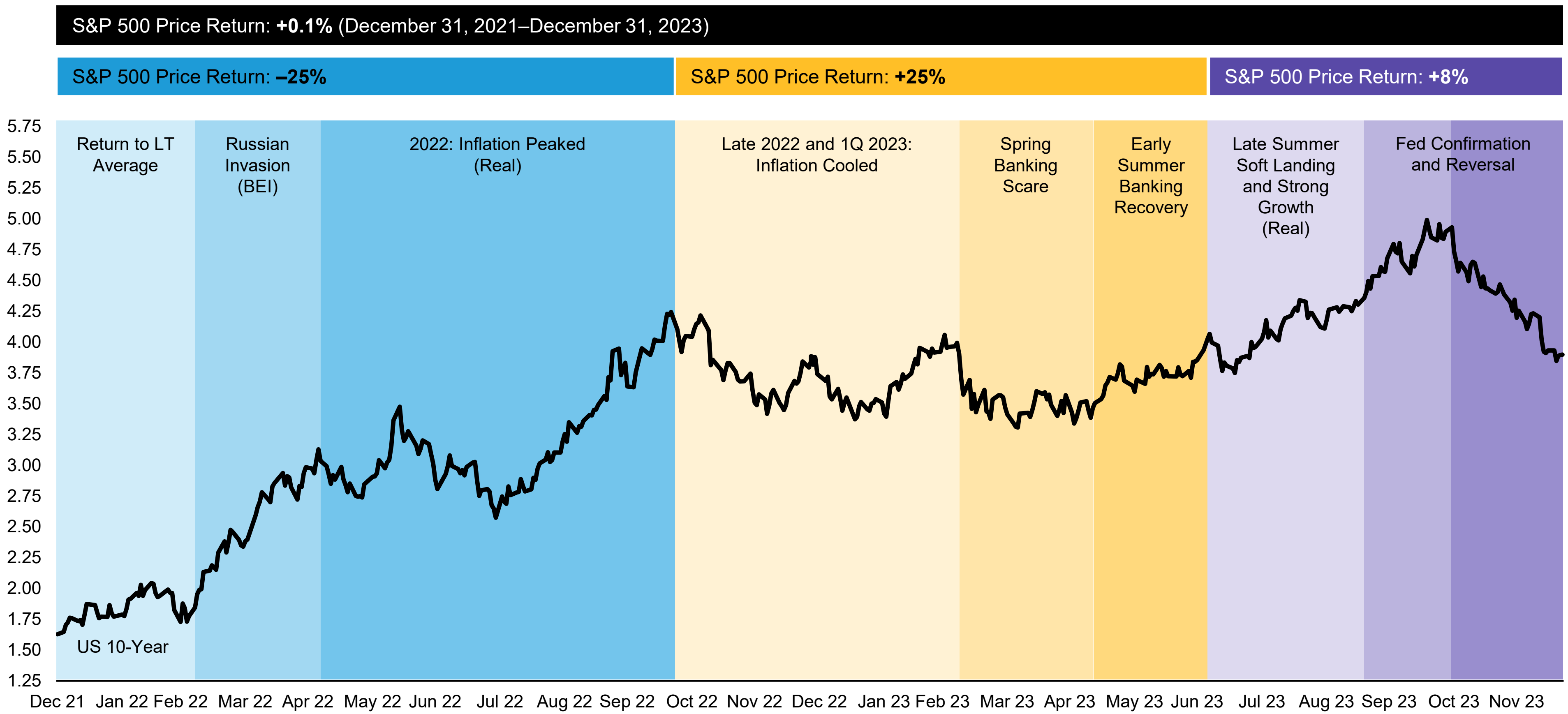
ATL: Atlanta; BLS: US Bureau of Labor Statistics; CPI: Consumer Price Index; FOMC: Federal Open Market Committee; JOLTS: Job Openings and Labor Turnover Survey; PCE: Personal Consumption Expenditures Price Index

Returns are price returns; event dates are approximate.

As of December 31, 2023

Source: Bloomberg, S&P and AB

The Story Has Always Been About Rates



Past performance does not guarantee future results.
BEI: break-even inflation; LT: long-term
As of December 31, 2023
Source: Bloomberg, S&P and AB

Where Does This Leave Long-Term Rates?

Breaking down our 10-year US Treasury forecast

Nominal 10-Year: 10-Year BEI + 10-Year TIPS

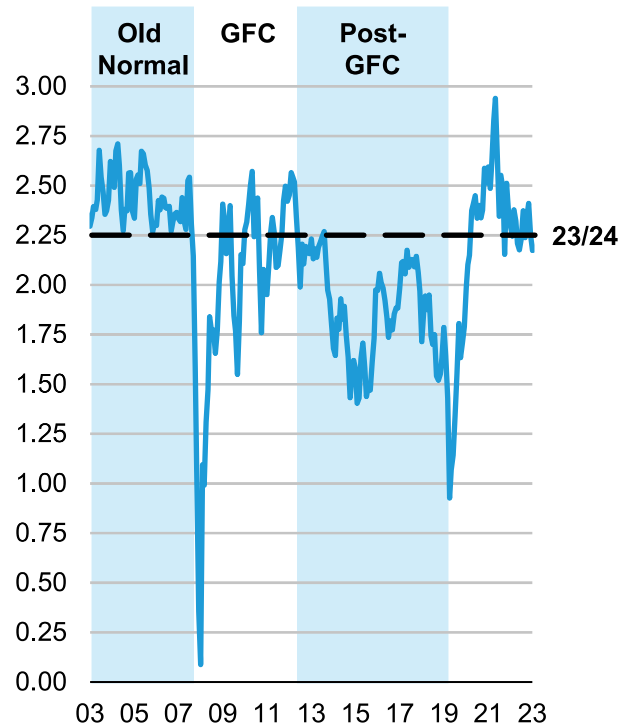
2023: 4.00%

2.25% + 1.75%

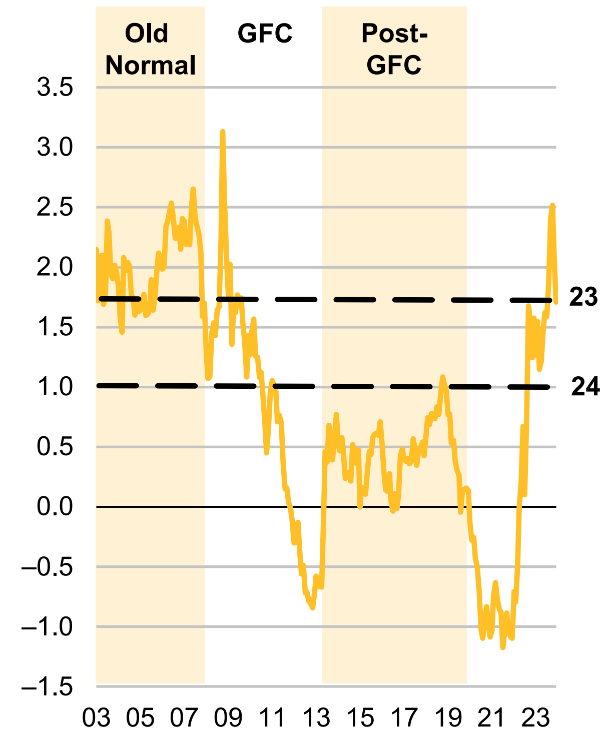
2024: 3.25%

2.25% + 1.00%

Break-Even Inflation (10-Year BEI)



Real Rates (10-Year TIPS)



Historical analysis and current forecasts do not guarantee future results.

BEI: break-even inflation; GFC: global financial crisis; TIPS: Treasury Inflation-Protected Securities

Through of December 31, 2023

Source: Bloomberg and AB

The Fed's Path Forward

Lower inflation has cleared the way for rate cuts

The Blink Heard Around the World

Dot plot (percent)

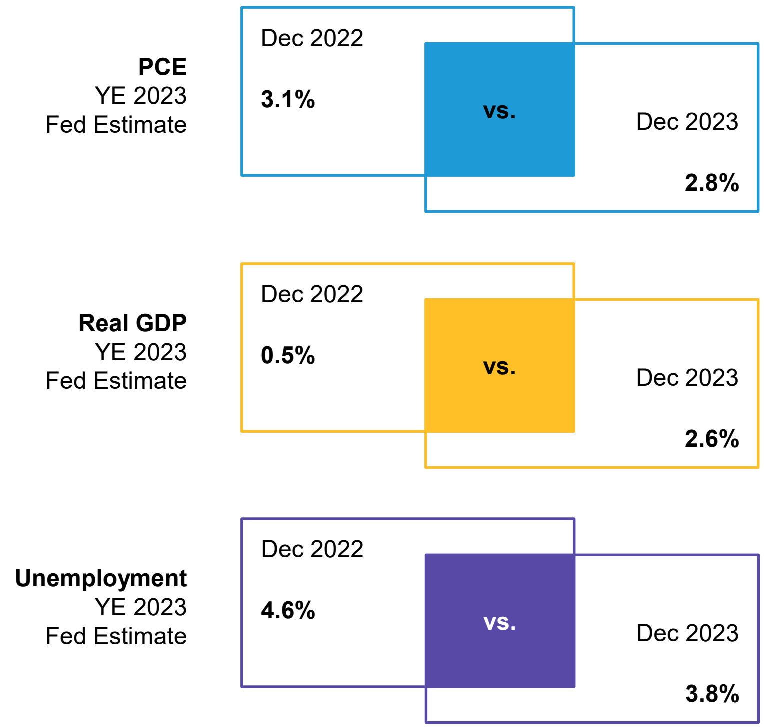
	2023	2024	2025	2026	Longer Run
6.00	—	—	—	—	—
5.75	—	—	—	—	—
5.50	●●●●●●●●●●● ●●●●●●●●	●●	●	—	—
5.25	—	●	—	—	—
5.00	—	●●●●●	—	●	—
4.75	—	●●●●●●	—	—	—
4.50	—	●●●●	●	—	—
4.25	—	—	●	—	—
4.00	—	●	●●●●	—	—
3.75	—	—	●●●	●	●
3.50	—	—	●●●●●	●	●●
3.25	—	—	●●	●●●●	—
3.00	—	—	●	●●●●	●●
2.75	—	—	—	●●●●●	●●
2.50	—	—	●	●●●	●●●●●●●●●●●
2.25	—	—	—	—	—
2.00	—	—	—	—	—

"We're seeing strong growth that appears to be moderating; we're seeing a labor market that is coming back into balance by so many measures; and we're seeing inflation making real progress. **These are the things we've been wanting to see.**"

Jerome Powell (Dec 13, 2023)

A Result of "Immaculate Disinflation"

Attaining lower inflation without stemming growth or increasing unemployment



Historical analysis and current forecasts do not guarantee future results.

PCE: personal consumption expenditure; YE: year-end

As of December 31, 2023

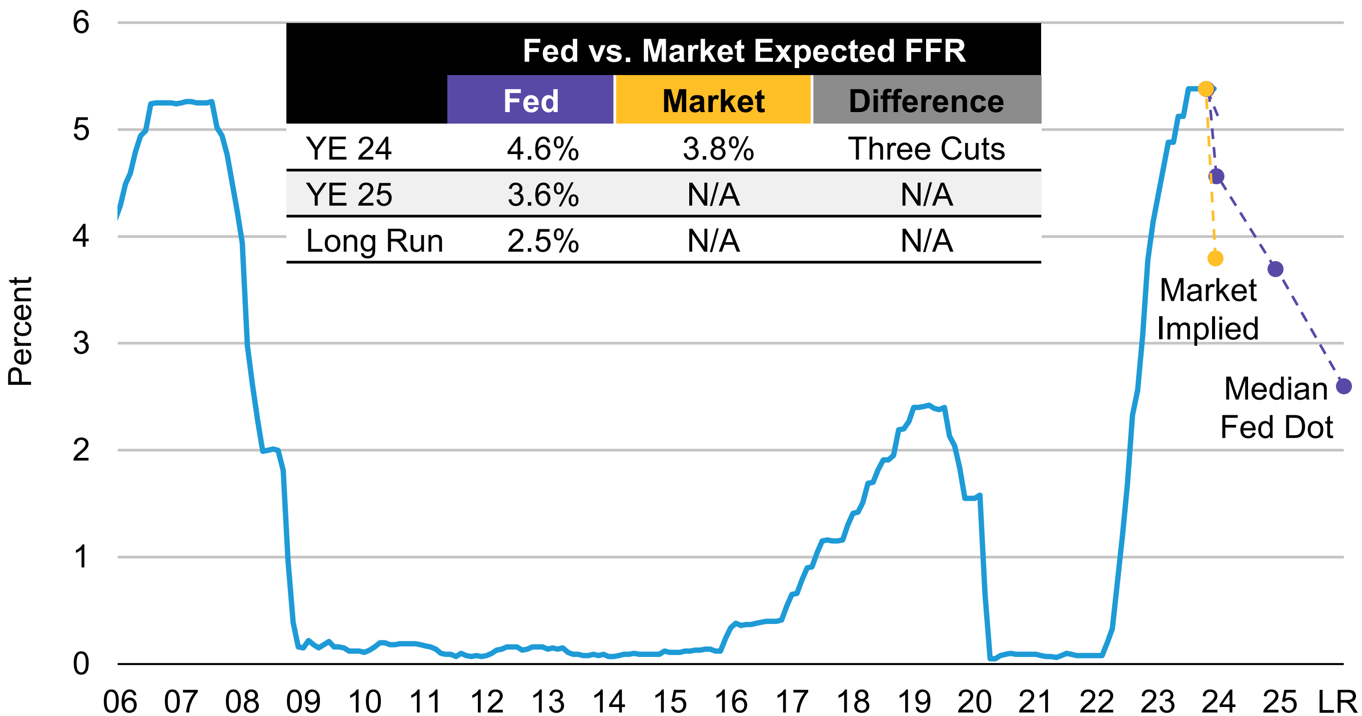
Source: US Federal Reserve and AB

The Fed’s Path Forward

We expect rate cuts to start during the middle of 2024

Market and Fed Rate Cut Expectations Are Moderately Disjointed

2024 headliner: economic normalization vs. greater slowdown



Fed vs. Market Expected FFR			
	Fed	Market	Difference
YE 24	4.6%	3.8%	Three Cuts
YE 25	3.6%	N/A	N/A
Long Run	2.5%	N/A	N/A

> (In 2024) we're hoping to see a continuation of what we have seen, which is the labor market coming into better balance **without** a significant increase in unemployment, inflation coming down **without** a significant increase in unemployment, and growth moderating **without** a significant increase in unemployment.”
>
> **—Jerome Powell**
> Dec 13, 2023

Historical analysis and current forecasts do not guarantee future results.

FFR: federal funds rate; LR: long run; YE: year-end

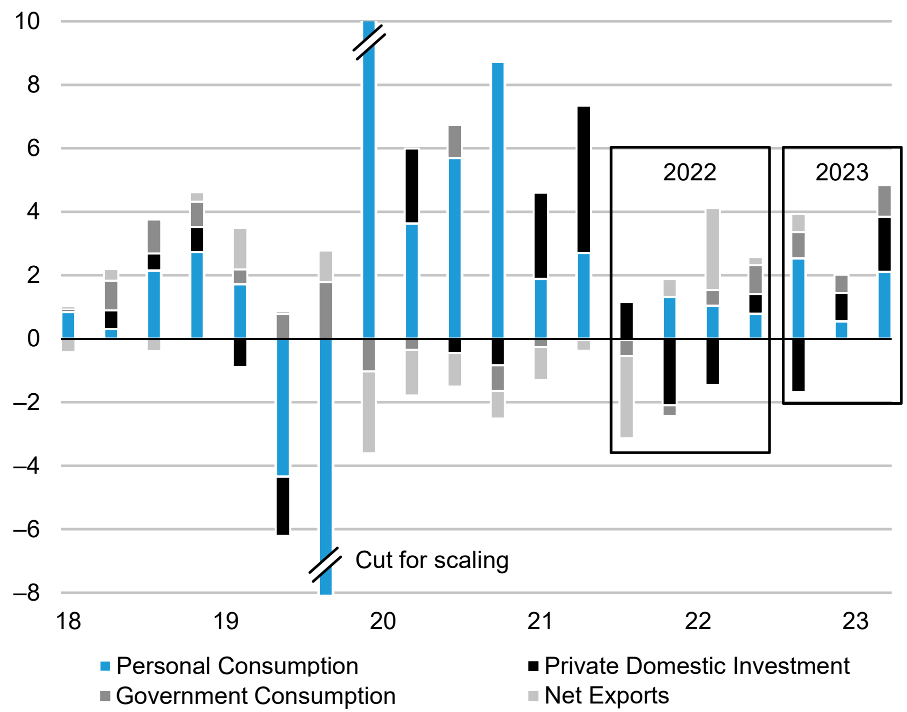
As of December 31, 2023

Source: Bloomberg, US Federal Reserve and AB

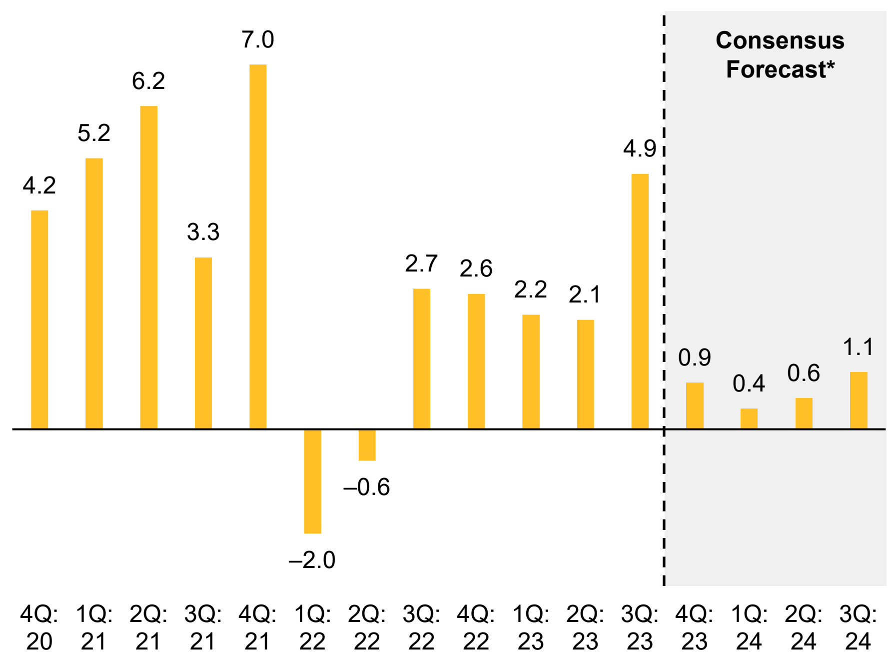
Economic Normalization, Part 1: Growth

Growth is expected to slow

Strong Growth (Real GDP) in 2023 Was Consistently Driven by a Strong Consumer (Percent)



However, Growth Is Expected to Slow in 2024 as Consumer Strength Wanes (Percent)



Historical analysis and current forecasts do not guarantee future results.

