AB Low Volatility Total Return Equity Portfolio

Market Overview

- Global equities climbed in July despite an increase in market volatility. Favorable inflation and mixed economic newsflow raised hopes that the US Federal Reserve would begin to cut interest rates as soon as September. The European Central Bank (ECB) left interest rates unchanged in July, but comments by ECB President Christine Lagarde described the risks to growth as “tilted to the downside,” suggesting the possibility of a second rate cut in September.
- The MSCI All Country World Index gained 1.6% in July, culminating in a 13.1% 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 3.1% (all returns in US-dollar terms).
- By the end of July, more than half of the companies in the S&P 500 Index had delivered their second-quarter results. Data showed that more than 75% reported positive earnings surprises, although the scale of those surprises was below average levels. However, investors were unsettled by the results from several US technology giants, which prompted a market shift from growth-oriented stocks to smaller and value-focused companies.

Portfolio Performance (as of 31/07/24) #

	Month to date	Year to Date	Since Inception 31/01/2019 (Annualized)
Class A USD (NAV)	1.12%	4.79%	1.40%
Charges Applied (4%)	-2.94%	0.62%	0.64%

- 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, major positive contributors included **UnitedHealth Group**, which was supported by better-than-expected earnings numbers. The Portfolio’s below-benchmark exposure to **Apple** also added value, as its share price retreated in tandem with other large technology groups when investors’ focus turned to smaller and value-oriented companies. In the UK, retail commercial bank **NatWes**t gained when it announced surprisingly strong second-quarter operating profits.
- Major detractors from performance included **Microsoft**, which reported disappointing revenue from its intelligent cloud division. **Novo Nordisk** dipped when analysis showed that a competitor’s obesity drug was delivering better results than its own medicine. Lastly, **Merck** also detracted following news of weak vaccine sales.

Market Outlook

- Looking ahead, equity returns are expected to broaden beyond the concentrated gains seen among US tech giants. We anticipate that a wider range of companies will likely drive equity returns as earnings growth forecasts improve across the market.
- Besides artificial intelligence (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.
- Despite these challenges, a soft landing for the global economy is anticipated while the US continues to outperform, with growth holding up well. Furthermore, the US labor market has exceeded our expectations, which makes a case for slower rate cuts in the US than elsewhere.

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 may invest in financial derivative instruments for investment purposes in addition to hedging and/or efficient portfolio management purposes and hence this may lead to a higher volatility to the net asset value of the Portfolio. **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.

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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