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July 2021

The Recovery's Next Chapter

A Macro and Markets Review

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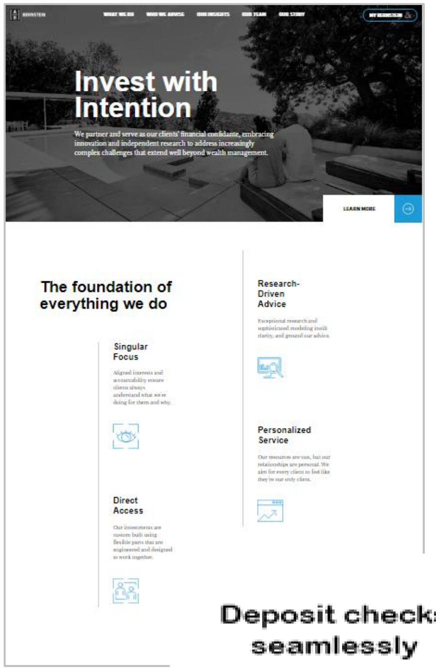
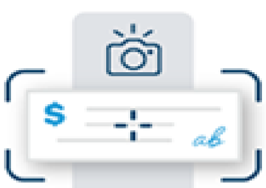
Addressing The Most Relevant Investment and Wealth Topics to You

New Website Launch

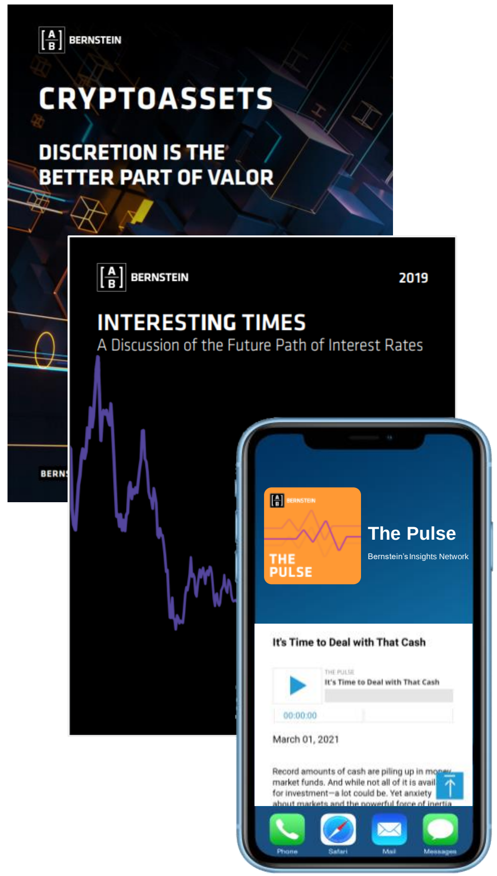


Deposit checks seamlessly

Mobile Capabilities



Timely Insights (Whitepapers, Blogs, Podcasts)



2021 – Seeing Light at the End of the Tunnel

Is Your Portfolio Prepared for Inflation?

Want to Beat the Index? Try Paying Less Tax

Hidden Risks Passive Investors Should Know

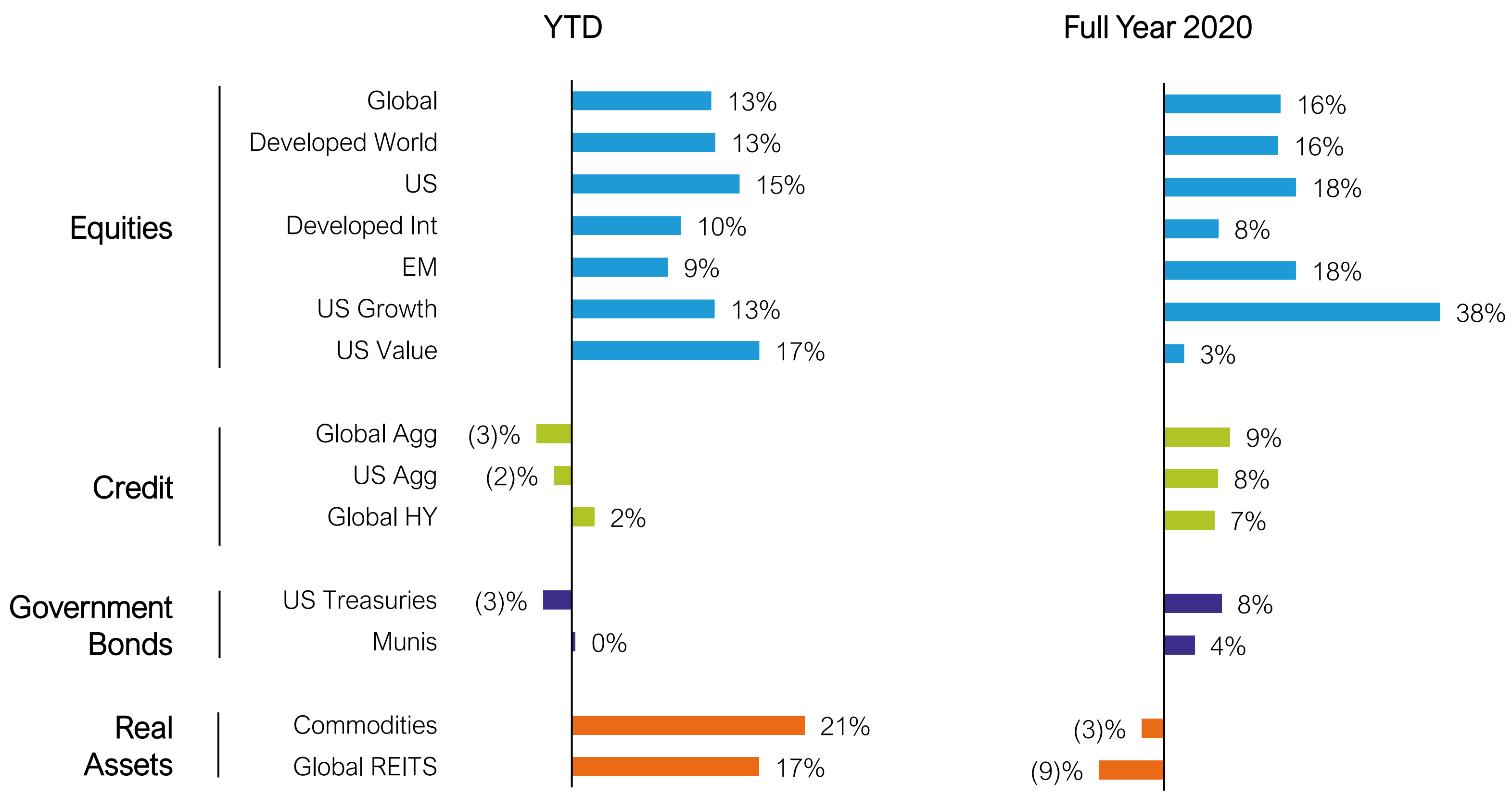
Rates Are Rising—So Why Are Muni Bonds Outperforming?

It's Finally Time to Deal with That Cash

Click On Any Image To Be Brought To Our Insights

Cross-Asset Returns Dashboard—The Rally Continues

Returns in US Dollars



As of June 30, 2021.

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Asset classes represented as follows: (Equities) Global—MSCI ACWI IMI Index, Developed—MSCI World Index, US—S&P 500 Index, Dev Int—MSCI World ex USA, EM—MSCI Emerging Markets IMI Index, US Growth—Russell 1000 Growth Index, US Value—Russell 1000 Value Index, (Credit) Global Agg—Bloomberg Barclays Global Aggregate, US Agg—Bloomberg Barclays US Aggregate Index, Global HY—Bloomberg Barclays Global High Yield Index, (Government Bonds) US Treasuries—Bloomberg Barclays US Treasury Index, Munis—Bloomberg Barclays 1-10 Yr Municipal Bond Index, Commodities—Bloomberg Commodity Index, Global REITS—S&P Global REIT Index.

Source: Bloomberg Barclays, MSCI, S&P and AB.

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The Economy Has Reopened - What's Left to Push Markets Higher?

A still recovering global economy and easy financial conditions.

