

# AB Low Volatility Total Return Equity Portfolio

## Market Overview

- In the third quarter of 2024, global equities experienced bouts of volatility but reached record highs after the US Federal Reserve (Fed) began easing monetary policy with a larger-than-expected 50 basis point interest-rate reduction. Positive Fed commentary, some reassuring economic data in the US, a second interest-rate cut by the European Central Bank, and the announcement of significant stimulus measures in China also helped bolster investor confidence.
- The MSCI All Country World Index gained 6.6% during the quarter, culminating in an 18.7% rise for the year to date. The ICE BofAML 3-Month US Treasury Bill Index was up 1.4% during the quarter, bringing year-to-date returns to 4.0% (all returns in US-dollar terms).
- Growth- and value-oriented stocks both rose over the quarter. The latter delivered the strongest returns as the stock market rally broadened and investors rotated away from growth names. Utilities and real estate led the way at the sector level, while energy was the only negative performer. The technology sector also rose in absolute terms but lagged on a relative basis.

## Portfolio Performance (as of 30/09/24) #

	3 Months	Year to Date	Since Inception 31/01/2019 (Annualized)
Class A USD (NAV)	0.81%	4.47%	1.30%
Charges Applied (4%)	-3.24%	0.31%	0.57%

- During the quarter, 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 period, while currency forwards detracted.
- At the stock level, computer software company **Oracle** added value after reporting results that showed its cloud business's continued acceleration. The firm also announced a multi-cloud deal with Amazon Web Services. **UnitedHealth Group**, the largest US managed-care services company, also aided relative performance as its second-quarter earnings exceeded expectations. Meanwhile, global payments business **Fiserv** contributed after it reported healthy quarterly results. Although Fiserv's point-of-sale system Clover decelerated due to a slowdown in credit card spending, its performance was still in line with investors' expectations.
- Major detractors from performance included global healthcare company **Novo Nordisk**. This followed news that its competitor's experimental weight-loss pill had demonstrated meaningful weight reduction in an early-stage study. Pharmaceuticals distributor **McKesson** proved disappointing when its quarterly revenue missed expectations, and operating profit was lower than anticipated. Finally, **Shell** declined in tandem with the broader energy sector. In particular, the oil price dipped when the prospect of additional supply from Saudi Arabia and a weak outlook for China's economy impacted demand.

## Market Outlook

- Looking ahead, while real risks persist in the US, we think slowing economic growth is more likely than a recession. The Fed's September rate cut kicked off a monetary easing cycle that should last for several quarters, and the pace and magnitude of future cuts in the US and Europe will affect market returns and corporate performance.

- The good news is that earnings patterns appear to be broadening, with earnings estimates suggesting that non-US companies are catching up with US firms.
- China's economy has deteriorated to the point of influencing developments elsewhere, as a lack of domestic demand has hurt companies and countries that export goods to China. While we believe that a spiraling slowdown in China remains unlikely, the growth outlook remains subdued at best and likely will remain this way for some months to come.

**# 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.

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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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