*WSJ survey of economists

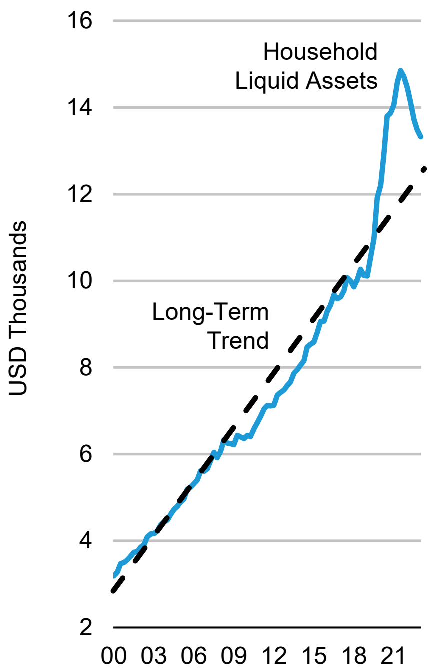
Left display as of December 31, 2023; right display as of October 26, 2023

Source: Bloomberg, *The Wall Street Journal* and AB

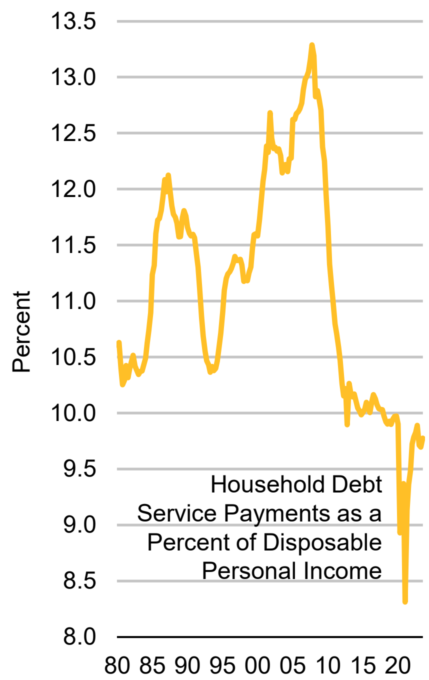
Not All Slowdowns Are Created Equal

The argument for a normalization in growth

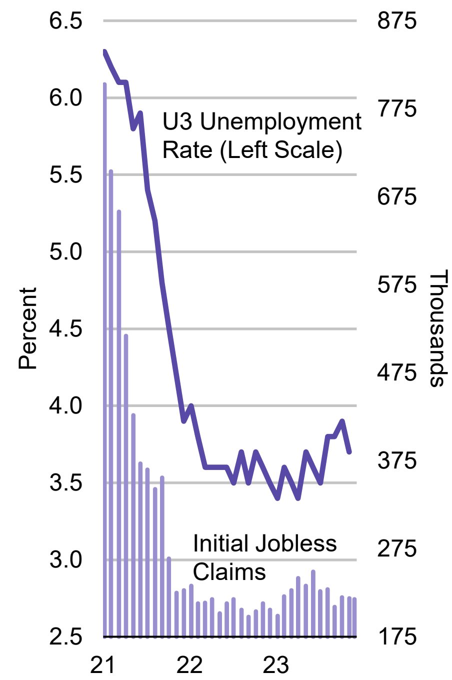
Yes, Consumer Strength Is Softening…



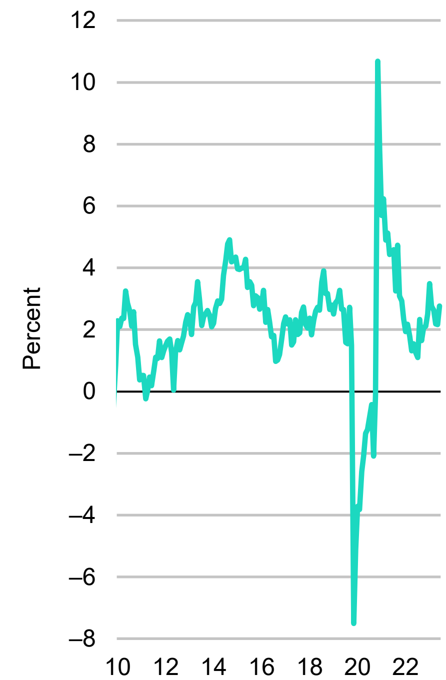
…but Debt-to-Income Levels Are Historically Healthy…



…While the Labor Market Remains Resilient…



… and the Real Household Paycheck Is Benefiting from Disinflation



Current analysis does not guarantee future results.

US unemployment includes all jobless persons who are available to take a job and have actively sought work in the past four weeks.

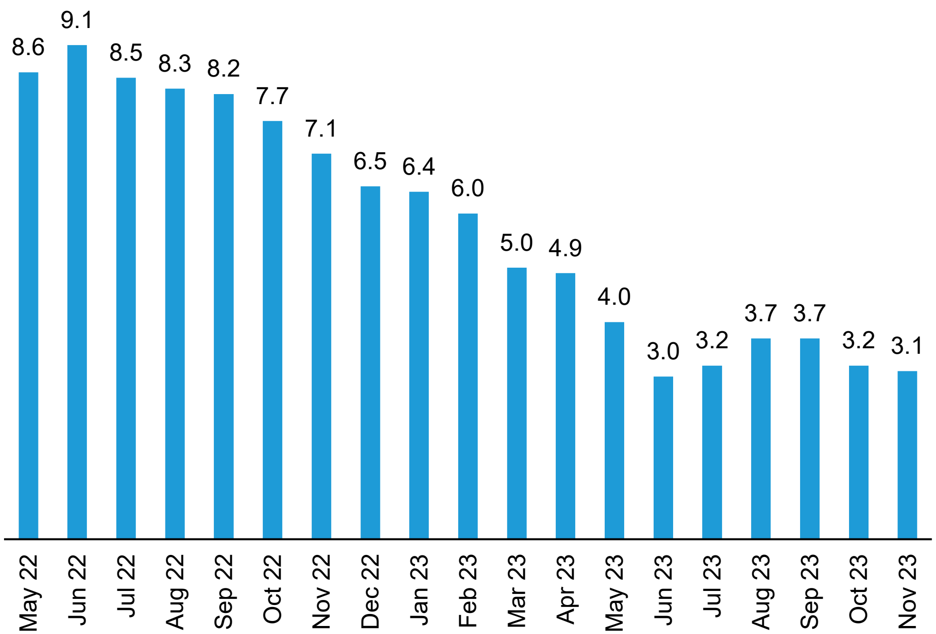
As of December 31, 2023

Source: Bloomberg, S&P/Case-Shiller Home Price Index, US Bureau of Labor Statistics, US Federal Reserve and AB

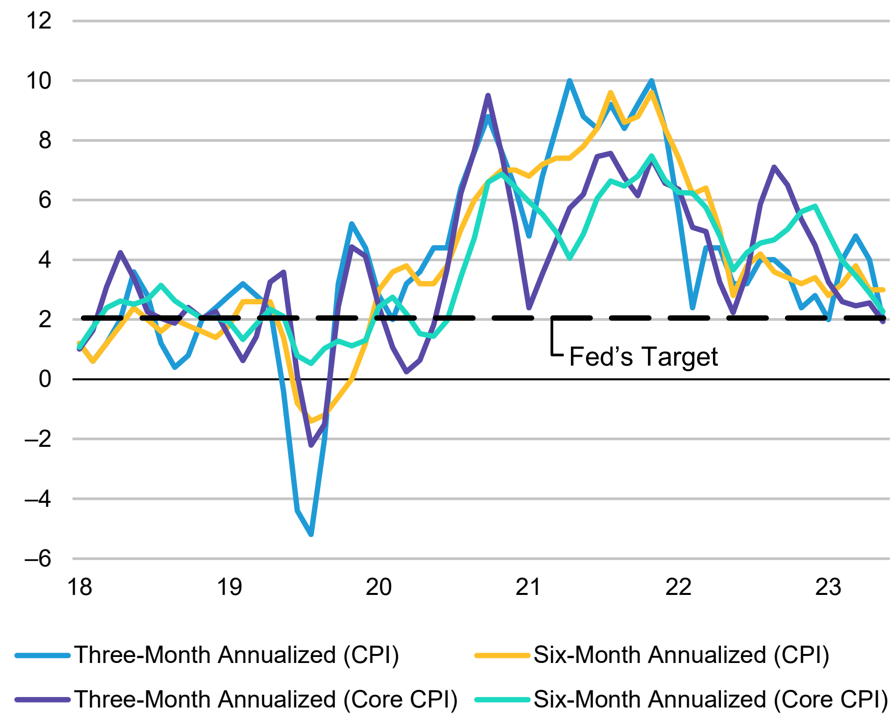
Economic Normalization, Part 2: Inflation

The argument for a normalization in inflation

After Peaking in 2022, Headline Inflation Seemed to Hit a Wall Around 3% During 2H 2023



However, Recent Trends Show that Inflation Is Actually Making Progress in Returning to the Fed's Target (Percent)



Current analysis does not guarantee future results.

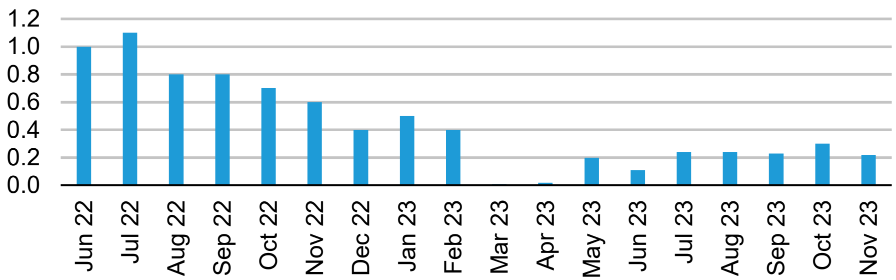
2H: second half; CPI: Consumer Price Index

As of December 31, 2023

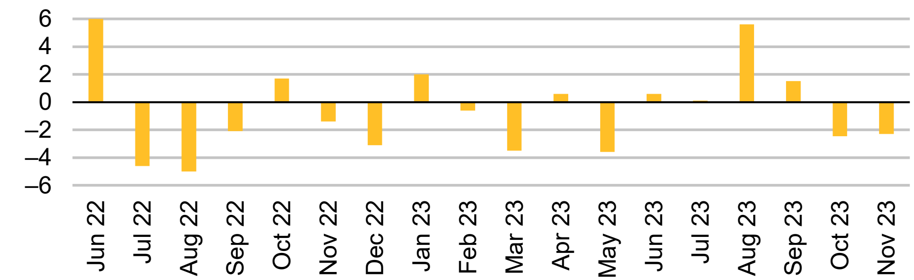
Source: Bloomberg, US Bureau of Labor Statistics and AB

Looking Deeper: Most CPI Categories Continue to Suggest a Lasting Return to Trend

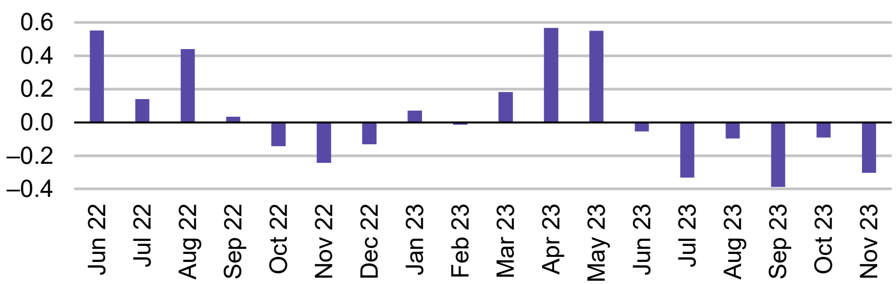
Food Prices MoM (Percent)



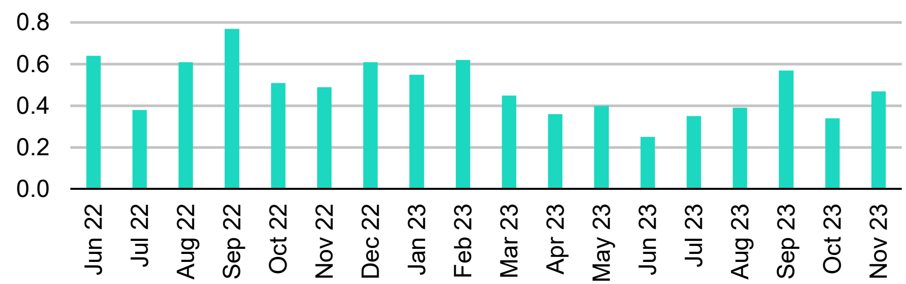
Energy Prices MoM (Percent)



Goods Prices MoM (Percent)



Service Prices MoM (Percent)

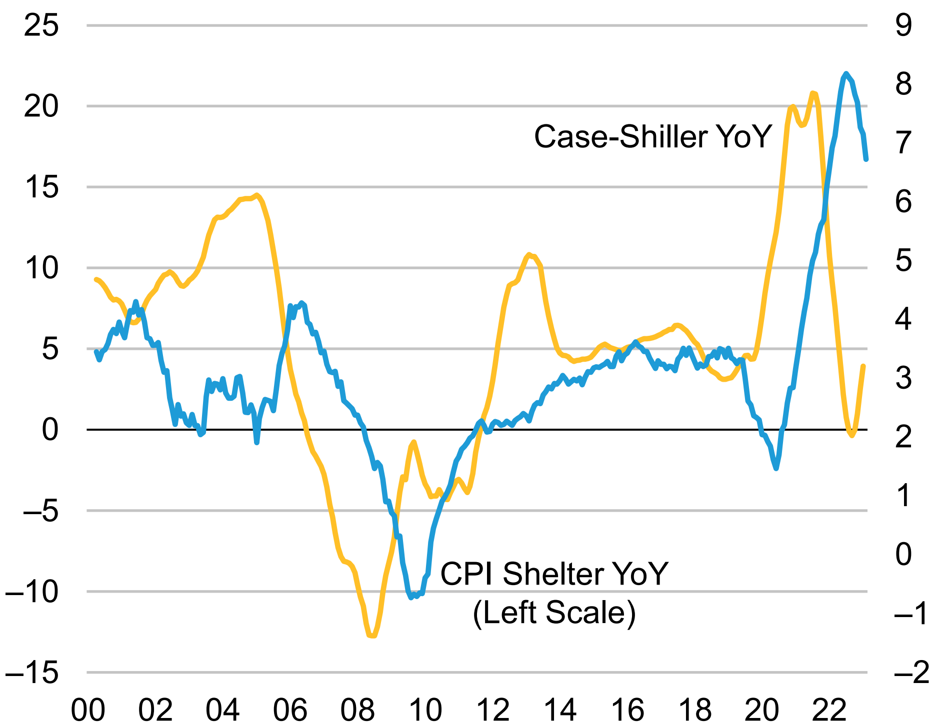


Current analysis does not guarantee future results.
CPI: Consumer Price Index; MoM: month over month
As of December 31, 2023
Source: US Bureau of Labor Statistics and AB