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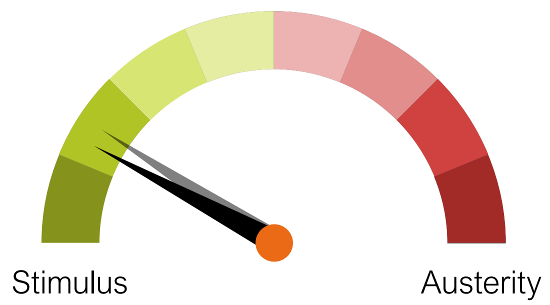
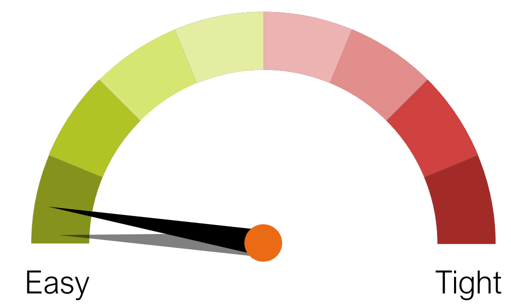
Then and Now: Easy Policy Catalyzed Marked Improvement

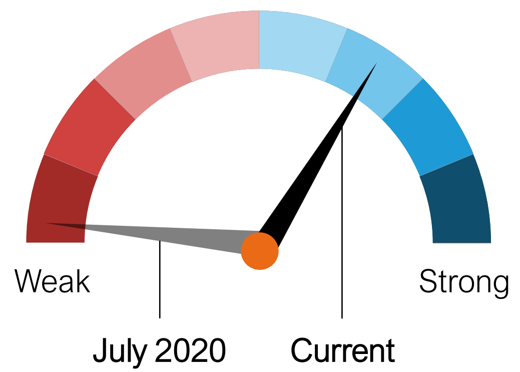
Fiscal Policy



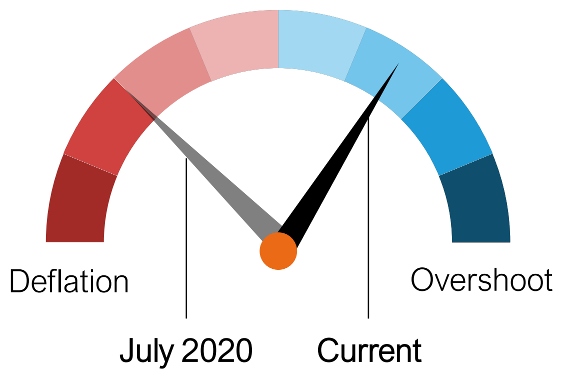
Monetary Policy



Economic Activity



Inflation



As of June 30, 2021.

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Source: AB.

Where We Stand Today: A More Certain Next Leg of the Recovery

- **Global Growth:** The recovery continues to gather pace. We've raised our growth forecasts and expect the global economy to grow ~6% in 2021 and ~4% in 2022 – both above the pre-crisis trend of ~3%.
- **Inflation:** Supply-chain disruptions are likely to fade but we need to monitor this carefully as multiple factors are pointing toward inflationary pressures in the years to come.
- **Monetary Policy:** Policy rates in the US, euro area and China are likely to remain on hold until at least the end of 2022. Central banks will continue to push back against a sharp rise in bond yields. But expect more volatility.
- **Bond Yields:** The outlook for bond yields is skewed slightly higher. We see the following ranges for 10-year yields at end-2021: US ~2%; euro area -0.25-0.00%; Japan anchored.
- **Earnings Growth**: Growth continues to be revised higher. Consensus growth expectations for S&P 500 earnings in 2021 and 2022 are now 37% and 12%, respectively.

AB Forecast	2020	2021
US GDP**	(3.5)%	6.5%
Global GDP	(3.8)%	6.1%
10Y Treasury Rate**	0.92%	1.75% -2.25%
US Inflation**	1.4%	3.2%
EUR/USD**	1.22	1.20
S&P 500 EPS Growth* **	(16)%	37%

As of June 30, 2021.

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*Consensus expectation, not AB forecast.

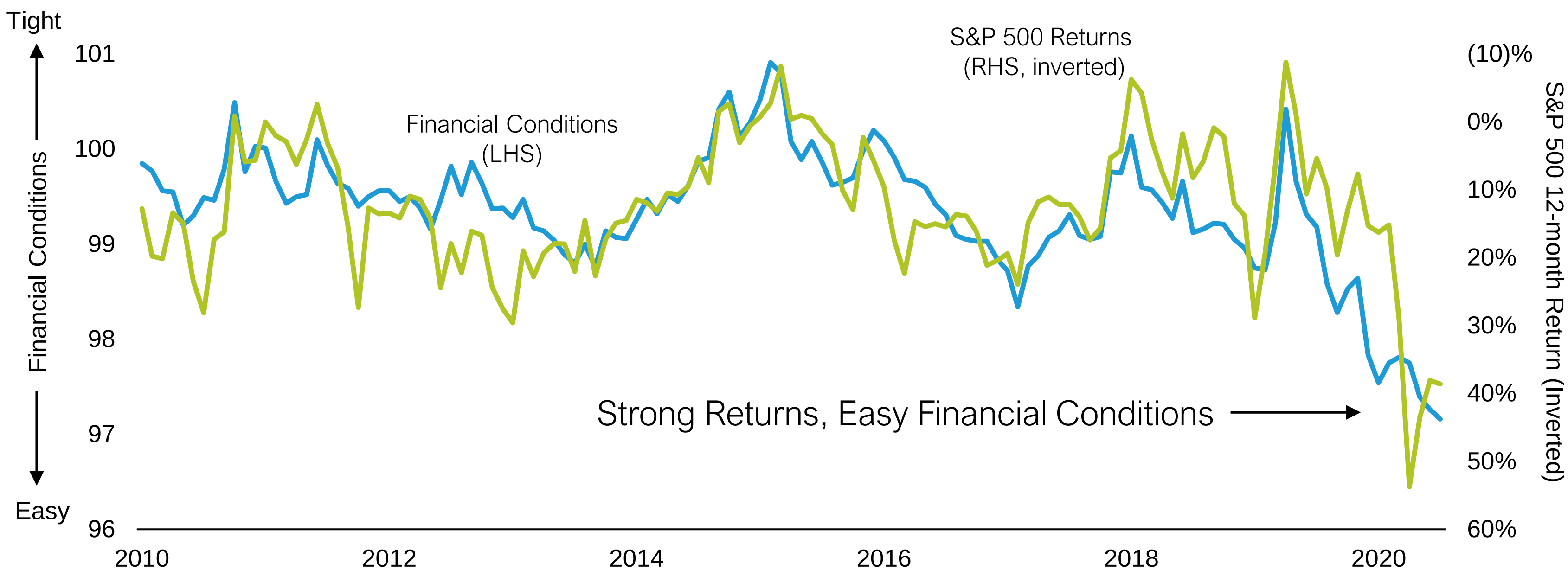
**Actual for 2020, not forecast, as of December 31, 2020.

Source: Factset and AB.

Easy Financial Conditions Remain One of the Key Drivers of Return

Low Rates, Low Volatility Remain Supportive for Return Seeking Assets

Financial Conditions and SPX Returns (Price Return)



Financial conditions such as interest-rate levels, currency movements and volatility gauge the ease with which business gets done. By extension, the "easier" conditions are, the better market returns tend to be.

As of June 30, 2021.

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Source: Goldman Sachs Financial Conditions Index (measuring weighted average of Fed Funds, 10Y Treasury, BBB Spreads, USD and Stock Valuations), S&P, Bloomberg and AB.

Our Risk Dashboard: Areas to Watch Based on History

Identifiable Risks Are Minimal

Current Environment Relative to Previous Market Peaks (ex-COVID due to exogenous shock)

S&P 500 Market Peaks	Peak – Trough	S&P Decline	Oil Spike / Price Pressures*	Inverted Yield Curve**	Fed Rate Hikes	US Manufacturing Slowdown***	Consumer Euphoria†	Expensive P/E Valuations§
Stagflation, Oil Embargo	Jan ’73–Oct ’74	(48%)	●		●			
1980s Inflation, Volcker	Nov ’80–Aug ’82	(27%)	●	●	●	●		
1987 Black Monday	Aug ’87–Oct ’87	(34%)	●				●	
Dot Com Bubble	Mar ’00–Oct ’02	(49%)	●	●			●	●
Global Financial Crisis	Oct ’07–Mar ‘09	(57%)	●	●	●	●	●	
Today			●					●

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As of June 30, 2021.
Note: Decline percentages are on a price return basis for all but the Dot Com Bubble and the Global Financial Crisis. Dates for peak to trough are as follows: **Stagflation, Oil Embargo**: 1/11/73-10/3/74, **1980’s Inflation, Volcker Fed**: 11/28/80-8/12/82, **1987 Black Monday:** 8/25/87-10/19/87, **Dot Com Bubble:** 3/24/00-10/9/02, **Global Financial Crisis**: 10/9/07-3/9/09
*Represents periods that were either preceded by, or coincided with, a sharp rise in oil
**Inverted yield curve, represented by the difference between the 10 Year Treasury Yield and the 2 Year Treasury Yield, is recorded if occurred within one year prior to the peak
***ISM Manufacturing Index
†University of Michigan Consumer Sentiment Index >90
§Defined as the most expensive decile since 1978
Source: Bloomberg, Bureau of Labor Statistics, Federal Reserve, Institute for Supply Management, S&P, University of Michigan and AB.

