AB American Income Portfolio

Market Overview

- July 2024 saw developed market (DM) government bonds deliver solid returns as investors reacted positively to inflation reports, economic newsflow and central bank decisions.
- US high-yield and investment-grade corporate bonds moved higher, as did securitized assets. Meanwhile, highly rated commercial mortgage-backed securities did better than other market segments, and US agency mortgage-backed securities outperformed US Treasuries. Asset-backed securities made gains, too.
- Emerging market (EM) hard-currency sovereign bonds and EM hard-currency corporate bonds also ended higher.
- During the month, the US dollar experienced mixed returns against DM and EM currencies.

Portfolio Performance (as of 31/7/2024) #

	Month to Date	Year to Date	Since Inception 01/07/1993 (Annualized)
Class A USD (NAV)	2.08%	2.22%	5.25%
Charges Applied (2.5%)	-0.41%	-0.35%	5.16%

- In July, the Portfolio's lower-than-benchmark weight to duration (this measures the sensitivity of a portfolio's price to interest-rate movements) dented its relative returns as yields fell. However, these losses were mostly offset by our yield-curve positioning.
- The Portfolio's lower-than-benchmark allocation to agency mortgages hurt performance, as did our choice of holdings in this segment. Our selection of investment-grade corporates also disappointed.

Market Outlook

- Our base case for DM economies is a gradual slowdown over several quarters, albeit without these markets slipping into recession. Recent data showed that growth remains sluggish in Europe. Meanwhile, in the US, economic output appears to be easing, given weaker jobs and wage growth. This environment will eventually see inflation in the services sectors of DM economies start to moderate, allowing most central banks to cut interest rates later in 2024 and over the next two years.
- With economic growth increasingly in focus among investors and inflation less of an immediate concern, we expect significant monetary easing on a global scale. Most major DM and many EM central banks are already cutting rates, and the US Federal Reserve (Fed) will likely start the process by September.
- Meaningful interest-rate reductions are necessary at this stage of the economic cycle to ensure that growth stabilizes without causing undue harm to the global economy. Yet, because the effects of monetary policy take time to feed through, it is inevitable that investors will worry that central banks have been too late to act. In sharp contrast, the Bank of Japan continues to tighten its monetary policy because inflation remains high. This is being driven, in part, by higher import costs because of a weak Japanese yen and healthy wage growth.

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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