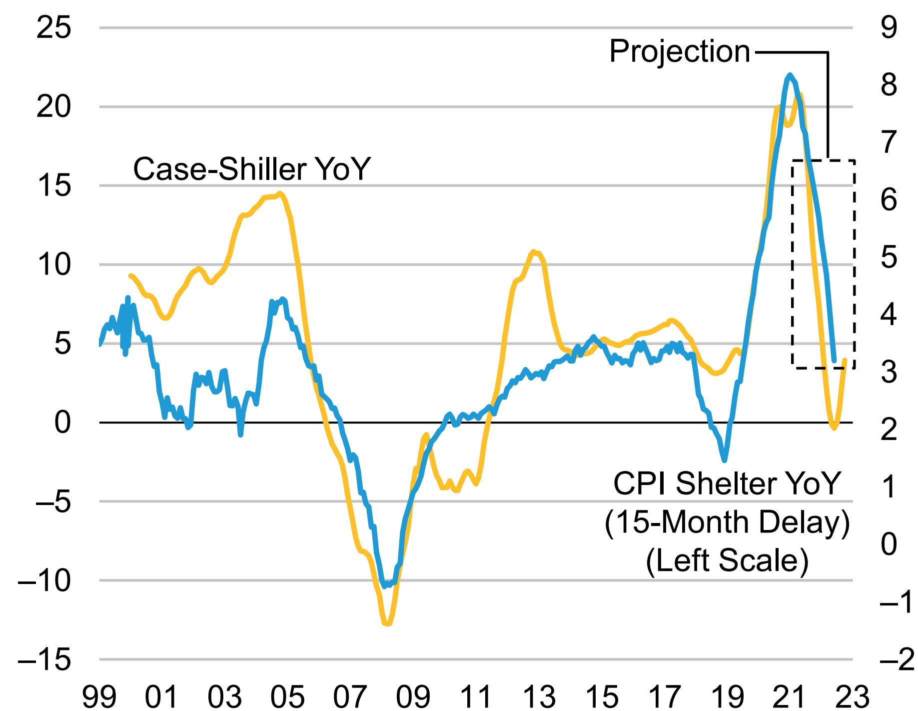
The One Outlier: Services

Quantifying the shelter lag

Base Effects Aren't the Only Distortion to CPI (Percent)



Adjusting for the Lag and Projecting Forward (Percent)

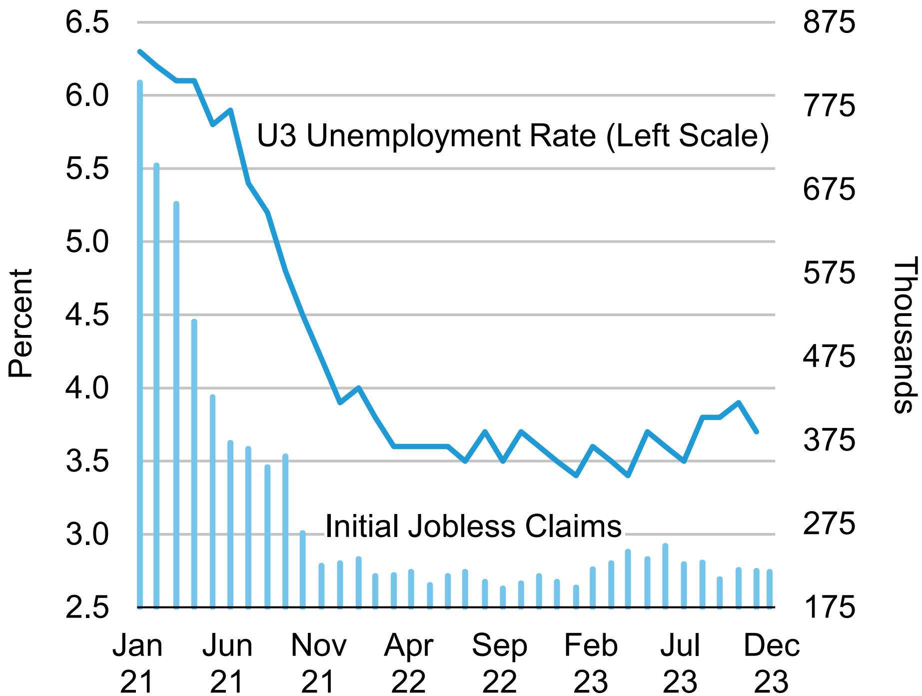


Historical analysis and current forecasts do not guarantee future results.
CPI: Consumer Price Index; YoY: year over year
As of December 31, 2023
Source: Bloomberg, S&P/Case-Shiller, US Bureau of Labor Statistics and AB

The One Outlier: Services

"Sticky" wages

Both a Low Unemployment Rate and Initial Jobless Claims Suggest the Labor Market Is Still Reasonably Tight…



…While Wage Growth Continues to Slow, but Remains Elevated

US average hourly earnings (all employees; total private YoY)

Current analysis does not guarantee future results.

YoY: year over year

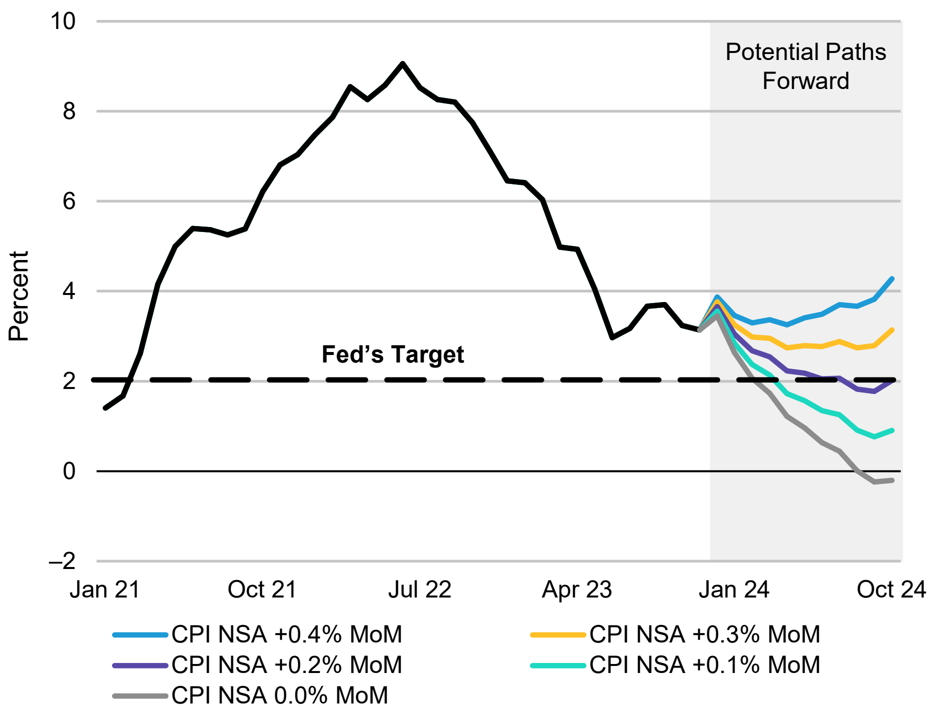
US unemployment includes all jobless persons who are available to take a job and have actively sought work in the past four weeks.

As of December 31, 2023

Source: Bloomberg and AB

Choose Your Own Adventure: Headline CPI Edition

Most Paths Forward Suggest Lower Inflation in 2024



Mile Markers to Keep an Eye on Throughout the Year

Jan 11, 2024 Dec Report	Final CPI bounce above 3% (barring a material commodity shock going forward)
1Q 2024 Jan, Feb, Mar Reports	Fall below 3%–4% range
2Q 2024 Apr, May, Jun Reports	Potential to hit Fed's 2% target
2H 2024 Jul–Dec Reports	Potential to fall below 2% target Settle closer to 2% target (YE 2024)

Historical analysis and current forecasts do not guarantee future results.
2H: second half; CPI: Consumer Price Index; MoM: month over month; NSA: not seasonally adjusted; YE: year-end
As of December 31, 2023
Source: Bloomberg, US Bureau of Labor Statistics and AB

Macro Summary

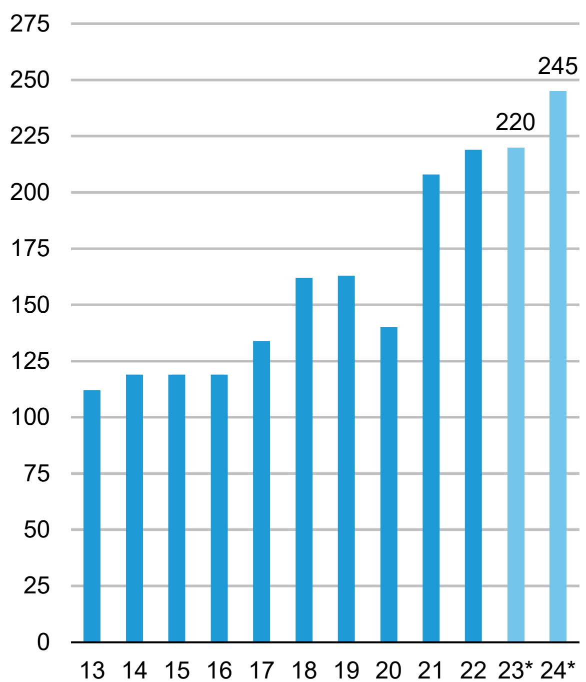
AB Global Economic Forecast

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	23F	24F	23F	24F	23F	24F	23F	24F
Global ex Russia	2.4	2.1	5.2	4.1	5.23	4.65	3.68	3.21
Industrial Countries	1.4	1.0	4.4	2.4	4.40	3.42	2.98	2.50
Emerging Countries	3.9	3.6	6.4	6.6	6.95	6.77	4.49	4.06
US	**2.7**	**0.8**	**3.8**	**2.5**	**5.38**	**4.13**	**3.88**	**3.25**
Euro Area	0.0	0.3	5.5	2.3	4.00	3.00	2.02	1.50
UK	0.1	0.2	7.5	2.5	5.25	4.25	3.53	3.00
Japan	1.5	1.0	2.5	2.0	0.00	0.10	0.61	0.75
China	4.8	4.5	1.5	1.5	1.75	1.50	2.56	2.00

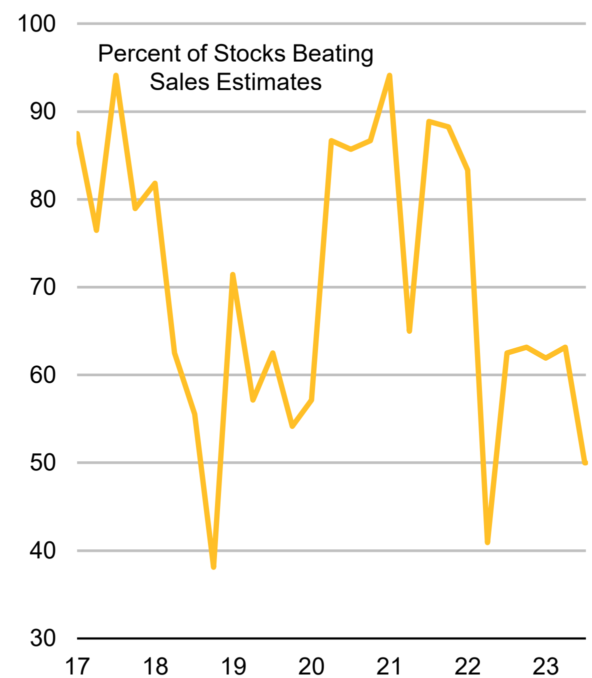
Past performance and current analysis do not guarantee future results.
Inflation is a core Consumer Price Index estimate. Growth and inflation forecasts are calendar-year averages. Interest rates are year-end forecasts. Real growth aggregates represent 48 country forecasts, not all of which are shown. Long rates are 10-year yields.
As of December 31, 2023
Source: AB

Earnings: Potential Avenues for a Positive Earnings Surprise Remain Limited

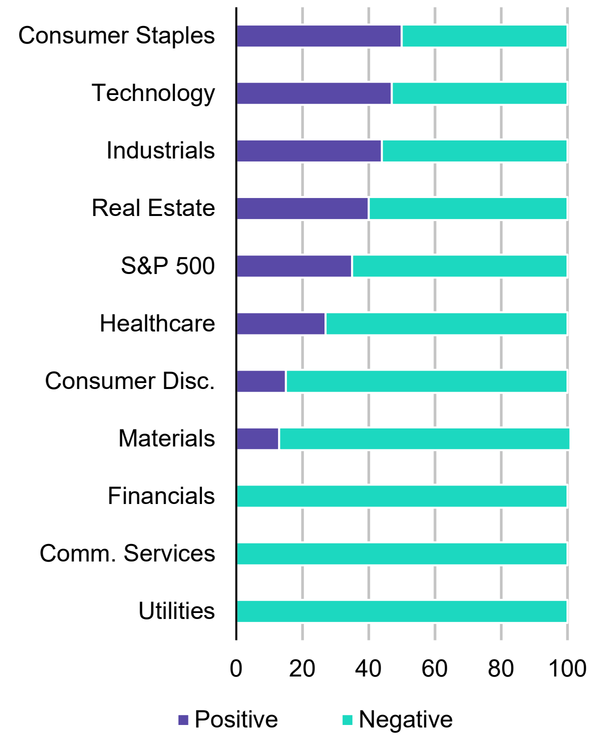
Earnings Are Expected to Jump 11% in 2024 After Seeing Virtually Zero Growth in 2023



However, Achieving Further Upside to 2024's Forecast Will Be Challenging as Topline Growth Remains Soft…



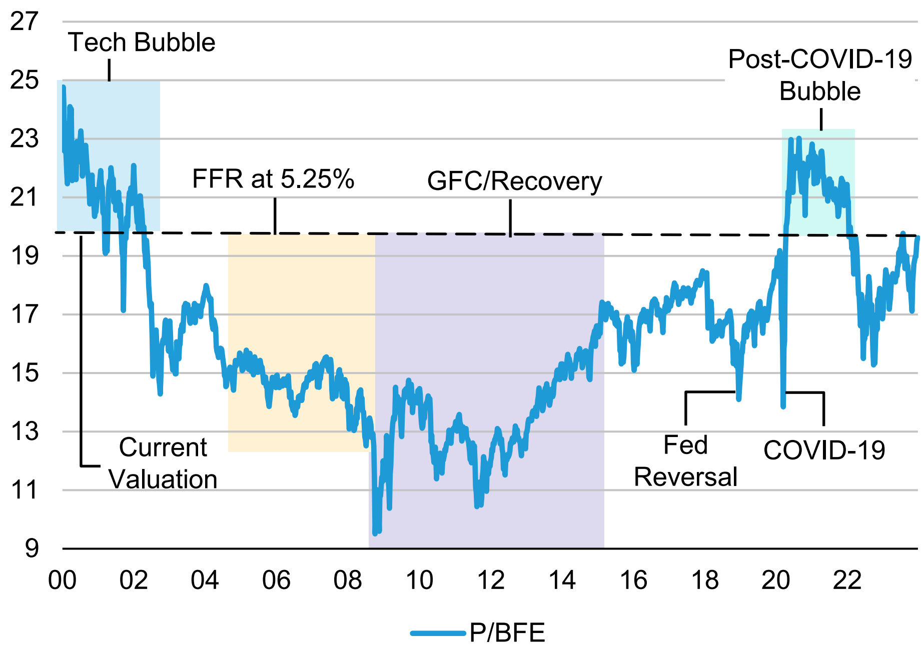
…as Does Guidance
S&P 500 companies with 4Q:23 positive and negative guidance (percent)



Historical analysis and current forecasts do not guarantee future results.
*Estimates
As of December 31, 2023
Source: FactSet and AB

Valuations: After Fed Blink, Valuations Returned to Levels Only Breached During Market Bubbles

S&P 500 Multiples



Time Period	P/E	P/BFE	P/FE_2
December 31, 2023	**21.9**	**19.6**	**17.7**
September 30, 2023	19.5	17.9	15.8
December 31, 2022	17.2	16.8	15.6
Pre-Pandemic*	20.3	18.9	17.5
10-Year Average	19.3	17.8	15.4
Pre-Pandemic Five-Year Average	19.8	16.9	14.4
January 2014–November 2016	18.5	16.2	13.7
Average Multiple When Rates Are Increasing†	19.2	16.1	14.3
Average Since 2000	18.5	16.0	14.3

Current analysis does not guarantee future results.
FFR: federal funds rate; GFC: global financial crisis
Price/earnings (P/E) is for the trailing 12 months; price/blended forward earnings (P/BFE) is for the next 12 months (calendar year 2024); P/FE_2 is for calendar year 2025.
*February 21, 2020
†Last two Fed cycle hikes, excluding the most recent
As of December 31, 2023
Source: Bloomberg, S&P and AB

S&P 500 Scenario Chart: Choose Your Own Adventure

Return Scenario Chart

2024	14	15	16	17	18	19	20	21	22	S&P Price Level	2024 Price Return*
215	3,010	3,225	3,440	3,655	3,870	4,085	4,300	4,515	4,730	**3,995**	–16.2%
220	3,080	3,300	3,520	3,740	3,960	4,180	4,400	4,620	4,840	**4,230**	–11.3
225	3,150	3,375	3,600	3,825	4,050	4,275	4,500	4,725	4,950	**4,320**	–9.4
230	3,220	3,450	3,680	3,910	4,140	4,370	4,600	4,830	5,060	**4,410**	–7.5
235	3,290	3,525	3,760	**3,995**	**4,230**	**4,465**	**4,700**	**4,935**	5,170	**4,560**	–4.4
240	3,360	3,600	3,840	**4,080**	**4,320**	**4,560**	**4,800**	**5,040**	5,280	**4,655**	–2.4
245	3,430	3,675	3,920	**4,165**	**4,410**	**4,655**	**4,770**	**5,145**	5,390	**4,770**	0.0
250	3,500	3,750	4,000	**4,250**	**4,500**	**4,750**	**5,000**	**5,250**	5,500	**4,935**	3.5
255	3,570	3,825	4,080	4,335	4,590	4,845	5,100	5,355	5,610	**5,145**	7.9

2025	12	13	14	15	16	17	18	19	20	S&P Price Level	2024–25 Price Return†
240	2,880	3,120	3,360	3,600	3,840	4,080	4,320	4,560	4,800	**3,900**	–9.6%
245	2,940	3,185	3,430	3,675	3,920	4,165	4,410	4,655	4,900	**4,240**	–5.7
250	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	**4,320**	–4.8
255	3,060	3,315	3,570	**3,825**	**4,080**	**4,335**	**4,590**	**4,845**	5,100	**4,420**	–3.7
260	3,120	3,380	3,640	**3,900**	**4,160**	**4,420**	**4,680**	**4,940**	5,200	**4,590**	–1.9
265	3,180	3,445	3,710	**3,975**	**4,240**	**4,505**	**4,770**	**5,035**	5,300	**4,680**	–0.9
270	3,240	3,510	3,780	**4,050**	**4,320**	**4,590**	**4,770**	**5,130**	5,400	**4,770**	0.0
275	3,300	3,575	3,850	**4,125**	**4,400**	**4,675**	**4,950**	**5,225**	5,500	**5,035**	2.7
280	3,360	3,640	3,920	4,200	4,480	4,760	5,040	5,320	5,600	**5,225**	4.7

■ December 31, 2023

Historical analysis and current forecasts do not guarantee future results.