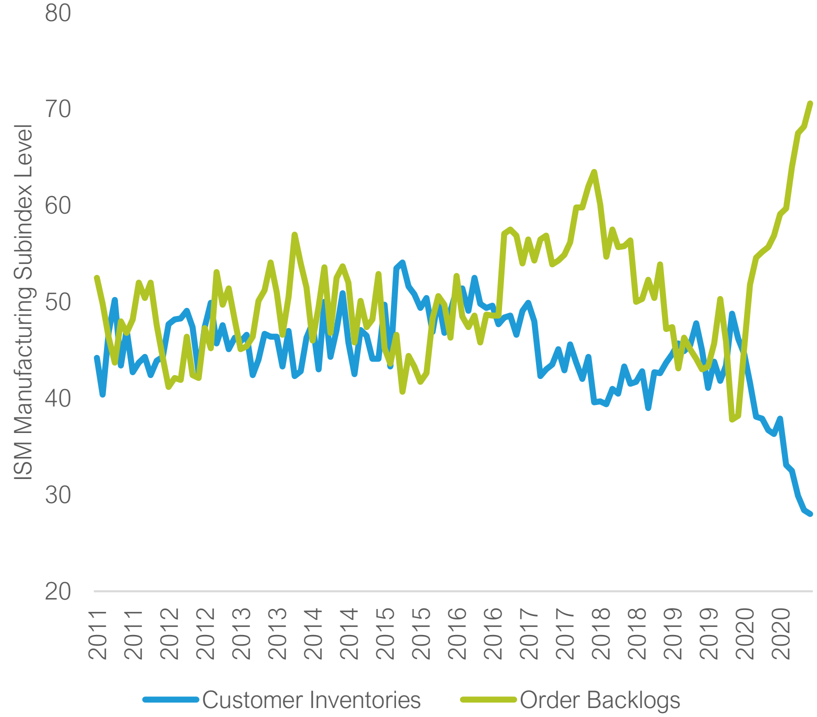
What's Our Perspective on Inflation?

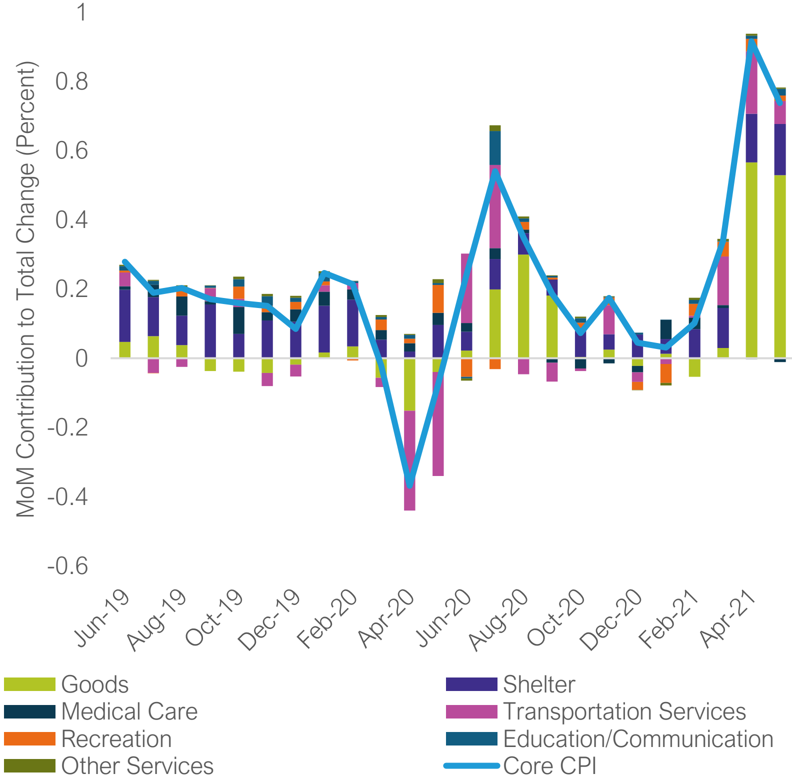
Recent pressures should fade.

Yet for many, inflation sensitivity supports allocating to inflation beta.

Supply Chain for Goods Has Been at Center of Price Pressure

Constraints Should Fade with Time





Recent price increases have been driven by specific factors related to the re-opening of the economy which strongly suggests that the increases will be transitory. Goods prices have suddenly surged while other categories (e.g. shelter, medial care) have been subdued. Once goods shortages ease, and production ramps, inflation readings should settle back toward trend growth.

As of June 30, 2021.

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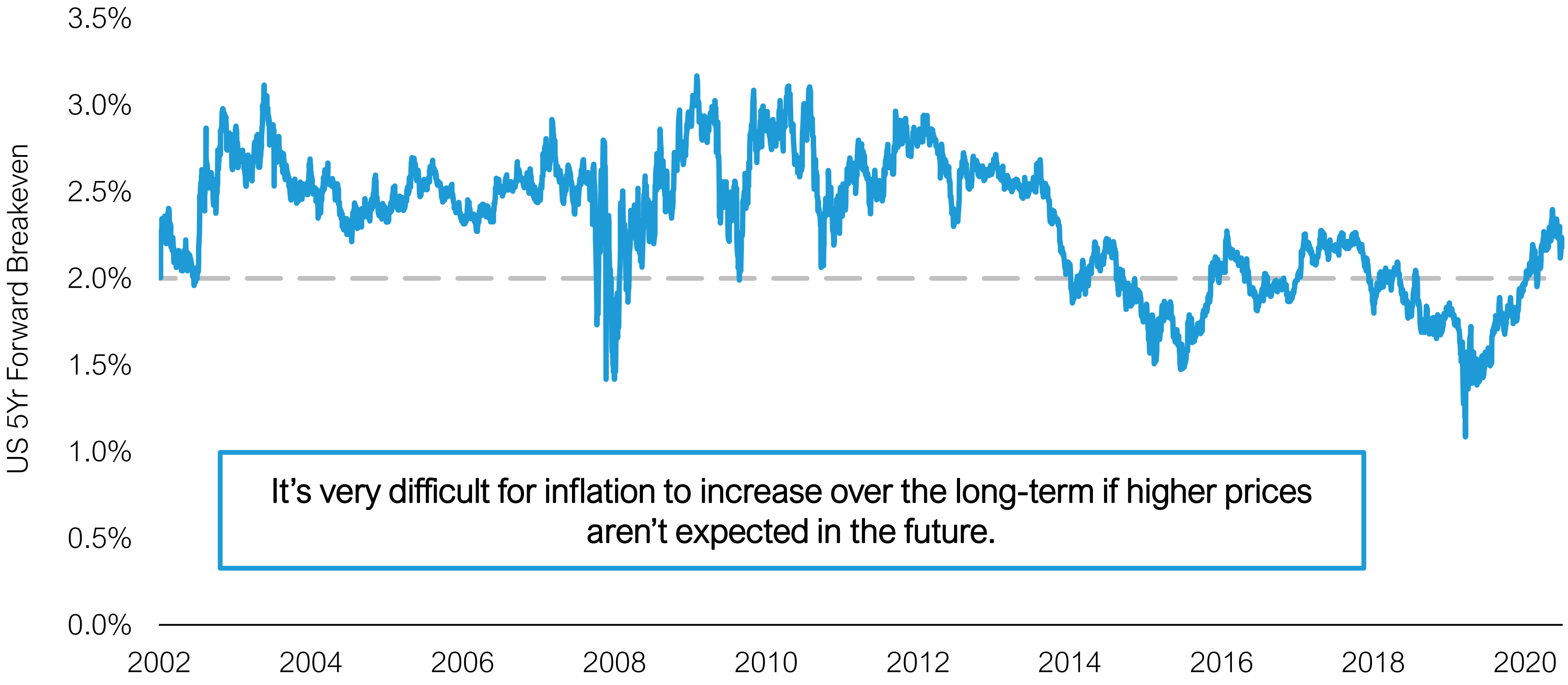
Note: "Goods" accounts for categories including Apparel and Vehicles (new and used).

Source: Refinitiv Datastream and AB.

Yet Inflation Expectations Remain Anchored Near 2%

Expectations Are One Of Most Important Determinants Of Future Inflation Levels

US, 5-Year Forward Inflation Expectation



Through June 30, 2021.

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Source: Bloomberg and AB.

Inflation Sensitivity Is Critical To The Asset Allocation Decision

Inflation Sensitivity Is Based On An Individual's Combined …

Asset Allocation to Bonds

Less — More

More Bonds = More Sensitive

Spending As % of Assets

Less — More

More Spending = More Sensitive

Years Until Income = $0

More — Less

Less Years = More Sensitive

As of June 30, 2021.

Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.

Source: AB.

