AB Low Volatility Total Return Equity 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).
- The MSCI All Country World Index gained 2.5% in August, culminating in a 16.0% rise for the year to date. The ICE BofAML 3-Month US Treasury Bill Index was up 0.5% during the month, bringing year-to-date returns to 3.6% (all returns in US-dollar terms).
- Growth- and value-oriented stocks both rose over the month, with the latter delivering the strongest returns, as investors continued to rotate away from growth names - especially artificial intelligence (AI)-related companies. At the sector level, real estate and healthcare rallied while energy and materials lagged.

Portfolio Performance (as of 31/08/24) #

	1 Month	Year to Date	Since Inception 31/01/2019 (Annualized)
Class A USD (NAV)	0.37%	5.18%	1.44%
Charges Applied (4%)	-3.62%	0.99%	0.70%

- During the month, the Portfolio's long equity positions delivered positive returns, but the gains were partially offset by losses from our short equity positions, used to hedge against market volatility. Our cash exposure contributed over the month, while currency forwards detracted.
- At the stock level, **Eli Lilly** contributed in August, reporting better-than-expected revenue and earnings driven by the strong performance momentum of its obesity drugs. **Novo Nordisk** also added value when its share price recovered from a pullback early in the month. The decline came amid news of lower-than-anticipated sales of its injectable weight-loss medication Wegovy. Our holding in retail giant **Walmart** helped boost the Portfolio's relative returns. This followed the release of unexpectedly healthy results showing an increase in full-year sales and earnings guidance suggesting continued consumer resilience.
- Major detractors from performance included **McKesson**, a leading US healthcare company, which reported that it had missed its sales targets for the second quarter. Management explained that this shortfall was driven by factors such as easing demand for COVID-19 test kits and fewer product launches. Japan-based multinational banking and financial services companies **Sumitomo Mitsui Financial Group** and **Mitsubishi UFJ Financial Group** also proved disappointing amid a broad decline in Japan's equity markets.

Market Outlook

- Looking ahead, equity returns are expected to broaden beyond the concentrated gains seen among US technology giants. We anticipate that a broader range of companies will likely drive equity returns as earnings growth forecasts improve across the market.
- Besides AI, growth opportunities exist in other sectors such as healthcare, cloud computing, fintech, and European industrials.
- We think earnings will face continued headwinds due to limited pricing power, sticky inflation, and slowing GDP growth, while geopolitical risks from ongoing conflicts and political changes could fuel volatility.
- Falling inflation has paved the way for most major central banks to lower interest rates, and we believe that the easing cycle, coupled with an absence of significant economic or financial imbalances, will be sufficient to avoid a major recession.

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: **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. **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. **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. **Equity Securities Risk:** Equities can lose value rapidly, in response to such factors as activities of individual companies, general market or economic conditions, or changes in currency exchange rates. Equities typically involve higher (often significantly higher) market risks than bonds, money market instruments, or other debt securities. **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.