*Based on S&P 500's 4Q:23 closing price of 4,770; horizontal axis contains forward P/E multiples; vertical axis contains forward earnings; numbers may not sum due to rounding.

†Annualized return from December 31, 2023, to the end of 2025

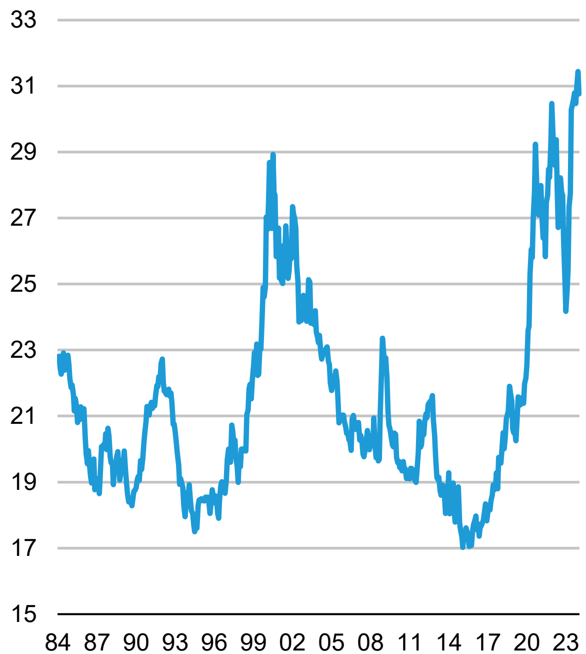
As of December 31, 2023

Source: Bloomberg, S&P and AB

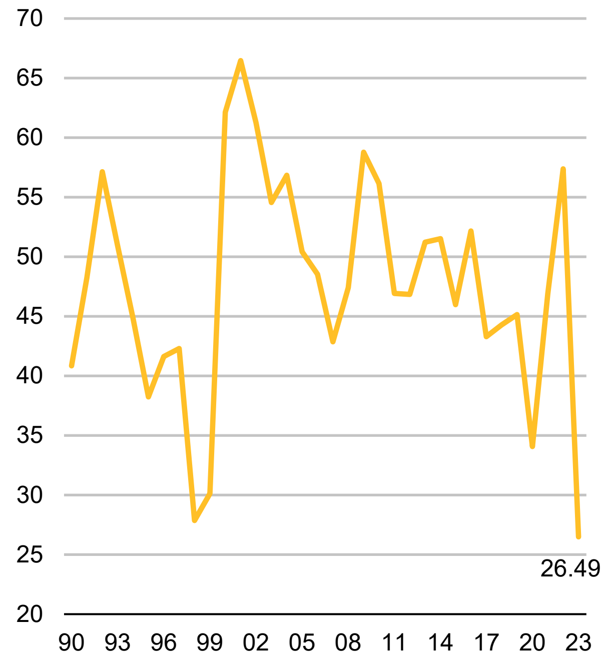
Market Returns Last Year Were Strong, with Exceptional Textures

As the economy normalizes, we also expect a degree of mean reversion in index concentration

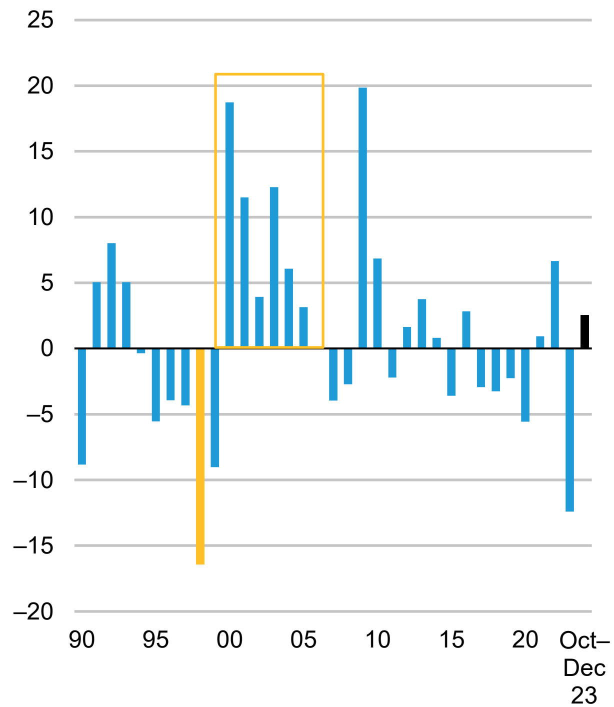
No Secret the S&P 500 Is More Concentrated, but This Is an Outlier
Top 10 percent: US (percent)



Percentage of S&P 500 Companies Outperforming Index
2023 was a modern-day low (percent)



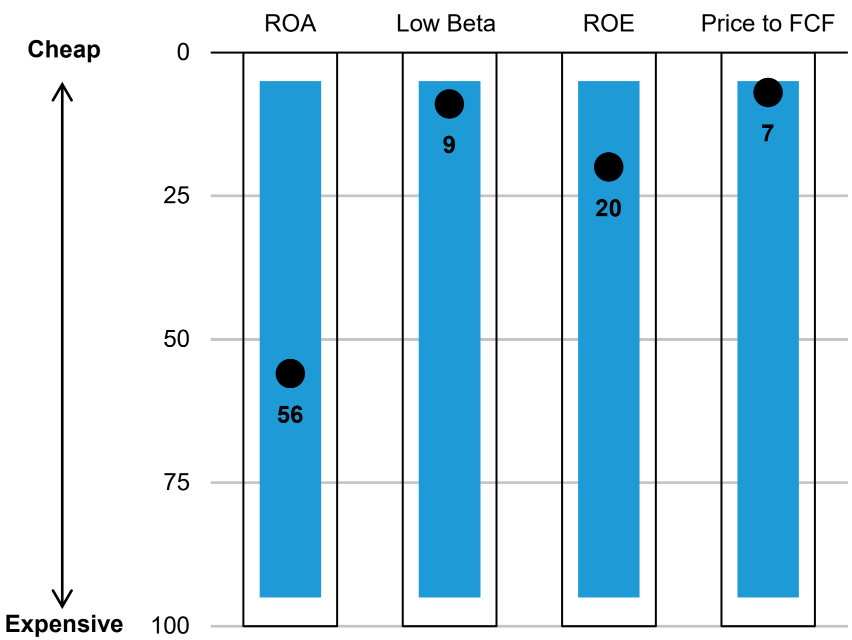
Calendar-Year Relative Performance
S&P 500 equal weight vs. S&P 500



Past performance does not guarantee future results. Analysis provided for illustrative purposes only and is subject to revision.
As of December 31, 2023
Source: FactSet, S&P and AB

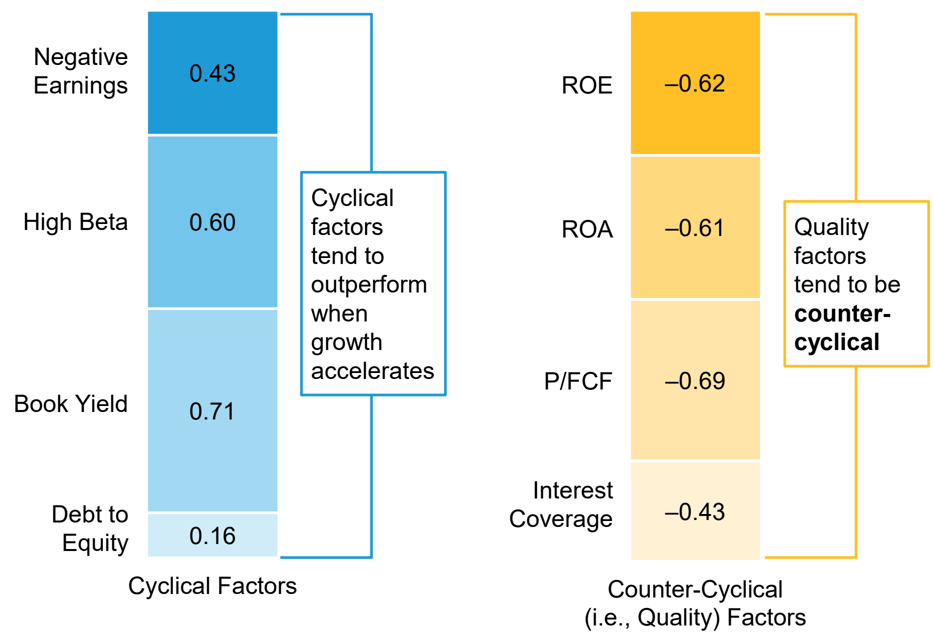
We Advise Staying in a Better Neighborhood in the Current Environment

Quality Remains Attractive to Fairly Valued*…



…and Stick with It as Things Moderate

Five-year factor correlations to retail sales



Past performance does not guarantee future results.

*Percentile rankings are based on monthly valuations (i.e., relative P/E of 1Q for each factor vs. Russell 1000) from 1990 to present. Return on assets (ROA): LTM earnings divided by average total assets. Low beta: exponentially weighted beta with a one-year half-life over the last five years. Return on equity (ROE): net income divided by average shareholder's equity. Price to free cash flow (P/FCF): LTM cash flow from operations less three-year average CAPEX to market cap.

As of December 31, 2023

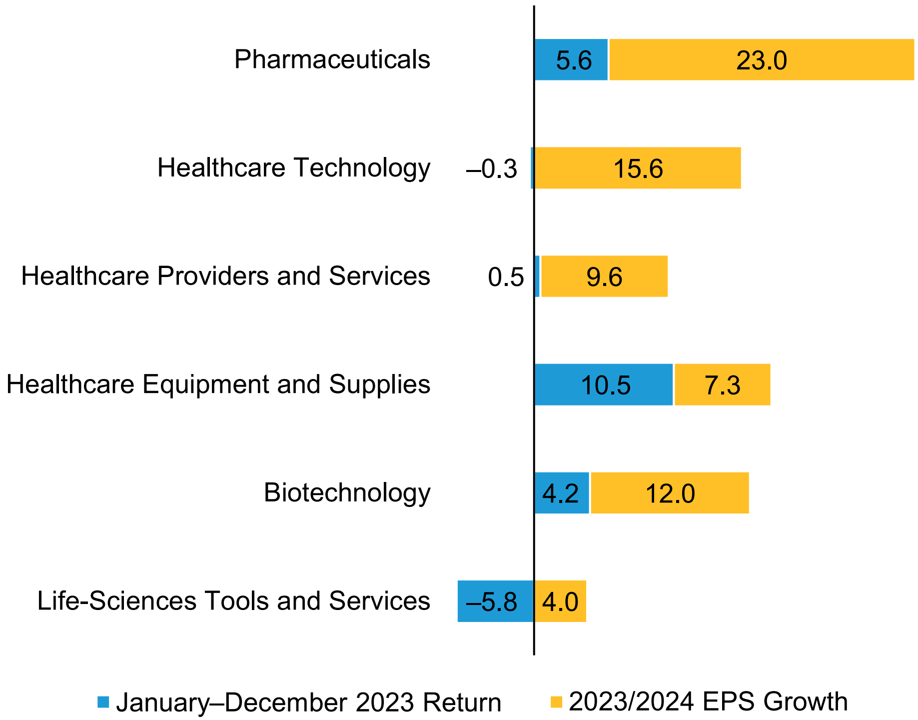
Source: Piper Sandler and AB

Quality Growth: Healthcare Offers Durable Earnings Potential

Range of valuations provides fertile ground for stock selection

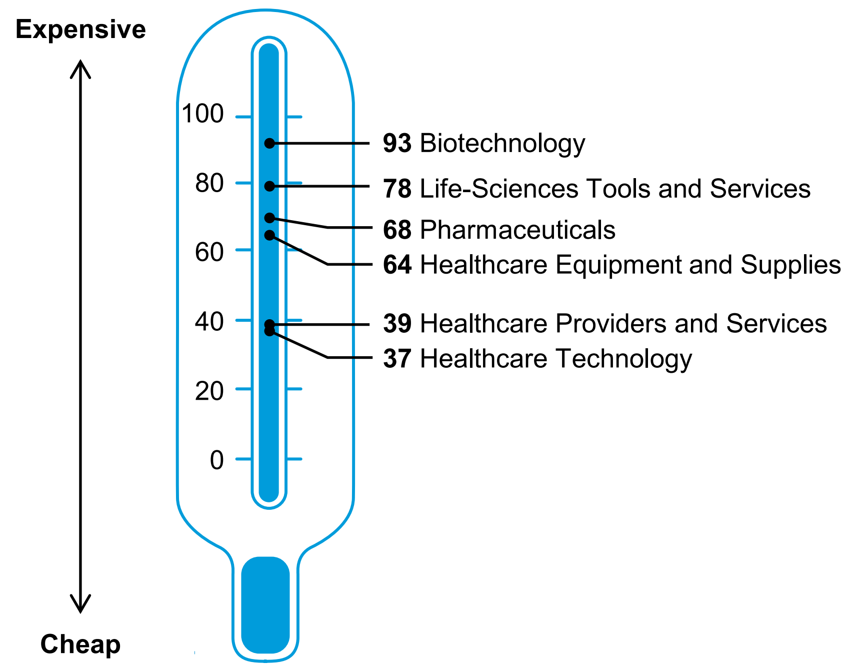
Global Healthcare Stocks

Returns vs. earnings forecast (percent)*



Price/Earnings Valuations

Percentile rankings (2013–2023)†



Current analysis does not guarantee future results.