Key Takeaways From Our Inflation Sensitivity Analysis:

- Everyone likely benefits, over time and to some degree, from inflation protection, but it's more critical for some than for others
- Inflation is episodic so there will likely be a "cost" to the protection during sustained, non-inflationary environments

Retirees:

- For bond-heavy investors (regardless of spending %), inflation protection is recommended - it can be the difference between depleting capital or not
- For equity-heavy investors with high spending, inflation protection is likely helpful … but spending may still need to be cut in order to reduce the risk of depleting capital
- For equity heavy investors with low spending, inflation protection is less critical but likely still modestly helpful over time
- For short horizon investors (<10 years) inflation protection is less critical

Workers

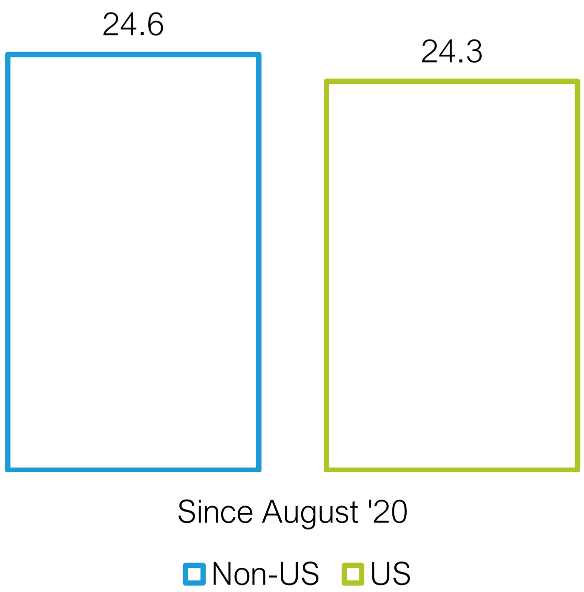
- For bond-heavy investors with high spending, inflation protection can substantially boost the probability of sustaining expenses and improve the experience in hostile market environments
- For equity heavy investors with high spending, inflation protection is less critical but could still have a meaningful impact on sustaining expenses if faced with hostile markets over a lifetime
- For bond heavy investors with low-spending, inflation protection can improve the probability of sustaining expenses while keeping volatility low
- For equity heavy investors with low spending inflation protection is less critical

What Could Cause Non-US Stocks to Outperform?

Continued Economic Acceleration, Vaccine Catchup and Valuations

Non-US Performance Keeping Pace With US Since Summer 2020

Performance: ACWI Ex-US vs. S&P 500



Why Have Non-US Stocks Been Able to Keep Pace?

Given greater confidence in the global recovery, markets rewarded countries with more economic sensitivity (i.e. economic beta).

Non-US economies are more closely aligned with economic cycles, which benefitted them as reopening commenced.

Catalysts for Continued Performance

- Further acceleration in economic activity
- Higher Interest Rates
- Higher Inflation Levels
- Fiscal Policy Commitment

As of June 30, 2021.

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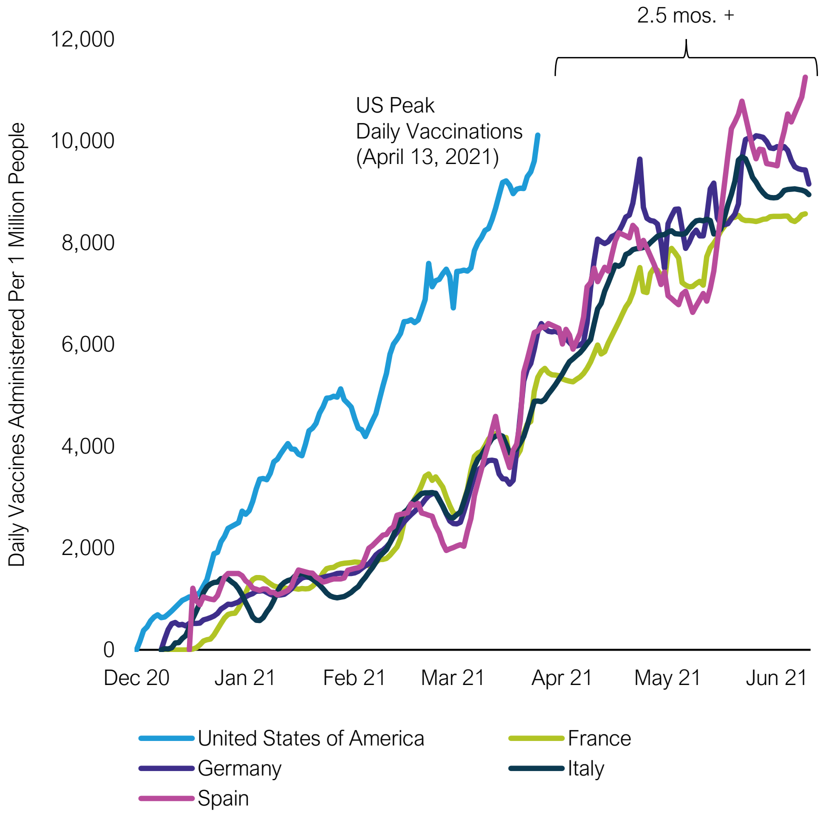
Source: MSCI, Standard and Poore's and AB.

Ramp in Non-US Vaccinations Should Facilitate Economic Catchup

US Recovery May Foreshadow That of Other Developed Economies

Daily Vaccinations By Country, Per 1mm People



Change in GDP – QoQ, Annualized

	U.S.	Eurozone	France	Germany	Italy	Spain
Q1 2020	(5)%	(15)%	(21)%	(8)%	(21)%	(20)%
Q2 2020	(31)%	(39)%	(43)%	(34)%	(43)%	(54)%
Q3 2020	33%	61%	97%	40%	80%	88%
Q4 2020	4%	(2)%	(6)%	2%	(7)%	0%
Q1 2021	6%	(1)%	(0)%	(7)%	1%	(2)%
Cumulative GDP Change Since Q4 2019	(4)%	(19)%	(18)%	(19)%	(23)%	(33)%

As of June 29, 2021.

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Source: Bloomberg and AB.

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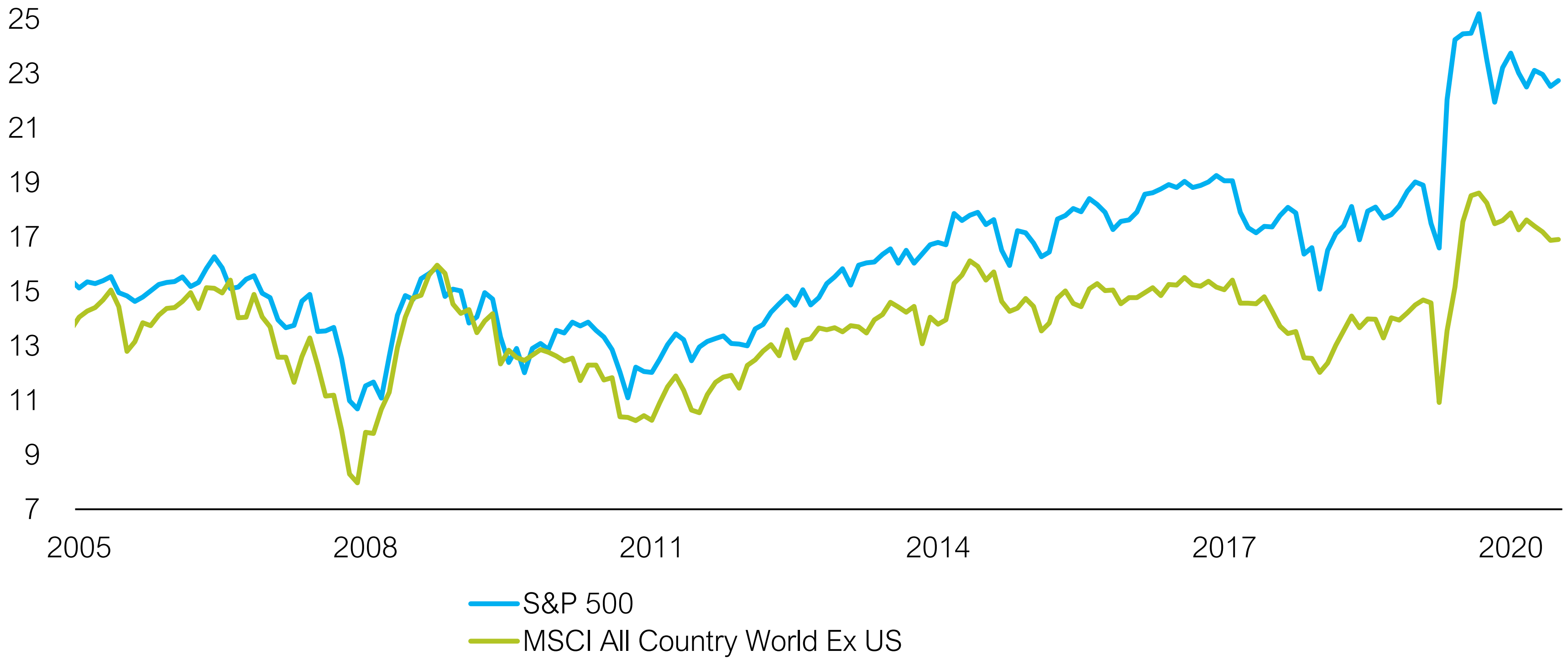
Non-US Stocks Are Less Expensive than Normal

Non-US Stocks Tend To Trade At A Discount, But That Discount Is Greater Than Normal Today

Forward Price To Earnings
S&P 500 versus MSCI ACWI Ex-USA



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Source: I/B/E/S, S&P, MSCI and Bernstein Research.

