AB American Income Portfolio

Market Overview

- In August 2024, developed market (DM) government bond returns were volatile yet positive. As inflation in many countries came in as expected, several central banks cut their interest rates, and the US Federal Reserve signaled that it would start to reduce borrowing costs in September 2024.
- US high-yield and investment-grade corporate bonds moved higher, while securitized assets delivered mostly positive returns. Highly rated commercial mortgage-backed securities rose, as did asset-backed securities, and US agency mortgage-backed securities outperformed US Treasuries.
- Emerging market (EM) hard-currency sovereign bonds and EM hard-currency corporate bonds both made gains.
- During the month, the US dollar declined against all major DM and most EM currencies.

Portfolio Performance (as of 31/8/2024) #

	1 Month	Year to Date	Since Inception 01/07/1993 (Annualized)
Class A USD (NAV)	1.74%	4.00%	5.29%
Charges Applied (2.5%)	-0.86%	1.38%	5.21%

- In August, the Portfolio's choice of investment-grade corporate bond holdings contributed to performance, as did an allocation to high-yield bonds that did not feature in the benchmark index. Our positions in EM sovereign and corporate bonds added further value.
- A lower-than-benchmark weight to duration (this measures the sensitivity of an asset's or a portfolio's price to interest-rate movements) hurt performance, but our yield-curve positioning entirely offset these losses.

Market Outlook

- Our base case scenario for DM economies is a gradual slowdown over several quarters, albeit without widespread recessions. Recent data showed that growth remained sluggish in Europe. Meanwhile, in the US, economic output is expected to slow, given weaker jobs data and wages that appear to be normalizing.
- However, our economic scenario depends on the expected path of DM monetary-easing policies. Most central banks have become increasingly confident that the inflationary chapter of the post-pandemic recovery story is over. Yet, if central bank actions cannot meaningfully support economic growth, our base case could quickly deteriorate. We also expect increasing divergence between countries and regions based on their individual growth and inflationary paths.
- With growth increasingly in focus among investors and inflation now less of a concern, we expect significant monetary easing on a global scale. Fiscal policy is limited because of large budget deficits, so the ability of governments to boost growth is constrained, which places an additional burden on monetary policy. Most major DM and many EM central banks are already trimming rates, and the Fed has stated that rate cuts will begin in September. That said, some market participants are concerned that the Fed has waited too long before reducing borrowing costs.

Past performance is not indicative of future results. Performance calculations are based on a single pricing basis, include the change in Net Asset Value and reinvestment of any distributions paid on Portfolio shares for the period shown, net of assumed front-end load (FEL) 2.5% for Class A shares. For Class A shares, maximum front-end load (FEL): Up to 5%. Accordingly, these figures do not represent actual returns to an investor.

Investment risks to consider. These and other risks are described in the Portfolio's prospectus.

Investment in the Portfolio entails certain risks. Investment returns and principal value of the Portfolio will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Some of the principal risks of investing in the Portfolio include:

Country Risks in the US: Investments in issuers located in the US may have more market, political and economic risks because of particular factors affecting that country. **Credit risk:** The Portfolio will invest in fixed-income securities (including bonds) issued by companies and other entities and the Portfolio will be subject to the risk that a particular issuer may not fulfil its payment or other obligations in respect of such fixed-income securities. Generally, debt instruments with a lower credit rating or that are unrated are more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers of the fixed income securities, the Portfolio's value may be adversely affected and investors may suffer a substantial loss as a result. **Derivatives Risk:** The Portfolio is entitled to use derivative instruments for hedging and/or EPM purposes which may involve additional risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. **Fixed-income securities Risk:** As interest rates rise, bond prices fall and vice versa – long-term securities tend to rise and fall more than short-term securities. The Portfolio will invest in fixed-income securities where their value will change in response to fluctuations in interest rates and currency exchange rates, as well as changes in credit quality of the issuer. **Liquidity Risk:** The risk that arises when adverse market conditions affect the ability to sell assets when necessary. Reduced liquidity may have a negative impact on the price of the assets.

Important Information

The Portfolio is part of AB FCP I (referred to as "AB"). AB is a mutual investment fund (fonds commun de placement) organized under the laws of the Grand Duchy of Luxembourg.

Investment involves risk. Past performance is no guarantee of future results.

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