Charts show six industry groups within the MSCI World Health Care Index. *Earnings growth forecasts are based on consensus estimates. †Percentile ranking of monthly observations of the P/E ratio, based on earnings for the next 12 months, for each industry group

As of December 31, 2023

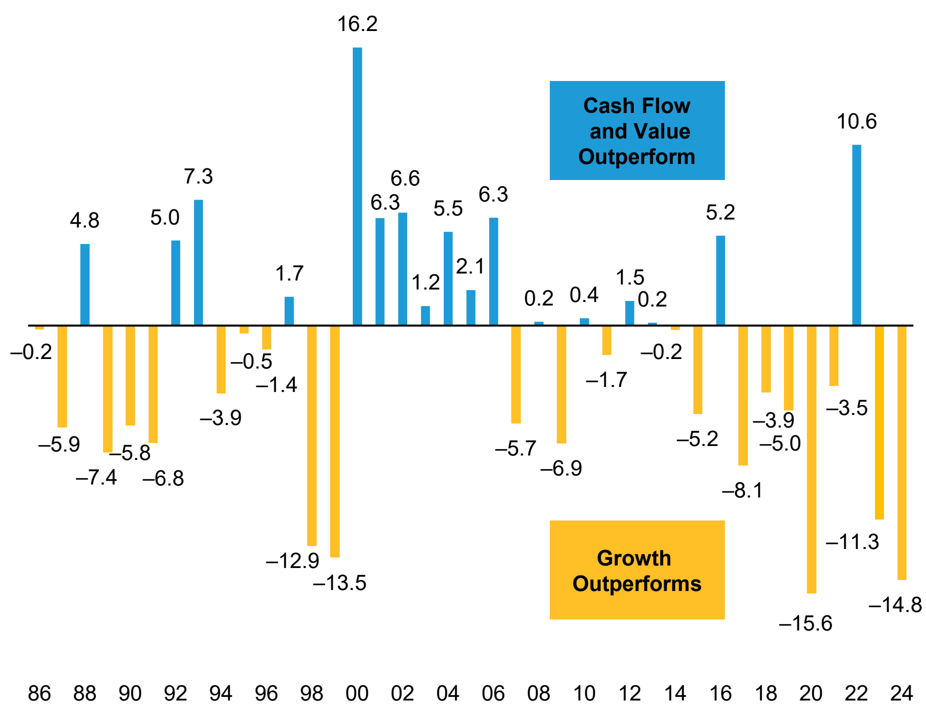
Source: FactSet, MSCI and AB

Value Equities: Extreme Underperformance Offers Attractive Entry Point

Especially among companies generating high levels of free cash flow and solid earnings potential

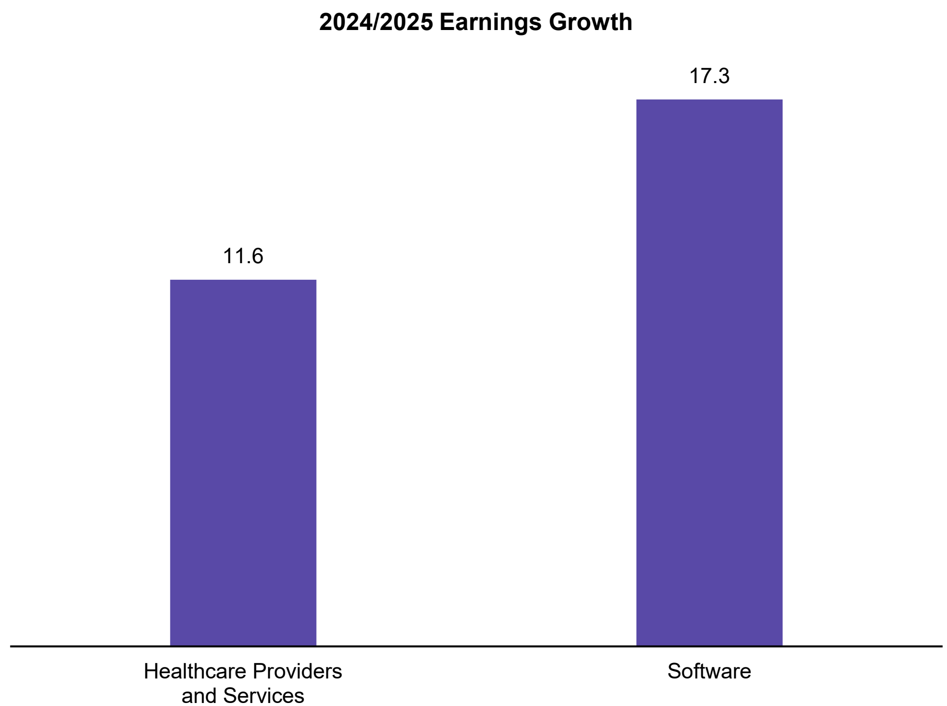
Russell 1000 Value vs. S&P 500

Returns difference (percent)*



Favored Industries: Finding Growth Within Value

A focus on sustainable earnings growth (percent)



Current analysis does not guarantee future results.

*Figures are before dividends, pre-1996

Left display as of December 31, 2023; right display as of December 15, 2023

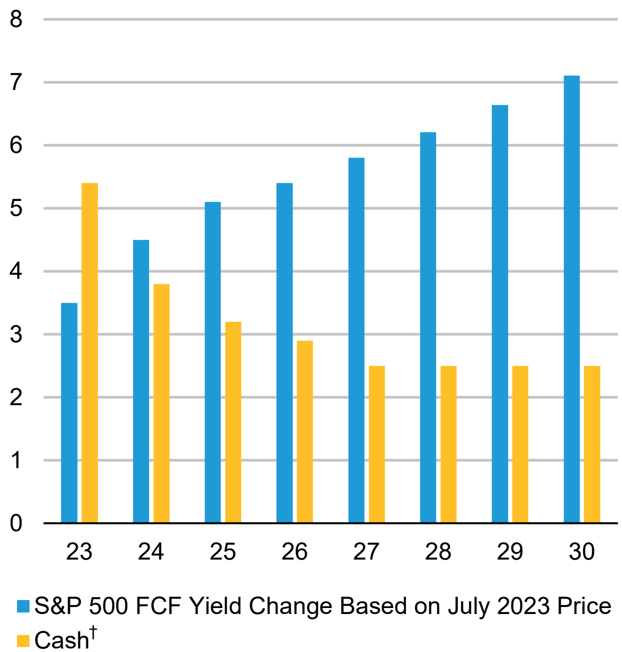
Source: Bloomberg, FTSE Russell, S&P, Strategas Research Partners

Dividend Equities: May Prove Timely When the Fed Lowers Rates

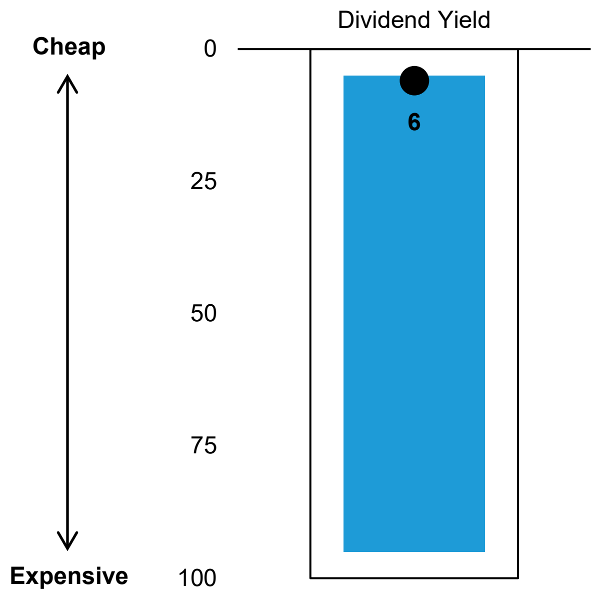
Rising income growth potential, the price is right and selectivity is key

S&P 500 FCF Yield

A growing stream over time vs. the prospect of lower fed funds and cash rates* (percent)

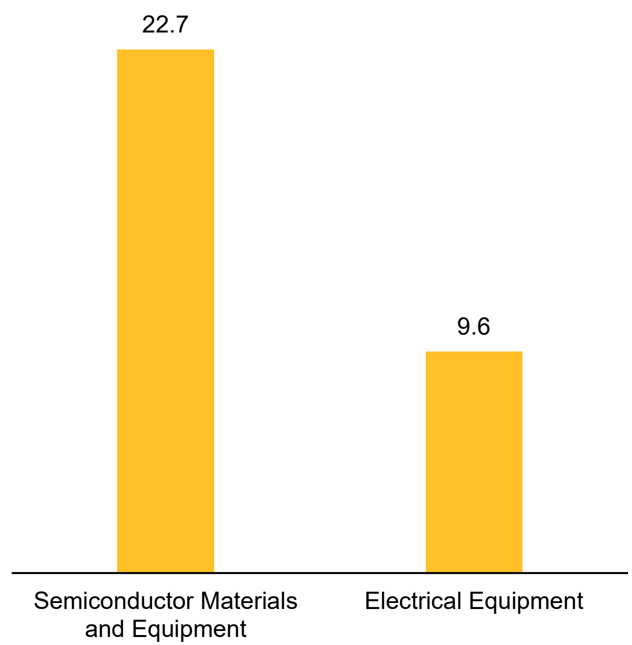


Valuations Remain Cheap Relative to History (Percentile)



Favored Industries

A focus on sustainable earnings growth (2024/2025 earnings growth)



Current analysis does not guarantee future results.

*Assuming investing on July 31, 2023; using consensus free-cash-flow (FCF) forecast for 2023 and 2024, while assuming free cash flow grows at 7% annually afterward. Data extends out to 2030, as the average maturity year of the Bloomberg US Aggregate is eight years.

†Using federal funds rate as proxy; 2023 and 2024 federal funds rate forecasts are based on future implied rate, while 2025 and onward are based on Fed dot plot (2025, 2026 and long-run) forecasts.

Left display as of December 31, 2023; middle display as of November 30, 2023; right display as of December 15, 2023

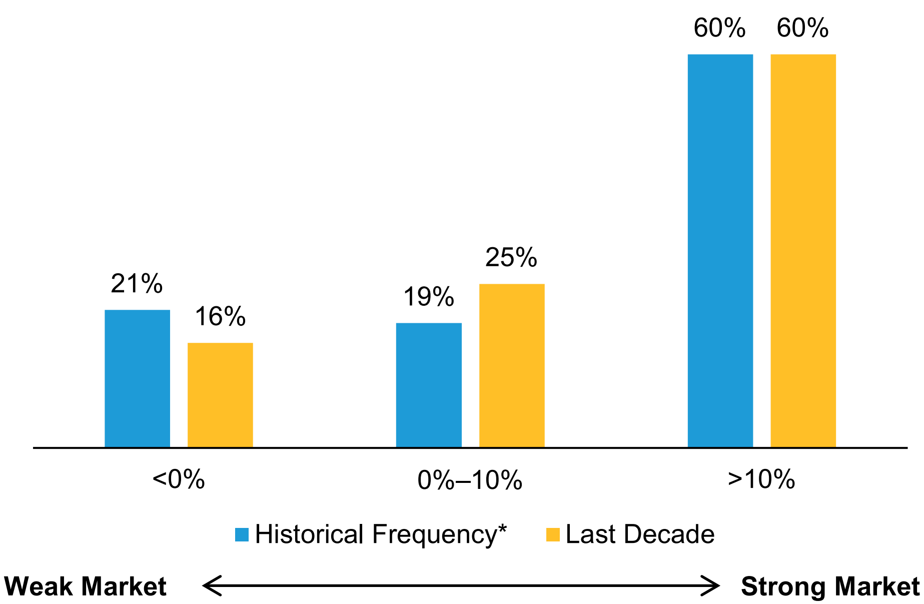
Source: Bloomberg, Strategas Research Partners, US Federal Reserve and AB

Low Volatility: After a Relatively Benign Decade, Expect Choppier Markets

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

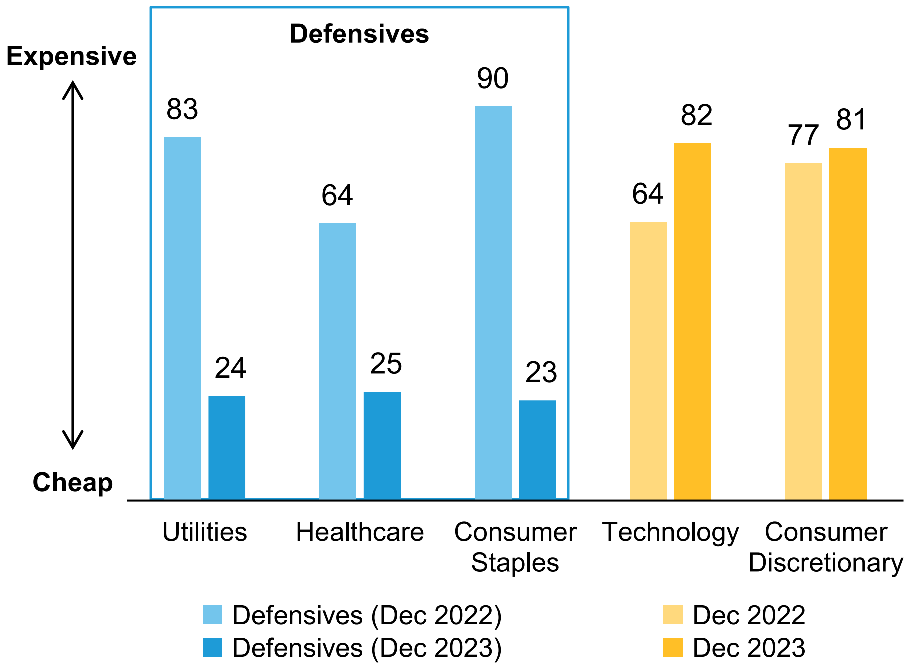
The Last Decade Has Had Fewer Downside Events

US stocks (S&P 500): frequency of rolling 12-month returns



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

Relative valuation percentiles of defensive sectors are attractive



Past performance does not guarantee future results.

Return buckets are based on returns for the S&P 500. Forward 12-month returns are calculated monthly with the average taken across all months in the period.

*January 1,1970, to September 30, 2013

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

As of December 31, 2023

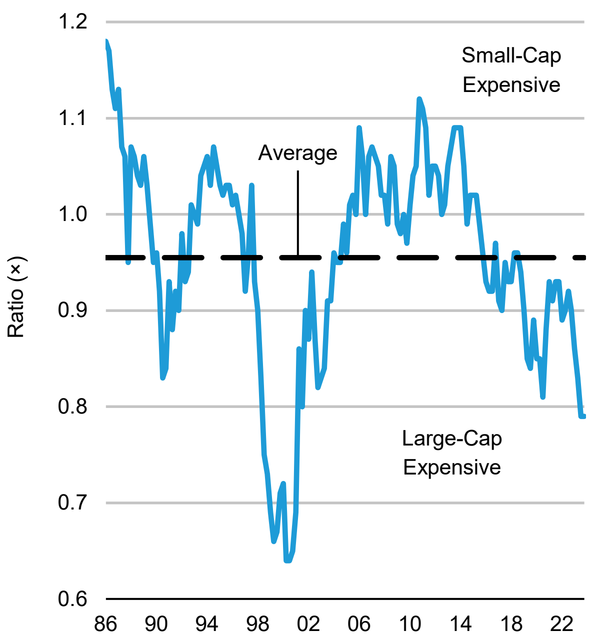
Source: FTSE Russell, I/B/E/S, MSCI, Refinitiv and AB

The Opportunity to Rebalance into Small Caps Remains

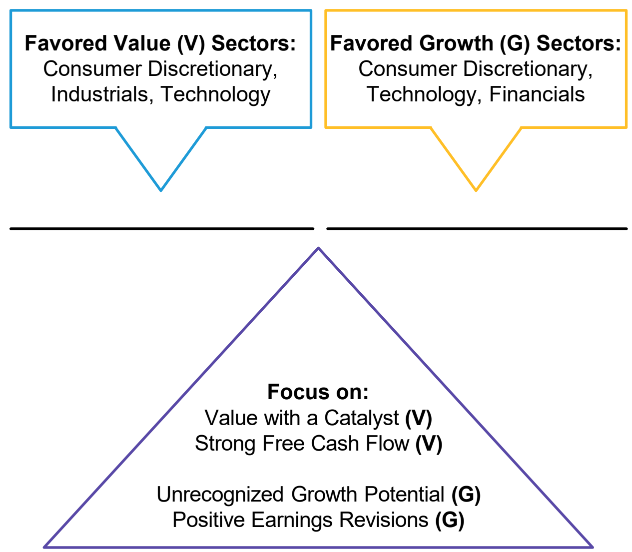
Their second half 2023 rally notwithstanding, striving for precise timing is not advised

Russell 2000 vs. Russell 1000

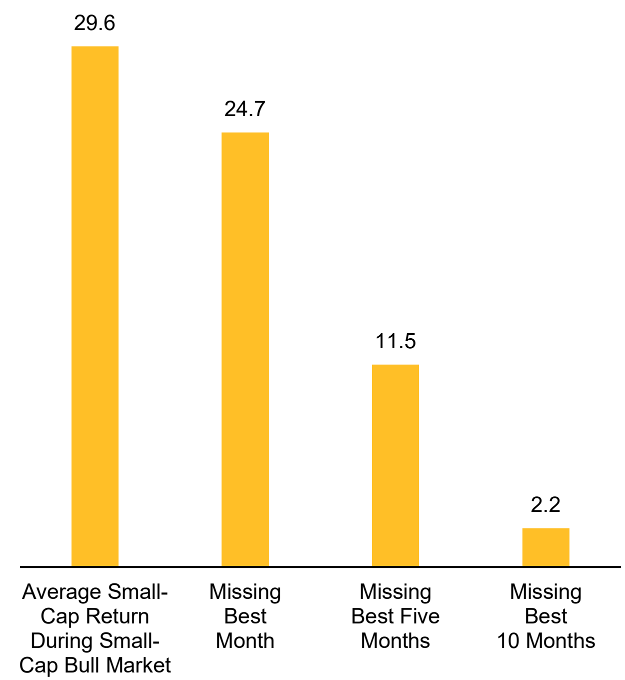
Price/forward earnings



Growth and Value Present Uniquely Compelling Stocks in Favored Sectors



Average Annual Total Return During Small-Cap Bull Markets (Percent)



Past performance does not guarantee future results.