GameStop?! AMC?! Really?!

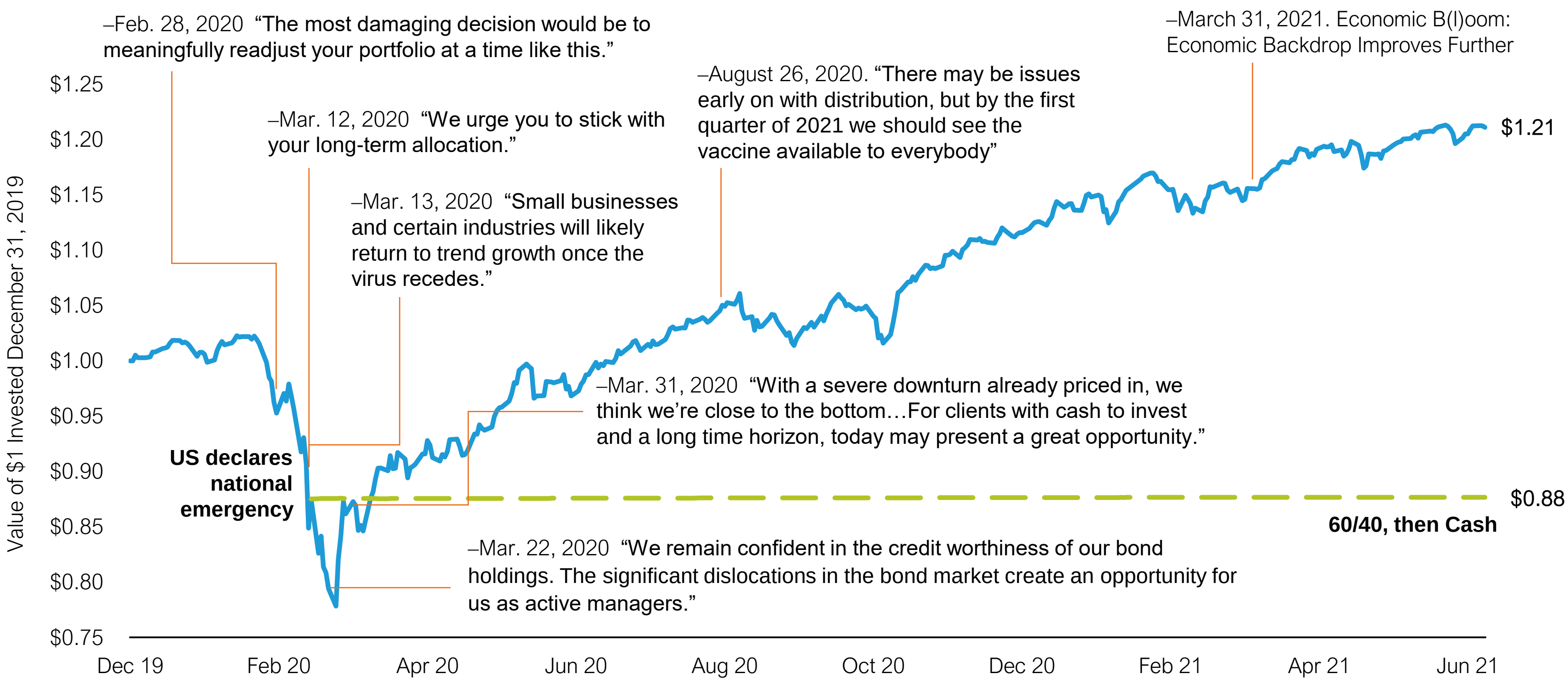
Do Fundamentals Matter Anymore?

Yes, particularly fundamentals related to advice, diversification and active research.

Advice Matters

Research and Unemotional Recommendations During Volatility Proved Beneficial

Moderate Allocation, Growth of $1* and Bernstein Advice



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*Moderate allocation is 60% global equities and 40% municipal bonds. Global equities represented by the MSCI ACWI and municipal bonds by the Bloomberg Barclays 1-10 Year Index. Allocation interrupted represents an allocation change to 100% cash, represented by ICE BofA 3-Month Treasury Bill Index, on the date that the US declared a national emergency—March 13, 2020.

Source: Bloomberg-Barclays, EPFR, Bloomberg, MSCI and AB.

Diversification Matters

Capitalizing on The Rotation By Remaining Balanced

Performance By Category

2018	2019	2020
Growth (1.5)%	Growth 36.4%	Growth 38.5%
US (4.4)%	US 31.5%	Size 20.0%
Value (8.3)%	Value 26.5%	US 18.4%
Size (11.0)%	Size 25.5%	Non-US 10.7%
Non-US (14.2)%	Non-US 21.5%	Value 2.8%

Aug'20—Jun'21	YTD
Size 49.3%	Size 17.5%
Value 32.7%	Value 17.0%
Non-US 24.6%	US 15.3%
US 24.3%	Growth 13.0%
Growth 19.9%	Non-US 9.2%

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Growth represented by the Russell 1000 Growth Index. US represented by the S&P 500 Index. Value represented by the Russell 1000 Value Index. Size represented by the Russell 2000 Index. Non-US represented by the MSCI ACWI Ex-US Index.

Source: Russell, Standard and Poore's, MSCI and AB.

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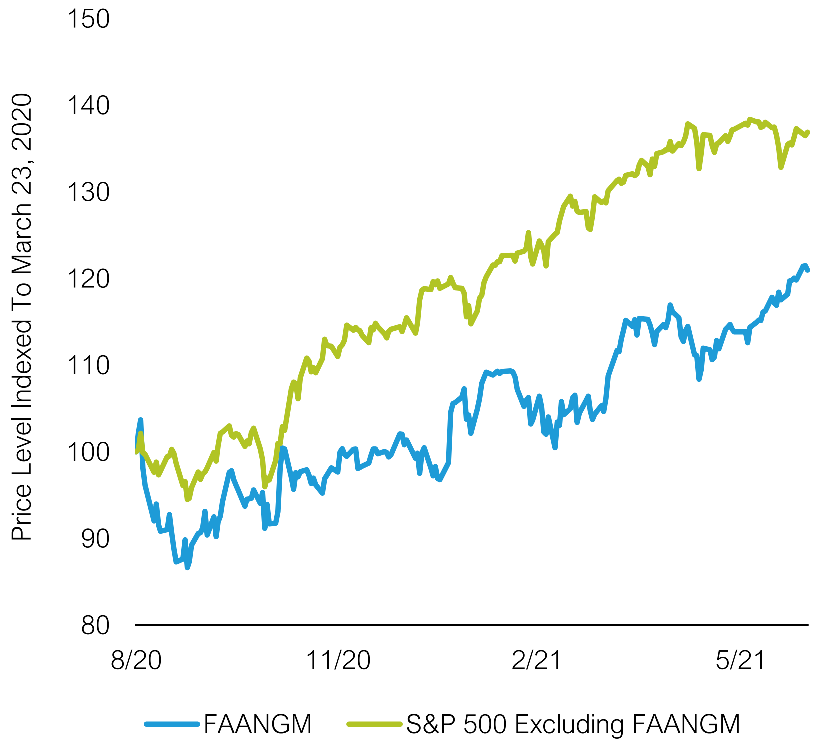
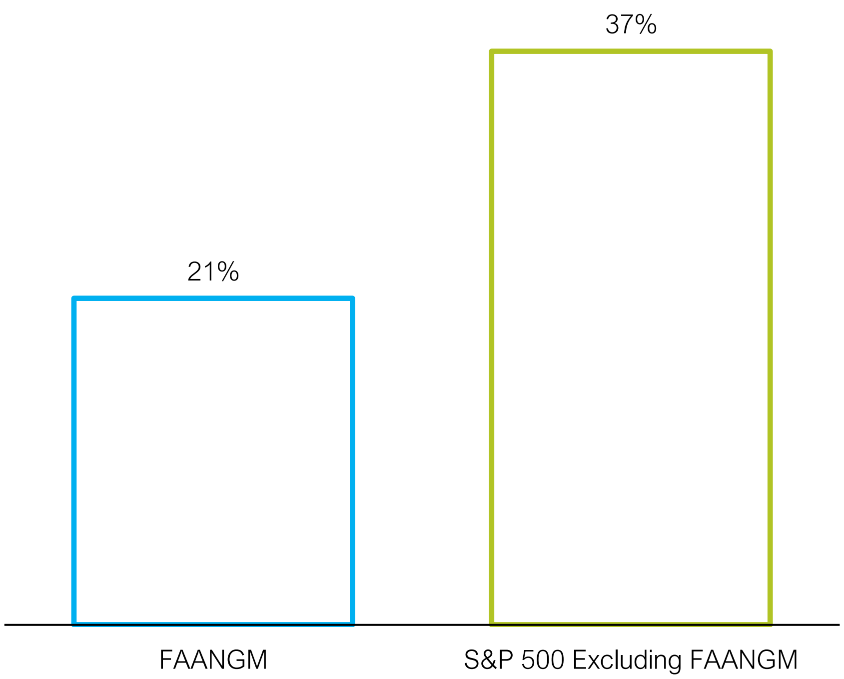
Active Research Matters

Active Stock Selection Yielded Results Since Last Fall

Performance, Indexed to 100 on August 31, 2020



Performance, August 2020 through June 2021



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FAANGM stocks include Facebook, Amazon, Apple, Netflix, Google (both share classes) and Microsoft. Both indexes are equally weighted.

