

# AB International Health Care Portfolio

## Market Overview

- August 2024 saw global equities rally and close higher for a fourth consecutive month after the US Federal Reserve (Fed) signaled an initial interest-rate cut in September, and data suggested an economic soft landing (a period when growth slows down, but the economy does not enter recession). That said, global equities had experienced a sharp sell-off early in the month triggered by signs of weakness in the US economy, concerns that the Fed had waited too long to cut interest rates, and worries about the earnings prospects of US technology giants.
- The MSCI All Country World Index rose by 2.5% in August, bringing year-to-date gains to 16.0%.
- Global healthcare stocks also moved higher, with the MSCI World Health Care Index gaining 5.5% during the month, bringing year-to-date gains to 17.6% (all returns in US-dollar terms). Subsector performance was mainly positive: healthcare technology and industrial conglomerates contributed to relative performance, while life sciences tools and services was the only segment to decline. Industrial conglomerates ended the period flat.

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

	1 Month	Year to Date	Since Inception 05/07/1995 (Annualized)
Class A USD (NAV)	5.74%	15.50%	8.31%
Charges Applied (4%)	1.51%	10.88%	8.16%

- During the month, major contributors to performance included US biotechnology company **Regeneron Pharmaceuticals**, which posted stronger-than-anticipated earnings driven by the surprisingly robust sales of its core products Dupixent and Eylea. Also, in the US, biotechnology group **United Therapeutics** contributed to the Portfolio's relative performance when the regulator granted exclusivity for the dry-powder formulation of its Tyvaso treatment for pulmonary arterial hypertension. UK Biotechnology company **GlaxoSmithKline** added value when it reported higher-than-expected revenue and earnings for the second quarter of 2024.
- Major detractors from performance at the stock level included US biopharmaceutical group **Vertex Pharmaceuticals**, which reported a larger-than-expected loss that was partly due to its acquisition of Alpine Immune Sciences. US drug wholesale firm **Cencora** declined on news that pharmacy store chain Walgreens had reduced its stake in the company. Lastly, the share price of **Mettler-Toledo International**, a supplier of life science instruments, slid after the company's revenue fell short of expectations, and it reported softer sales outside of Europe and the Americas.

## Market Outlook

- The healthcare sector outperformed the broader MSCI World Index in August, which was primarily driven by increased concerns about the global economy steering investors towards more defensive areas of the market, as well as a reduced appetite for artificial intelligence (AI)-related stocks.
- From a fundamental standpoint, profitability across the healthcare sector remains solid, growth opportunities abound, and the political environment is still manageable.
- Although the valuations of AI-related technology companies have fallen slightly, the risk/reward skew points further toward healthcare as an attractive investment, particularly if the macroeconomic backdrop continues to soften.
- Although the economy's strength may affect some healthcare subsectors, we continue to believe that the economic sensitivity of healthcare overall remains low compared to other market segments. At the same time, the innovation potential is high. Additionally, we expect the earnings challenges posed by the market's return to 'normalization' following the disruption of COVID will dissipate, providing a growth catalyst over the next few quarters.

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**# 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) 4% 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: **Concentration/Focus Risk:** To the extent that the Portfolio invests a large portion of its assets in a limited number of industries, sectors or issuers, or within a limited geographical area, it can be riskier and subject to greater volatility than a Portfolio that invests more broadly. **Currency Risk:** To the extent that the Portfolio holds assets that are denominated in currencies other than its Base Currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses, in some cases significantly. Hedging may reduce but not eliminate currency risk. **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. **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.

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### Important Information

The Portfolio is part of AB SICAV I (referred to as "AB"). AB is an open-ended investment company with variable capital (société d'investissement à capital variable) under the laws of the Grand Duchy of Luxembourg.

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

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