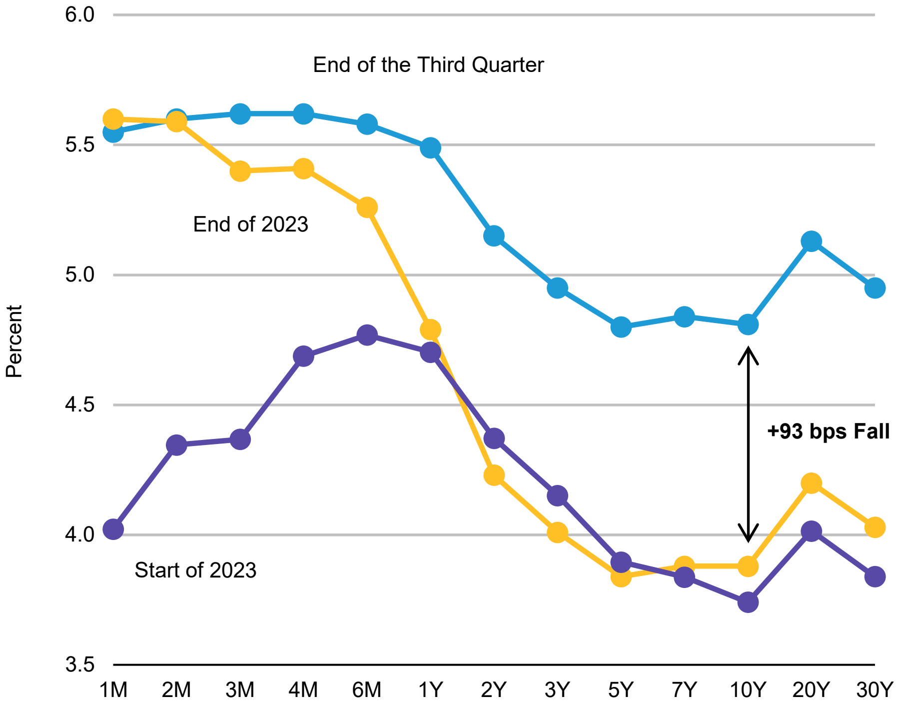
Source of historical returns: CRSP® (Center for Research in Security Prices), Booth School of Business, University of Chicago; used with permission. All rights reserved. www.crsp.uchicago.edu. The performance has been calculated by BofA Merrill Lynch Small Cap Research. All rights reserved. Small Cap is defined as deciles 6–8.

Left display as of November 30, 2023; right display as of December 31, 2022

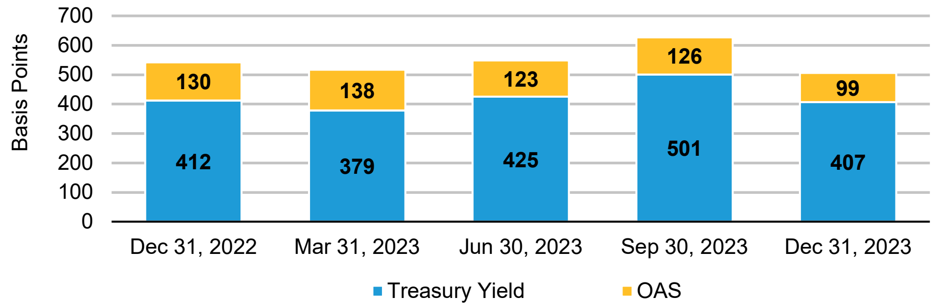
Source: Factset, BofA Merrill Lynch Small Cap Research, FTSE Russell, and AB

Did You Blink? Long-Term Rates Fell Just as Quickly as They Rose

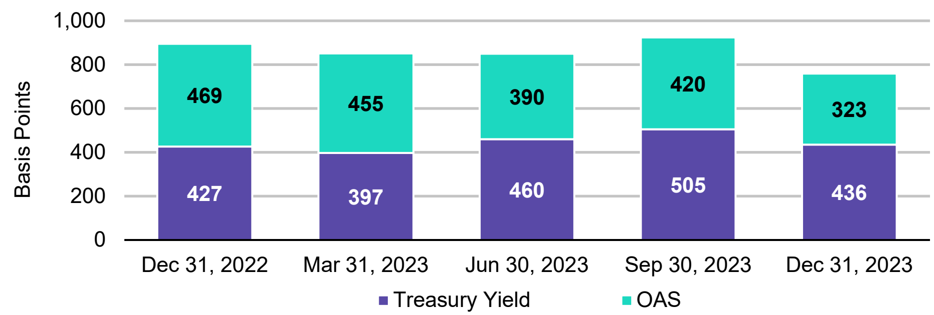
After Jumping 100 Basis Points in the Third Quarter, Long-Term Rates Fell Nearly 100 Basis Points in the Fourth Quarter



Investment-Grade YTW Lower on the Back of Falling Rates and Narrowing Spreads



Similar Story in HY, Rates Fell Meaningfully and Spreads Narrowed



Historical analysis does not guarantee future results.

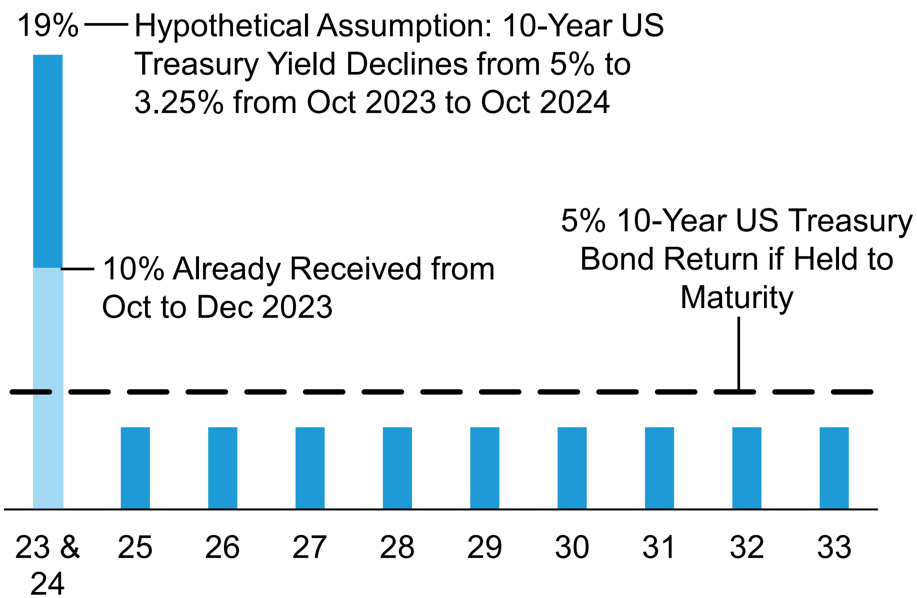
HY: high yield; OAS: option-adjusted spread; YTW: yield to worst

As of December 31, 2023

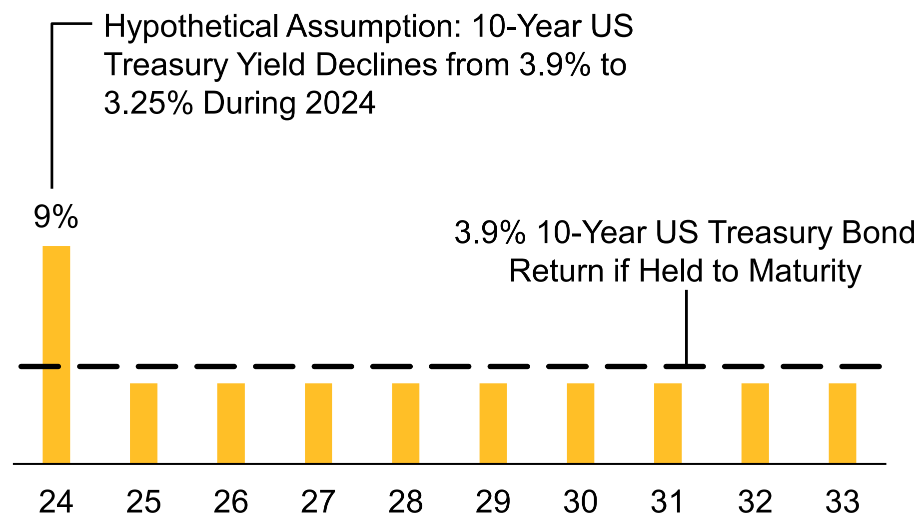
Source: Bloomberg and AB

Quantifying the Return Path Forward, Post-Historic Bond Rally

You Were Here
Investing in October 2023



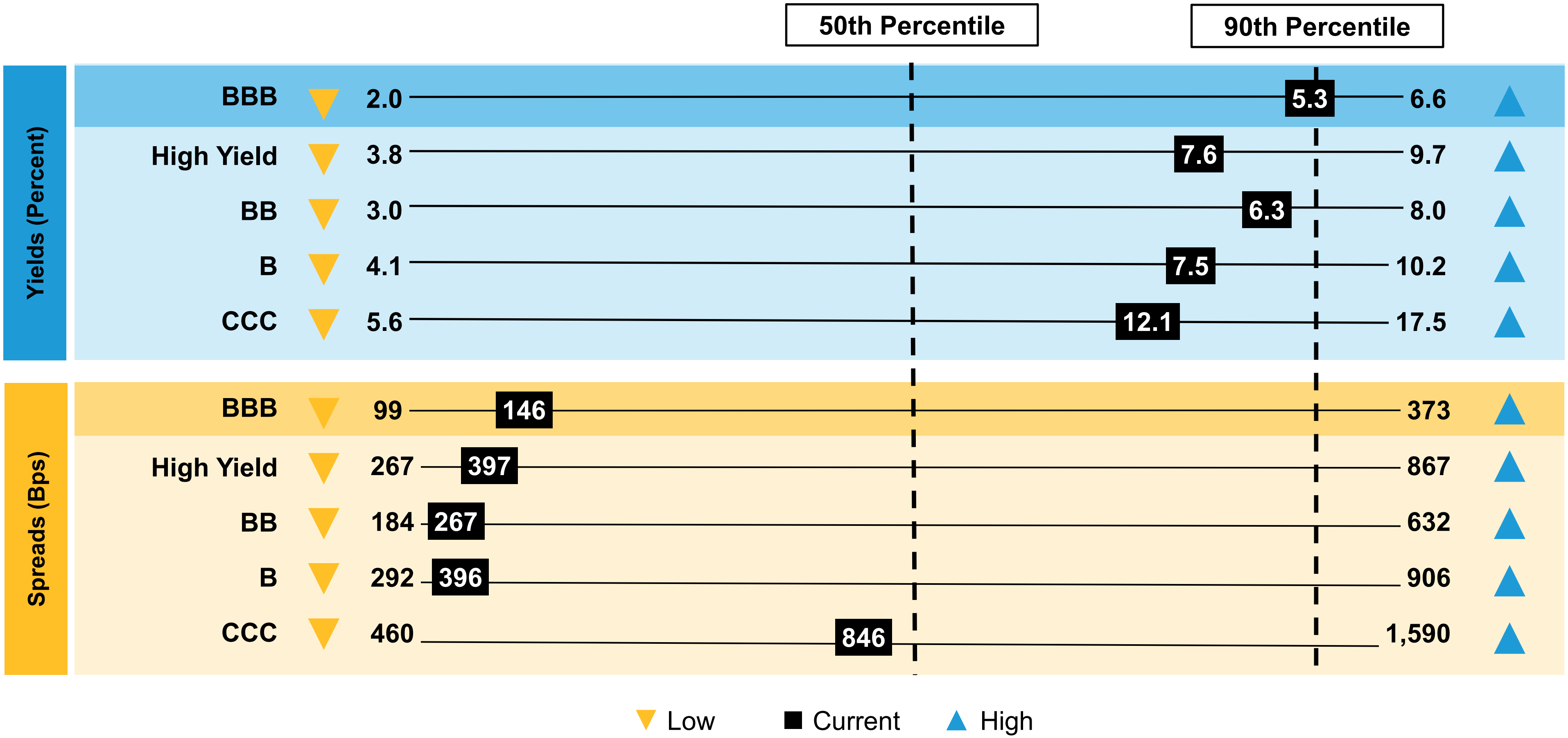
You Are Here
Investing at the start of 2024



Past performance and current analysis do not guarantee future results.
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.
As of December 31, 2023
Source: AB

Yields Are Still Relatively High, but Spreads Are on the Lower End

Yield on the High Yield Index is in the 80th percentile over the last 10 years



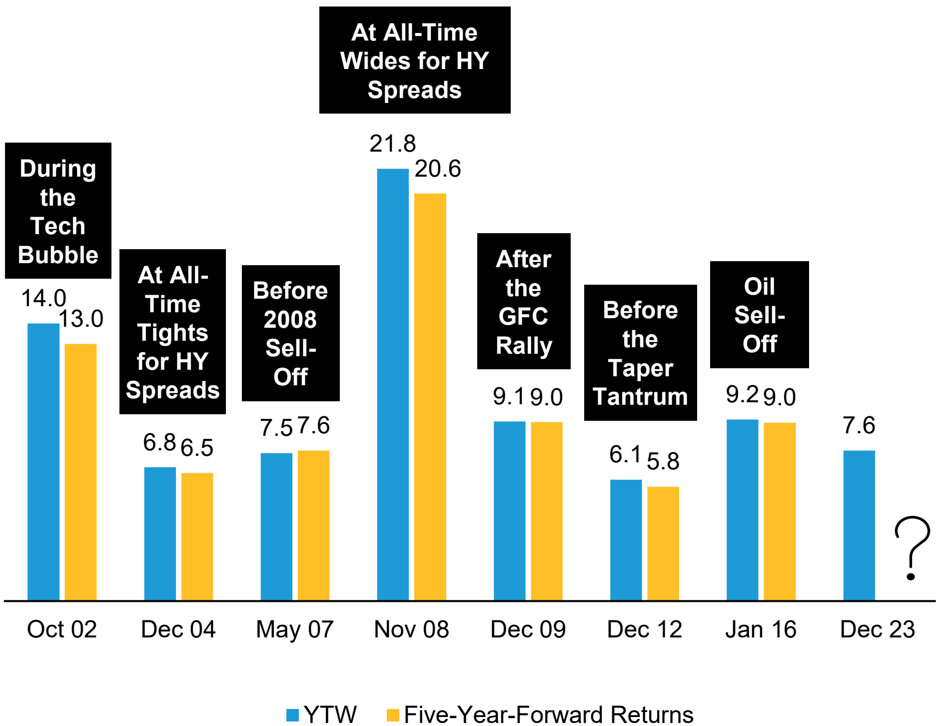
Past performance does not guarantee future results.

Spread: option-adjusted spread. High yield is represented by the Bloomberg US Corporate High Yield; quality index spreads are measured by the credit quality sub-indices of Bloomberg US Corporate High Yield; BBB is represented by quality sub-index of Bloomberg US Corporate. Data from September 2013 to September 2023.

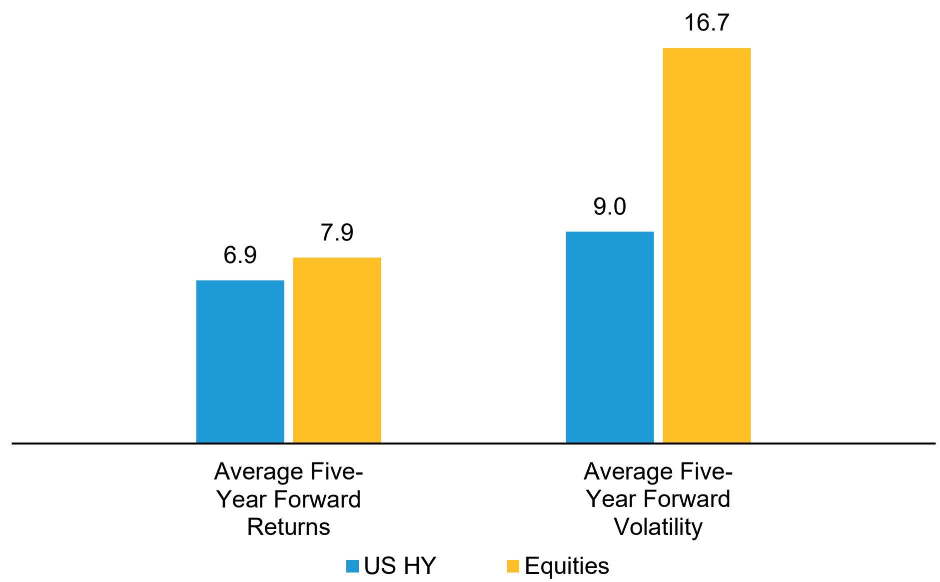
As of December 31, 2023. Source: Bloomberg, J.P. Morgan and AB

Good News: Elevated Yields Alone Suggest Attractive Five-Year-Forward Returns

If You Invested… (Percent)



Average Five-Year Forward Returns and Volatility for High Yield and Equities Post-Fed Hiking Cycles Jan 1990–Dec 2023 (Percent)



Past performance and historical analysis do not guarantee future results.

HY: high-yield; GFC: global financial crisis; YTW: yield to worst

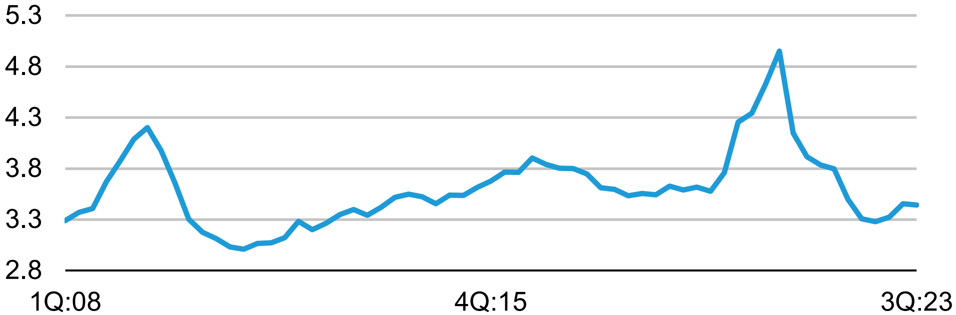
YTW and returns are represented Bloomberg US Corporate High Yield Index.