Source: Bloomberg, Standard and Poore's and AB.

Will My Taxes Go Up?

Much is still unclear as lawmakers negotiate.

Individual circumstances will matter a lot as to the effect on you.

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The Known Unknowns of Biden’s Proposal

- Will I be affected if tax rates go up?
- Will the cost basis step-up be eliminated?
- How does the Capital Gains tax proposal work?
- Will the $10K SALT deduction be repealed?
- What’s the timing of any changes?
- Etc.

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TAX INCREASE Q&A

Tax Legislation Update:

On May 28, Senate Parliamentarian Elizabeth McDonough threw a procedural wrench in the Democrats’ plans, opining in effect that Republican cooperation will be required before any further legislation may be adopted in fiscal year 2021 using the budget “reconciliation” process. Fiscal year 2021 ends September 30.

Reconciliation, which requires only 50 votes in the Senate along with the vice president’s consent, was used to pass the American Rescue Plan Act of 2021 on March 10. Less than four weeks later, on April 5, the parliamentarian informed Senate staffers that reconciliation could be used again during fiscal year 2021 but did not elaborate on particulars. Those particulars, it turns out, may delay enactment of many or all the legislative initiatives, including tax proposals, set forth by President Biden in his address to a joint session of Congress on April 28. Some of those initiatives were already in question due to a lack of support from moderate Democrats.

In a nutshell, the parliamentarian’s May 28 guidance indicates that any reconciliation bill going to the floor of the Senate must first be approved by the Senate Budget Committee, which consists of 11 Democrats and 11 Republicans. Ordinarily, an 11-11 split would be enough to get a bill to the Senate floor, but the Republicans could block that result by unanimously boycotting any vote on the bill. Such a boycott would deny a quorum in the Budget Committee and stall the bill indefinitely.

What are the Democrats’ options?

A single, comprehensive bill in 4Q2021.

That massive bill presumably would include both the “American Jobs Plan” infrastructure and transportation package, and the “American Families Plan” social initiatives, set forth by the president in his address to Congress on April 28. Such a bill would have a hefty price tag and would include tax increases and certain expenditures that Republicans and some moderate Democrats are likely to oppose. With razor-thin margins in both the House and Senate, the Democrats may struggle to craft a package that would be acceptable to majorities in both houses of Congress.

Compromise with the Republicans on a bipartisan infrastructure bill this summer and save the rest for a “catch-all” reconciliation bill in the fall.

By muting some of the sticker shock of a comprehensive bill, this strategy may be more acceptable politically, but also carries certain risks, including potential backlash from progressives in the Democratic party.

Overrule or fire the parliamentarian.

The Senate parliamentarian’s opinions are merely advisory; as president of the Senate, Kamala Harris, could ignore that advice. The parliamentarian serves at the pleasure of the Senate majority leader; Chuck Schumer could fire her. Neither of these actions is without precedent in recent times. But President Biden and Senate moderates expressed significant reservations about such drastic actions in the wake of the parliamentarian’s opinion that a $15 per hour federal minimum wage was unrelated to the budget, and therefore could not be part of the American Rescue Plan Act. Ms. McDonough is nonpartisan; she has been Senate parliamentarian since 2012. Given the totality of circumstances, it seems unlikely that her May 28 opinion will be ignored or that she will be fired.

Change the filibuster rules.

Under current Senate rules, the votes of 60 Senators can end debate on any pending measure, a process called “cloture.” The Democrats could modify the current cloture requirements, in whole or in part, using one of several different procedural mechanisms, but it’s unclear whether they have the political will to do so. Changing the Senate filibuster rules requires you to know the outcome before the game is played, and that’s tough to do when you can’t afford to lose even a single vote.

Tax Tactics Q&A | 1
BPWM-199108-2021-07-01

As of June 30, 2021.

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Source: AB.

Planning for Income Tax Increases

Objective: Accelerate income prior to effective date of tax increases

- Convert traditional IRAs to Roth IRAs
- Sell appreciated assets now to fund future spending needs
- Consider deferring capital gains through "Qualified Opportunity Funds"
- Consider not deferring income through deferred compensation plans
- 83(b) election on restricted stock grants
- Make an NUA election of eligible distributions from retirement plans
- Complete business sales transactions
- Gain harvest

- Realize gains in irrevocable grantor trusts
- Be cautious about establishing new CRTs
- Shift assets to nonqualified private placement variable annuities or life insurance
  - Recent revisions to the IRC Section 7702 rate significantly increases accumulation potential of certain life insurance policies*
- 100% AGI limitation for qualified charitable contributions for 2021**
  - Qualified contributions are cash gifts made in 2021 that are not made to a donor-advised fund (DAF), private foundation, or supporting organization

These strategies are not appropriate for all investors. Please consult with your Bernstein FA or tax advisor before making changes to your financial situation in anticipation of any income tax increases

*The maximum non-MEC premiums were significantly increased in 2021 as a result of Section 205, of the Consolidated Appropriations Act, 2021 (Public Law No: 116-260), which revised the Section 7702 rate.

**See: Section 2205(a)(2)(A)(i) of the CARES Act and section 213(a) of Division EE of the Consolidated Appropriations Act, 2021. Public Law No: 116-260.

Bernstein does not provide tax, legal, or accounting advice. In considering the information contained in this presentation, you should independently verify all conclusions before implementing any strategy on your own behalf or on behalf of your client.

How Can Bernstein Be Helpful in Reaching My Goals?

By Partnering with You to Address Key Investment and Wealth Priorities

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Our 2021 Checklist: How We're Taking Action

Our Priorities for Clients for the Balance of the Year

Aligning your financial objectives with your investment implementation

- Ensuring that your allocation is consistent with the goals you've set

Considering whether tax change would affect you and what actions may be appropriate in advance of legislation

- We can help you explore a range of wealth transfer tax and income tax planning strategies

Analyzing your inflation sensitivity

- Your allocation, spending level or income may be reason to initiate or increase an allocation to inflation sensitive assets

Right-sizing your cash allocation

- We can explore a range of ideas, based on your return and risk objectives

Maintaining your allocation to non-US equities

- Non-US stocks are now especially attractive, as the economies improve and valuations revert

Revisiting your alternatives exposure

- Alternatives are a critical piece of a well-diversified puzzle

Considering whether purpose-driven portfolios are appropriate

- We have an array of services that can align your investments with your values

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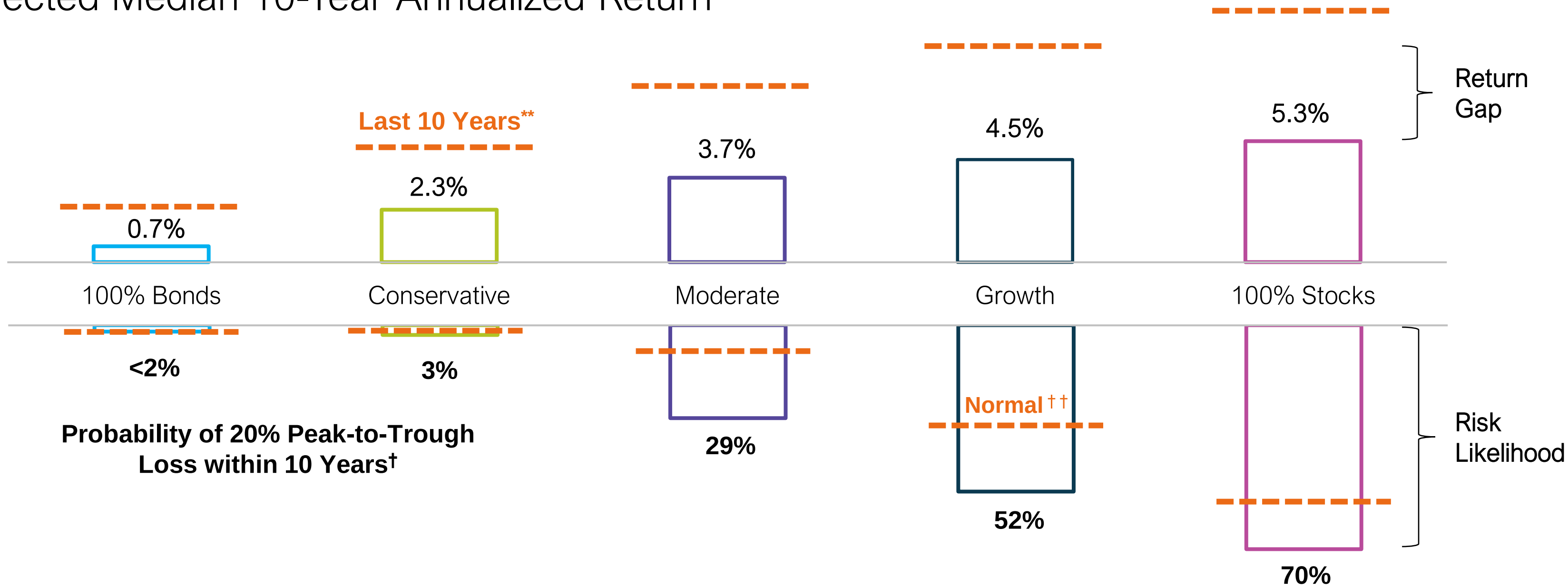
Source: AB.

Returns Expected to Be Modest, Drawdowns More Likely Than Normal

Projected Median 10-Year Annualized Return*



The most significant influences on our modest 10-year return expectations are:
For Equities: High US valuations & low non-US profit margins
For Bonds: Low current interest rates & rising rates over time

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*Based on Bernstein's estimates of the range of returns for the applicable capital markets over the next 10 years as of December 31, 2020
Projected pretax 10-year compound annual growth rate. Conservative is 30% stocks/70% bonds; moderate is 60% stocks/40% bonds; growth is 80% stocks/20% bonds. Stocks are represented by the following allocation for a 100% stock allocation: 16.2% US value, 16.2% US growth, 12.0% US diversified, 6.0% US small-/mid-cap, 21.2% developed foreign markets, 8.1% emerging markets, 9.6% US Low Vol Equity, 10.7% high-risk international. Equity geography weights may shift in proportion to total return-seeking allocation. Bonds are represented by diversified intermediate-term municipal bonds in the proportions noted. Additional details regarding allocation available upon request.
**Reflects compound growth rates from July 1, 2011, through June 30, 2021. Stocks represented by 60% Russell 3000 Index and 40% MSCI ACWI ex US. Bonds represented by Lipper Short/Int Blended Muni Fund Avg. From left to right, those figures are 2.4%, 5.1%, 7.7%, 9.4%, 11.0%.
†Probability of a 20% peak-to-trough decline in pretax, pre-cash-flow cumulative returns within the next 10 years. Because the Wealth Forecasting System uses annual capital-market returns, the probability of peak-to-trough losses measured on a more frequent basis (such as daily or monthly) may be understated. The probabilities depicted above include an upward adjustment intended to account for the incidence of peak-to-trough losses that do not last an exact number of years. †† Normal refers to a market condition in which assets are fairly priced as in a long-term central case. The Normal peak to trough probability is as follows from left to right: <2%, <2%, 11%, 34%, and 56%.
See Assumptions and Notes on Bernstein Wealth Forecasting System in Appendix for further details.
Source: Lipper, MSCI, Russell, S&P and AB.

Appendix

Strategy Innovation Focused on Addressing Key Investor Concerns

Overcoming historically low yields

- Commercial Real Estate Debt (3Q2021)
- Core Plus Real Estate (3Q2021)
- Asset Backed Lending with Tax Efficiency (2022)

Seeking higher risk-adjusted returns with unique approaches

- Special Situations Opportunistic Secondary Partnership (3Q2021)
- Global Disruptors (Live!)

Increasing ESG Impact

- Climate L/S Equity Hedge Fund (3Q2021)
- Impact Private Equity/Venture Capital Collection Vehicle (2022)

Seeking tax efficiency

- Tax Efficient Qualified Opportunity Zone Funds
  - Nashville (3Q2021)
  - Sacramento (Closed 2Q2021)

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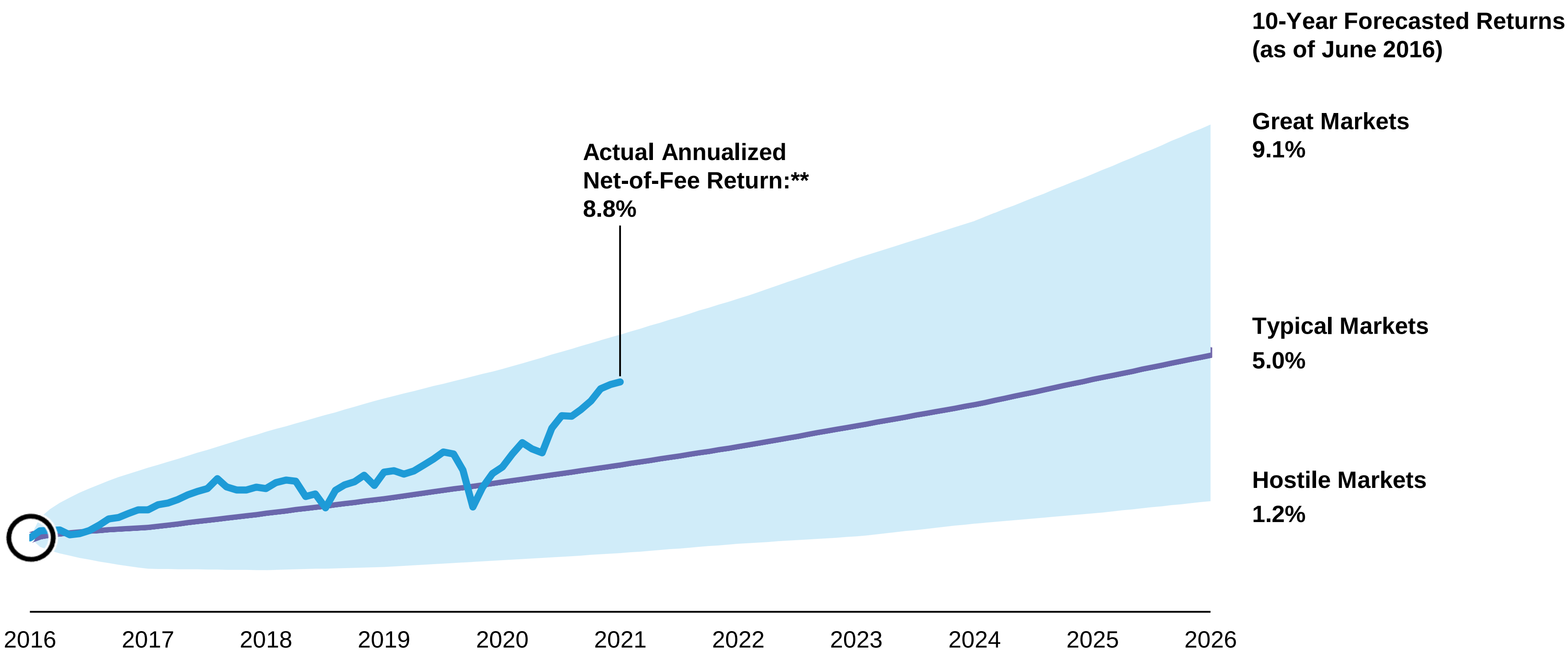
Despite Sell-Offs, Long-Term Investors Remain Above Plan

Projected* and Actual Returns (Annualized)



As of June 30, 2021.

Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.