US HY is represented by the Bloomberg US Corporate High Yield. Equities are represented by S&P 500. Hiking cycle is measured by the Federal Reserve upper-bound rate policy. End of the hiking cycle is measured by the last increase before a period of no hikes that is followed a rate cut.

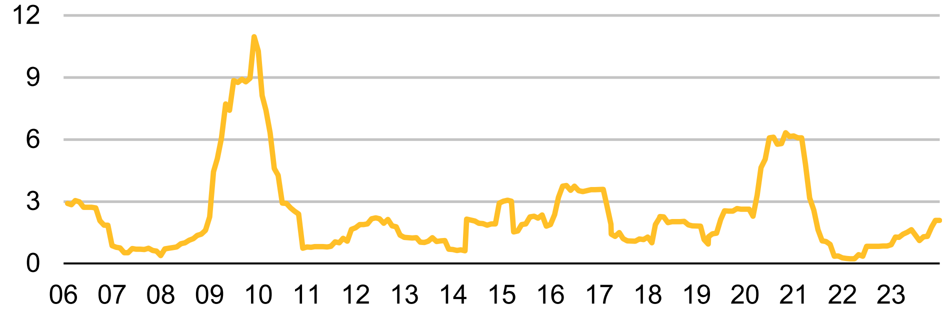
As of December 31, 2023. Source: Bloomberg, Federal Reserve, J.P. Morgan, S&P and AB

US High-Yield Fundamentals Inflecting, but from a Strong Starting Point

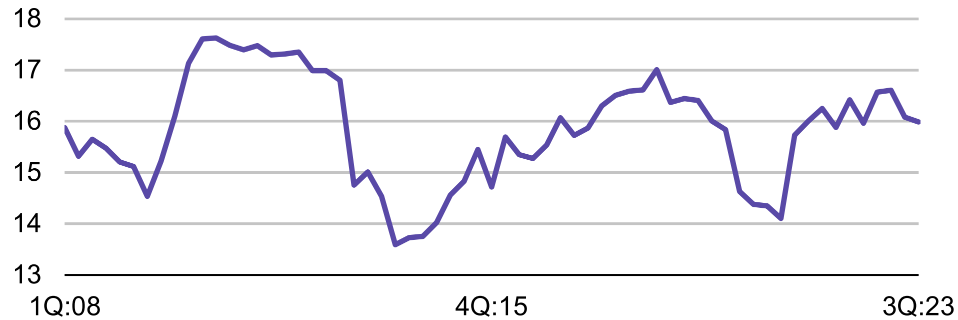
Net Leverage (Debt/EBITDA)



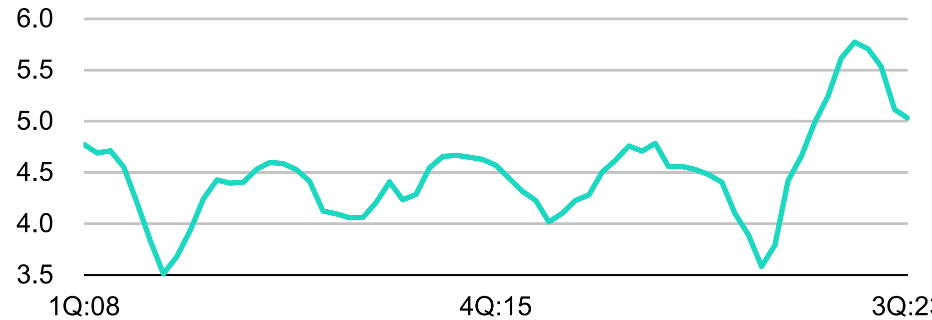
Default Rates (Percent)



EBITDA Margin (Percent)



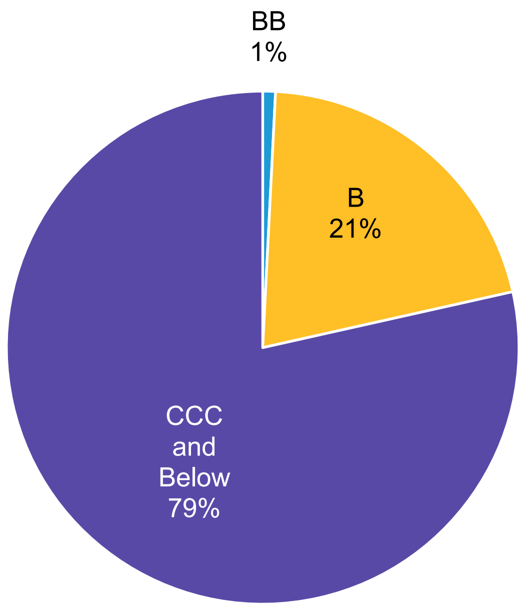
Interest Coverage (EBITDA/Interest)



Historical and current analyses do not guarantee future results.
EBITDA: earnings before interest, taxes, depreciation and amortization
Metrics data are calculated using weighted average.
Fundamentals as of September 30, 2023; defaults as of December 31, 2023
Source: J.P. Morgan and AB

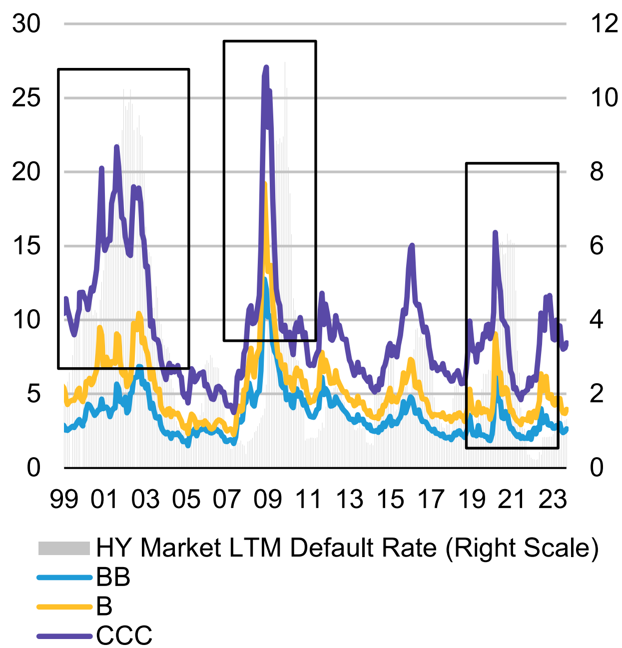
Composition Matters: Most Defaults and Spread Widening Occur in CCCs

Defaults Tend to Be Concentrated in CCCs (Percent)

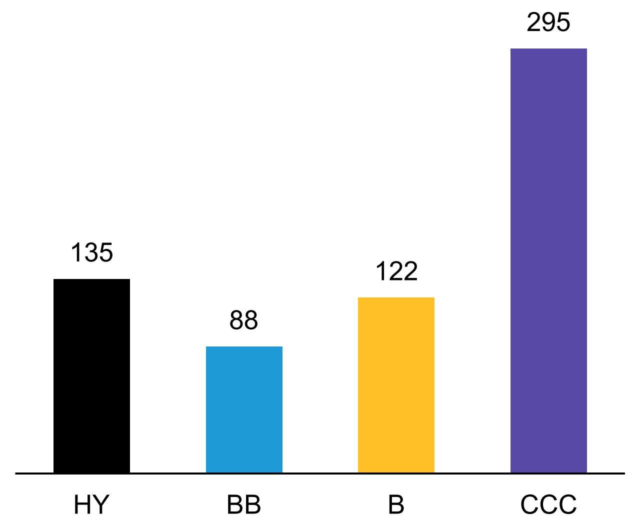


CCCs Have Historically Underperformed in Spread-Widening Environments

OAS (percent)



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



Past performance does not guarantee future results.

HY: high-yield; LTM: last 12 months; OAS: option-adjusted spread. Numbers may not sum due to rounding. Market is represented by the Bloomberg US Corporate High Yield. Quality index spreads are measured by the credit quality sub-indices of Bloomberg US Corporate High Yield. Median spread change is calculated as the median spread change in the 12 months leading up to default rates as they moved to peak default for the cycle. Left chart represents data from January 1998 to December 2023.

As of December 31, 2023. Source: Bloomberg, J.P. Morgan and AB

Even if Spreads Widen, High Yield Should Deliver Solid Returns

Downside Scenario
Hard landing

Assumptions:
- Spreads widen 300 bps
- Treasury yields decline 150 bps
- Default rate: 6.5%
- Recovery rate: 20%

Price Change	–4.82%
Yield	7.59%
Default Loss	–5.20%
Total Return	**–2.43%**
Yield in 12 Months	9.09%
Three- to Five-Year Expected Return	7.59%

Base Case Scenario
Softish landing

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

Price Change	0.00%
Yield	7.59%
Default Loss	–3.15%
Total Return	**4.44%**
Yield in 12 Months	7.59%
Three- to Five-Year Expected Return	7.59%

Upside Case Scenario
Strong growth

Assumptions:
- Spreads tighten 25 bps
- Treasury yields stay the same
- Default rate: 3.5%
- Recovery rate: 30%

Price Change	1.61%
Yield	7.59%
Default Loss	–2.45%
Total Return	**6.75%**
Yield in 12 Months	7.09%
Three- to Five-Year Expected Return	7.59%

Current and historical analyses do not guarantee future results.

High yield is represented by Bloomberg US Corporate High Yield. The shock analysis assumes the potential impact of an instantaneous change in Treasury yields and high-yield spreads and the benefit of yield over the next 12 months. The analysis ignores correlations between Treasuries and other sectors. The actual moves in spreads and Treasury yields may differ meaningfully from the sample moves shown in the displays. Simulated or hypothetical performance results have certain inherent limitations. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve returns or a volatility profile similar to those being shown.

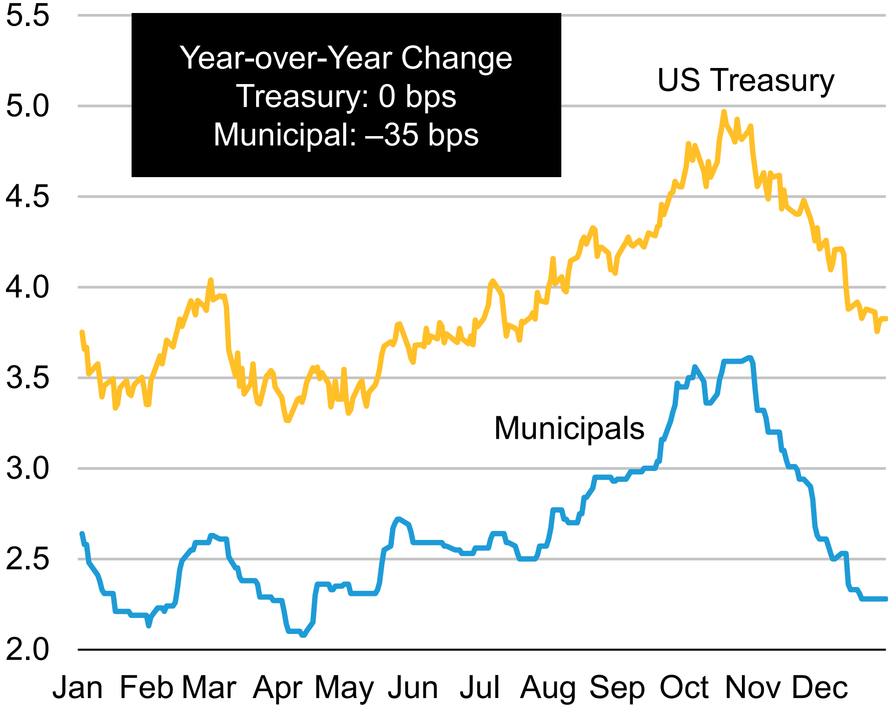
As of December 31, 2023

Source: Bloomberg and AB

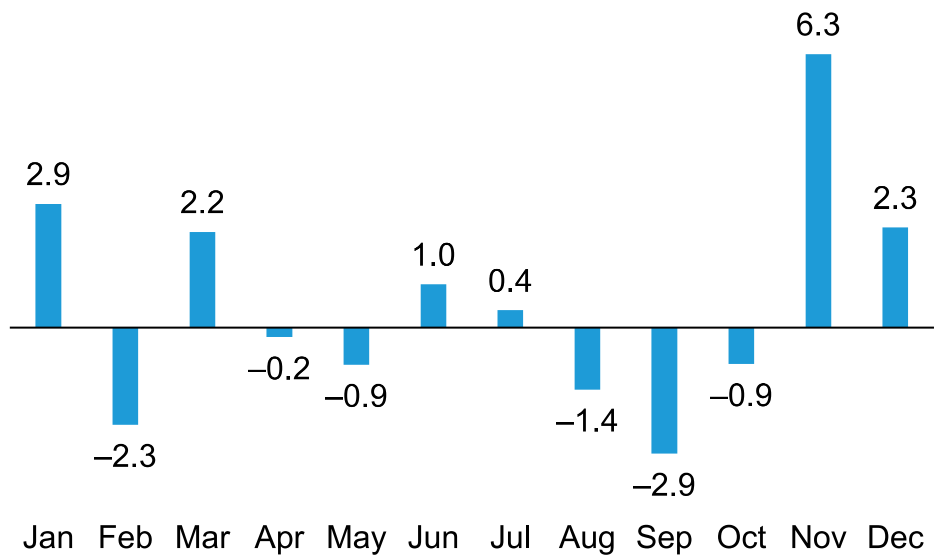
Massive 4Q Rally Boosts 2023 Muni Performance

Though volatility was prevalent, the Bloomberg Municipal Index returned 6.40% for the year

10-Year AAA Municipal Yields (Percent)



Bloomberg Municipal Index Returns (Percent)



4Q:2023 Municipal Returns: 7.89%
Jan–Dec 2023 Municipal Returns: 6.40%

Past performance does not guarantee future results. There is no guarantee any investment objective will be achieved.

Returns are for the Bloomberg Municipal Index.

As of December 31, 2023

Source: Bloomberg and AB

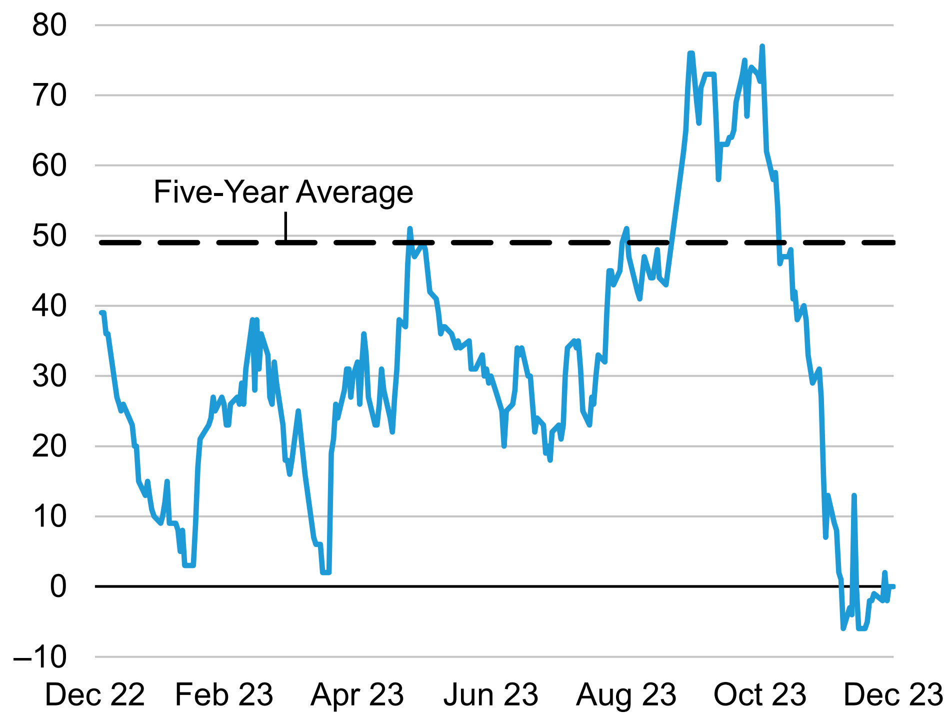
High-Grades Have Become Expensive, Particularly in the Belly of the Curve

Rotate into US Treasuries until munis return to fair value

AAA Muni vs. US Treasury After-Tax Spreads (Basis Points)

Maturity	October 31, 2023	December 31, 2023	Five-Year Average
Two-Year	66	0	16
Five-Year	61	–1	23
10-Year	72	–2	49
15-Year	107	37	73
20-Year	121	59	80
30-Year	156	102	94

10-Year AAA Muni/US Treasury After-Tax Spread
Basis points

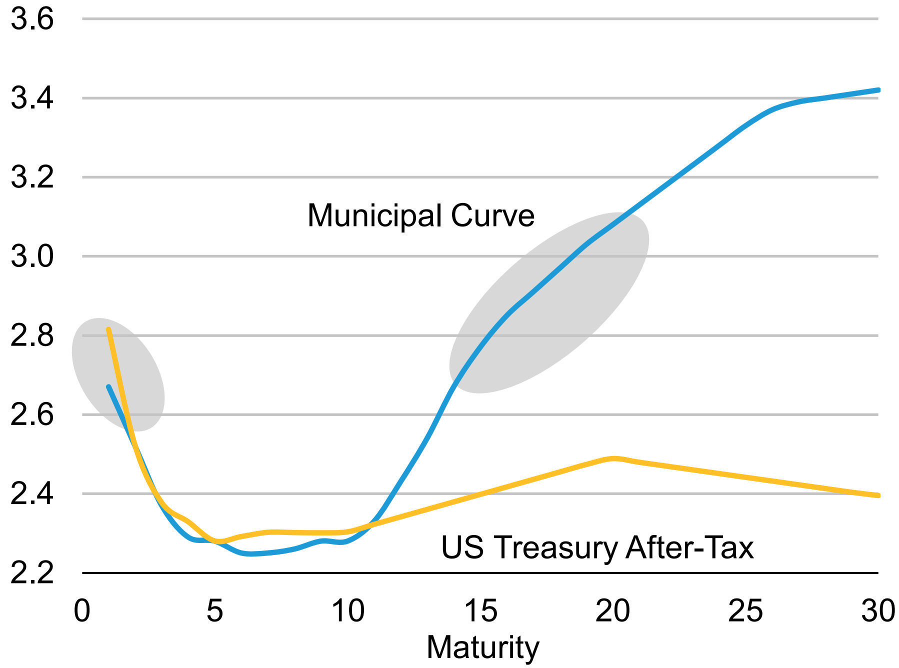


Past performance does not guarantee future results.
AAA municipals represented by the Municipal Market Data AAA curve.
Tax rate used is 40.8%.
As of December 31, 2023
Source: Bloomberg, Municipal Market Data and AB

Long Muni Yields Still Have a Long Way to Go

Capitalize on high front-end yields and a steeper curve slope in the 12- to 20-year range

AAA Municipal and US Treasury After-Tax Yield Curve
Percent



Portfolio Construction for Today's Environment*

	Yield to Worst (Percent)	Duration (Years)	2023 Return (Percent)
Barbell	3.3	5.3	6.1
Concentrated	2.7	5.3	5.8
Ladder	3.1	5.3	5.8

Past performance does not guarantee future results. For illustrative purposes only. Portfolio positioning is subject to change. 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.

*Hypothetical portfolio is calculated using Bloomberg Municipal indices. Barbell is 40% to the one- and three-year indices, and 60% in the 15-year, 20-year and 22+ indices. Concentrated is 100% in the 10-year index. Ladder is equal 12.5% weights to the one-year through 22-year indices.

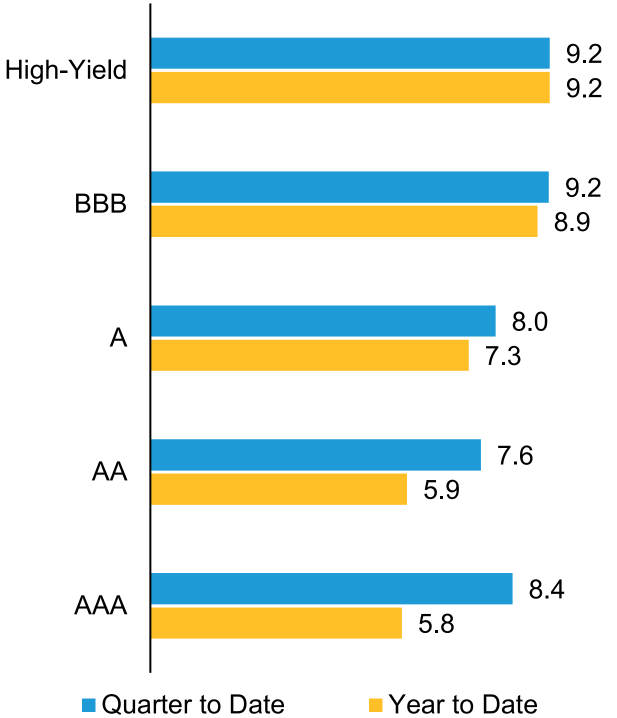
As of December 31, 2023

Source: Bloomberg, Municipal Market Data and AB

Municipal Credit Outperformed Dramatically in 2023

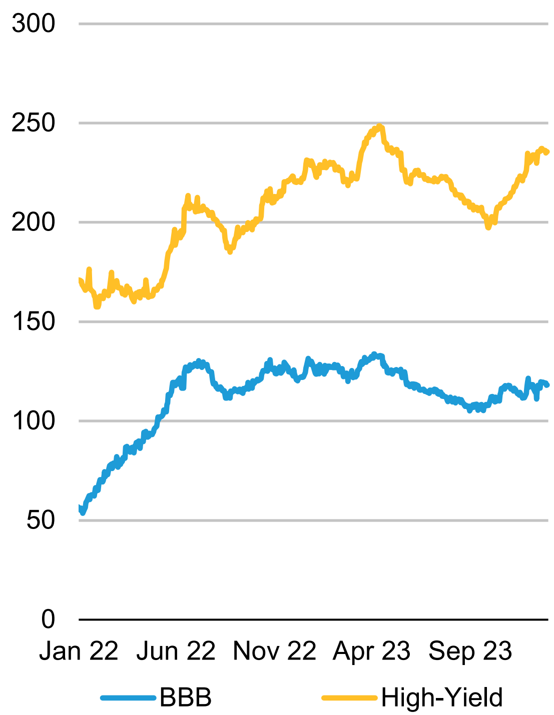
Credit set up well to potentially outperform again in 2024

Year-to-Date Returns by Credit Quality (Percent)



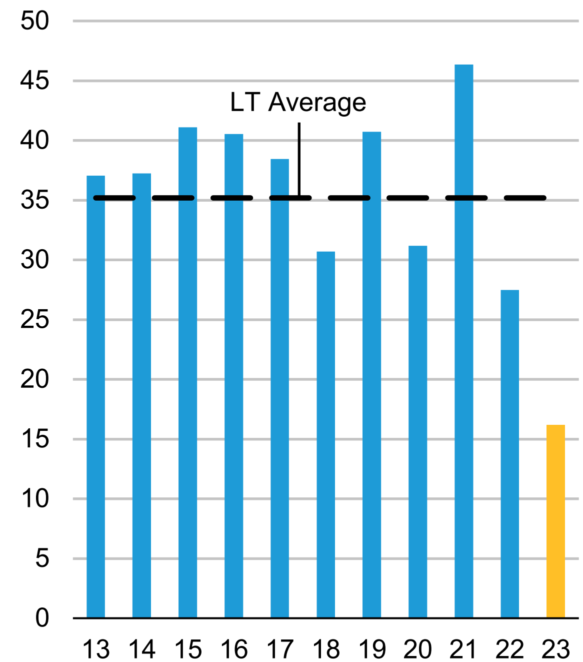
Credit Spreads Remain Wide

Basis points



Lower Issuance Should Continue to Support Muni Credit

HY issuance (billions)



Historical analysis does not guarantee future results and is subject to change.

HY: high-yield; LT: long-term

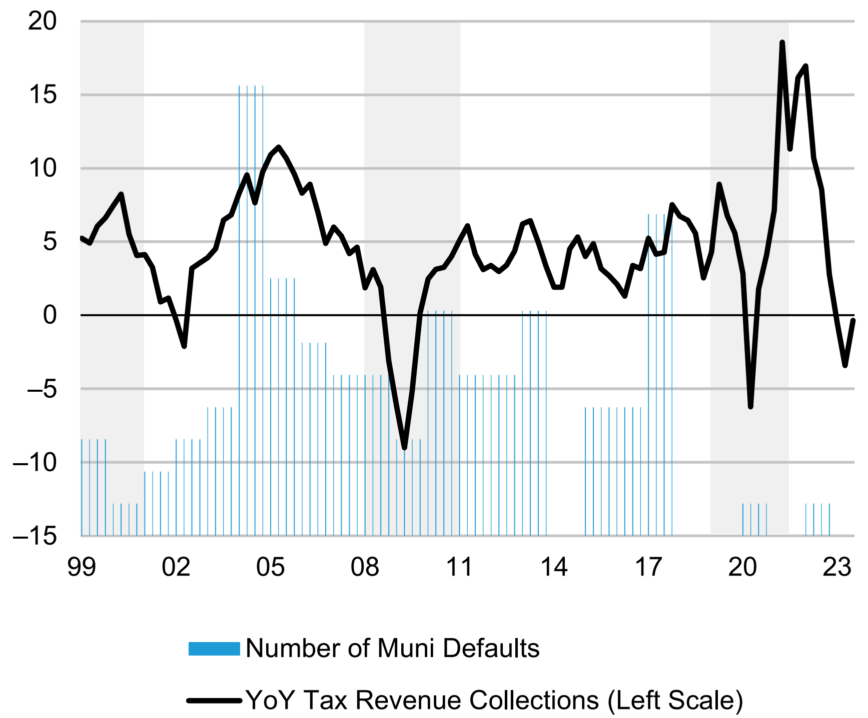
As of December 31, 2023

Source: Moody's, National Association of State Budget Officers (NASBO) and AB

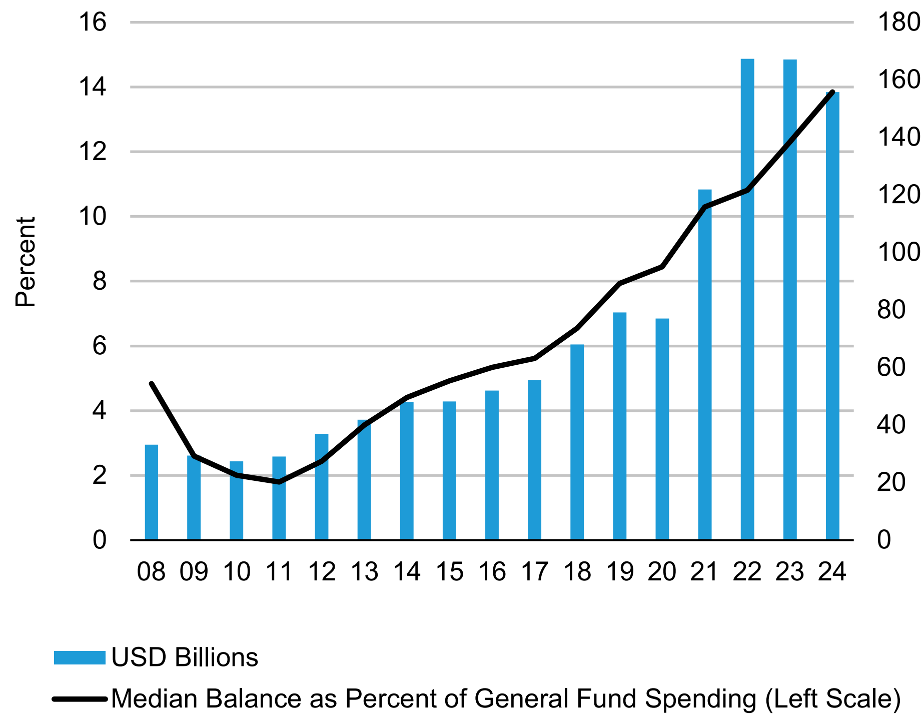
States Are Well Positioned to Navigate an Economic Slowdown

Credit research and investing through the headlines are crucial

Tax Revenue Collection and Defaults (Percent)



Rainy-Day Fund Balances



Current analysis does not guarantee future results.

YoY: year-over-year

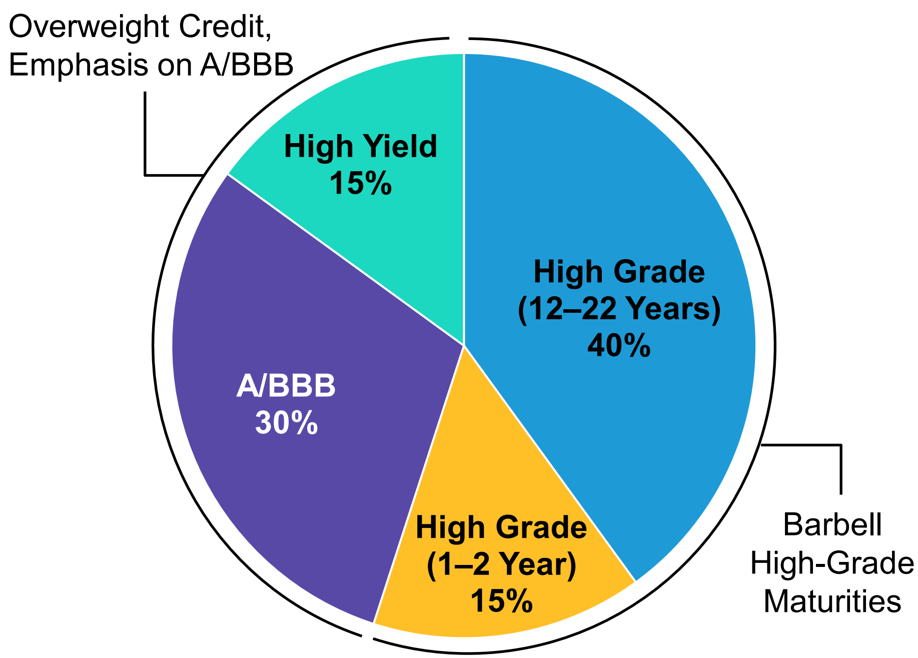
As of December 31, 2023

Source: NASBO, Bureau of Economic Analysis and AB

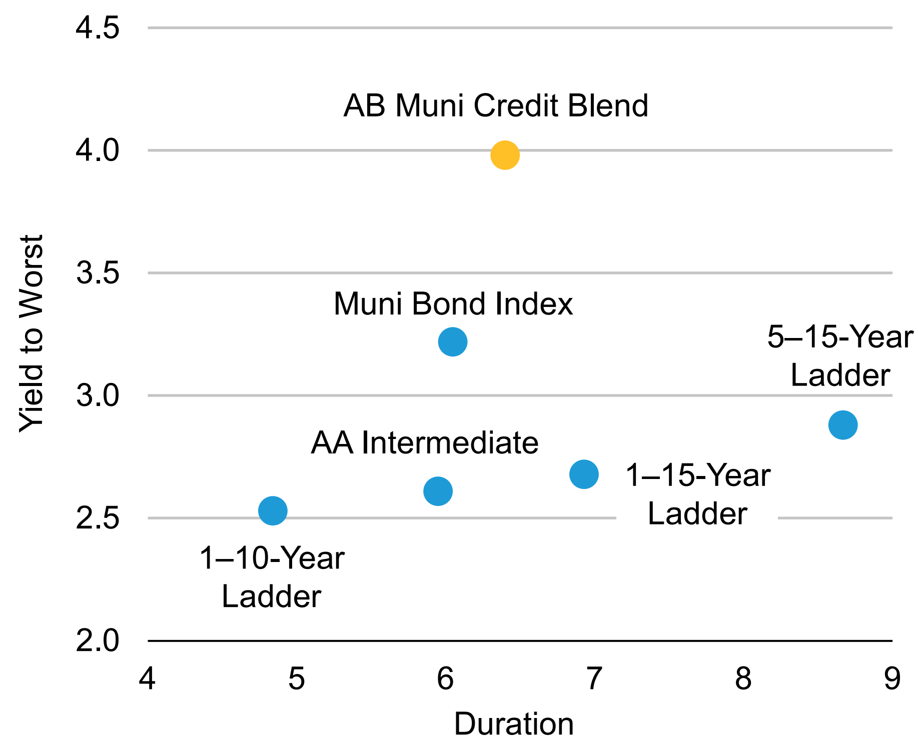
Portfolio Construction for Today's Environment

Overweight municipal credit, duration overweight and barbell maturity structure

AB Municipal Credit Blend



Active Better Positioned Than Passive (Percent)



Current analysis does not guarantee future results.

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

As of December 31, 2023

Source: Bloomberg 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, 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/ASX Corporate BBB Index:** Includes all bonds in the Bloomberg/ASX Corporate Bond Index that have the minimum required BBB- rating at each monthly rebalancing
- **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
- **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 High Yield Corporate Bond Index:** A subindex of the Bloomberg Bond Index, seeks to measure the performance of US corporate debt issued by constituents in Bloomberg with a high-yield rating. The Bloomberg Bond Index is designed to be a corporate-bond counterpart to Bloomberg, which is widely regarded as the best single gauge of large-cap US equities
- **Bloomberg Municipal Bond Index:** A rules-based, market value–weighted index engineered for the long-term tax-exempt bond market. (Represents municipals on slide 2)
- **Bloomberg Municipal Bond BBB Rating Band Index: I**ncludes all bonds in the Bloomberg Municipal Bond Index that have a Bloomberg rating of between “BBB+” and “BBB-”, a Moody’s rating of between “Baa1” and “Baa3” and a Fitch rating of between “BBB+” and “BBB-”. If there are multiple ratings, the lowest rating is used
- **Bloomberg Municipal Bond High-Yield Index:** Consists of bonds in the Bloomberg Municipal Bond Index that are not rated or are rated below investment grade
- **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)

Index Definitions (cont.)

- **Bloomberg US Corporate High-Yield Bond Index:** Represents the corporate component of the Bloomberg US High-Yield Index. (Represents US high yield on slide 2)

- **Bloomberg U.S. High Yield Index:** Covers the universe of fixed-rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included

- **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)

- **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

- **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 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. (Represents EAFE on slide 2)

- **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 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

Index Definitions (cont.)

- **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 2)

- **S&P 500:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US large-cap on slide 2)

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