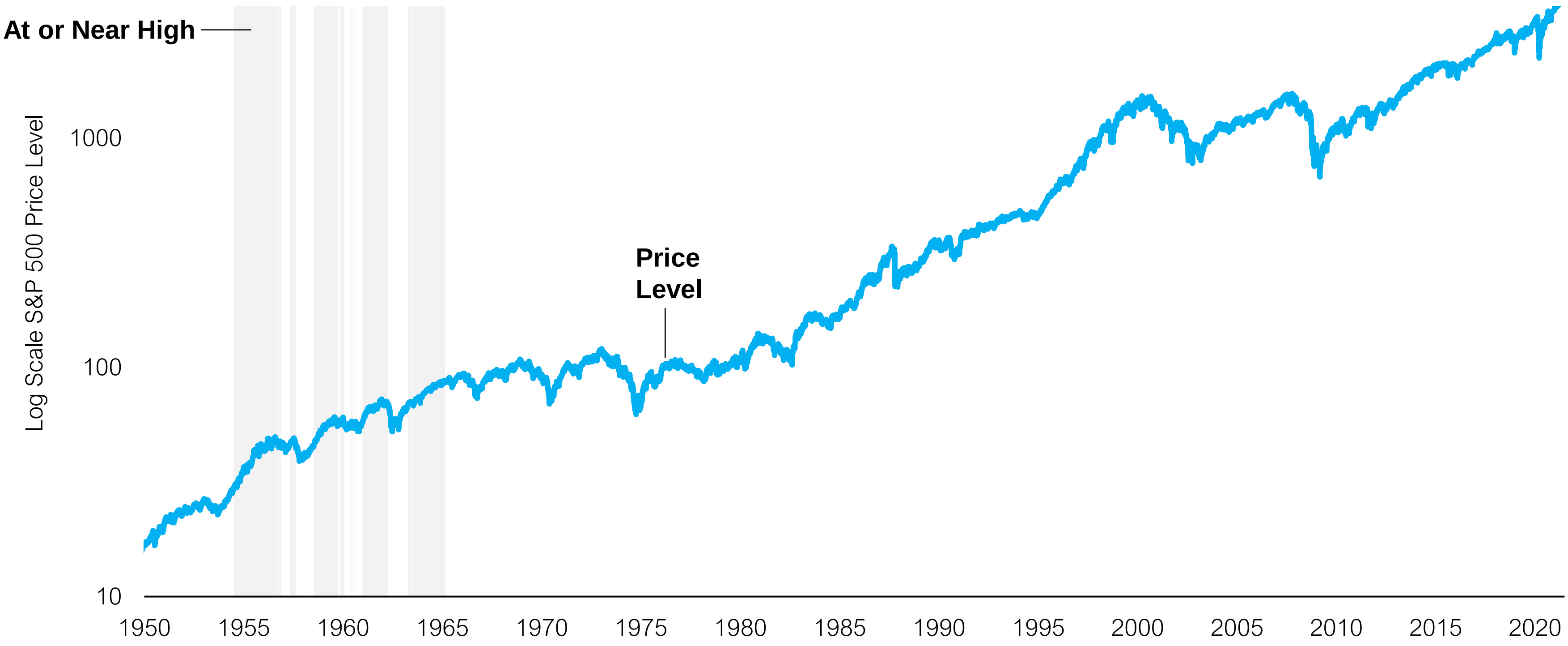
*Great markets represents 10th percentile, typical markets represents 50th percentile, and hostile markets represents 90th percentile. Based on Bernstein's estimates of the range of returns for the applicable capital markets as of December 31, 2015, for a 60/40 stock/bond allocation. Stocks modeled as 21% US diversified, 21% US value, 21% US growth, 7% US Small/Mid-Cap, 22.5% developed international, and 7.5% emerging markets. Bonds modeled as intermediate-term diversified municipals. Data do not represent past performance and are not a promise of actual future results or a range of future results. See Notes on Bernstein Wealth Forecasting System in the Appendix for further details.

**The hypothetical performance of the Moderate Portfolio Simulation (MPS) is a simulated portfolio intended to illustrate the investment experience of a Bernstein taxable client who was invested in a moderate growth allocation of Bernstein investment services. Represents monthly returns. Assumes no portfolio additions or withdrawals over the period. Results based on pretax returns and do not reflect the impact of taxes. It is presented for illustrative purposes only, and no representation is made that an investor will, or is likely to, achieve profits or experience losses similar to those shown. See Performance Disclosures at the end of this presentation for additional information regarding the simulation's composition and calculation methodology.

Source: AB.

Markets Are Often Reaching New Heights

S&P 500 At or Near All-Time Highs*
January 1950–June 2021

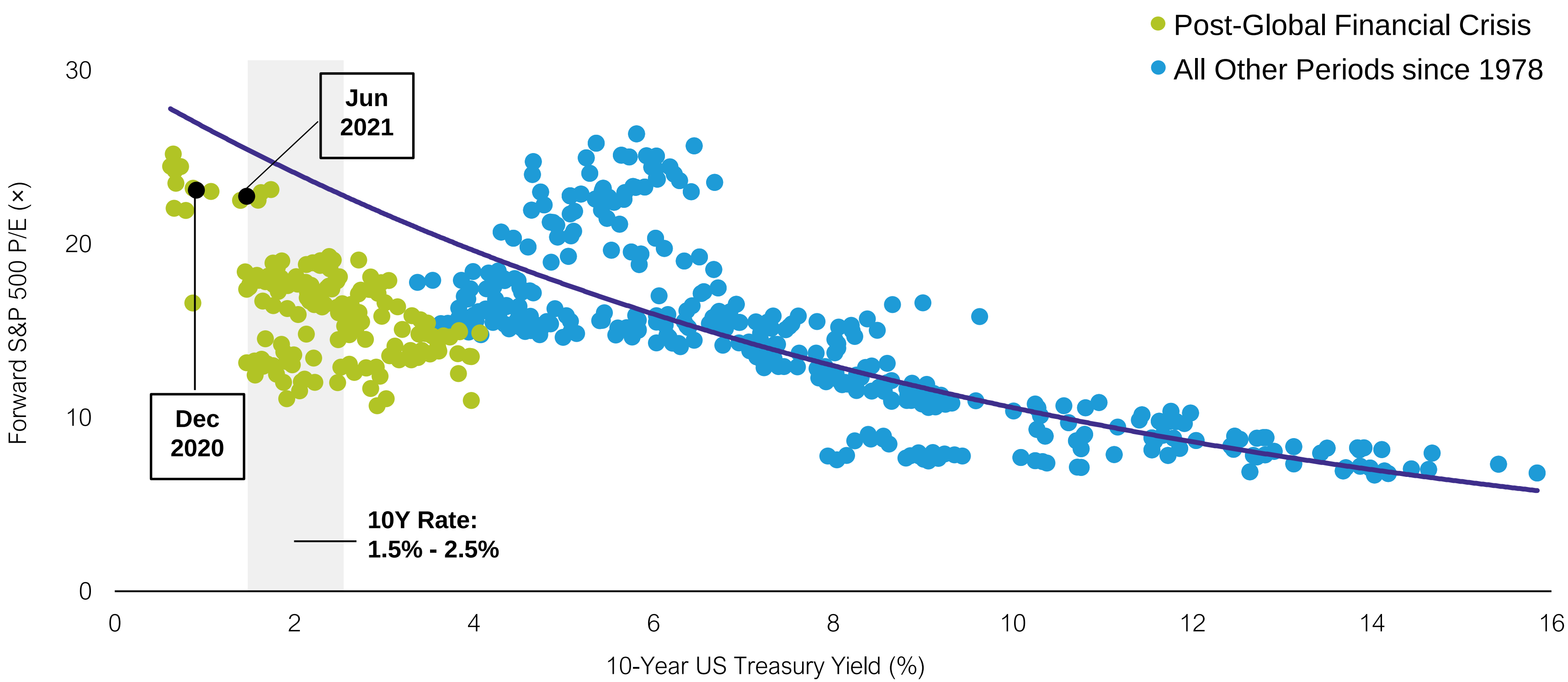


Since 1949, the S&P 500 has been at or near all-time highs 43% of the time.

As of June 30, 2021.
Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.
*At or near all time high represents all price levels that are within 5% of the last all time high, or are a new all time high.
Source: S&P, Bloomberg and AB.

Equities May Face Valuation Headwinds as Rates Rise, Though

P/E Multiples* and Interest Rates since 1978



As of June 30, 2021. **Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.**
*Forward P/E multiples represent earnings estimates for the next 12 months.
Chart trend line is for 1978–2007.
Source: Bloomberg, S&P, and AB

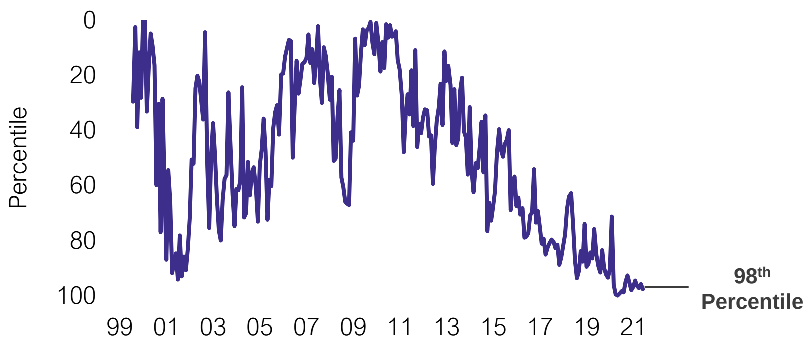
Balance Remains Sage Advice

Catalysts for Continued Performance

- Acceleration in Economic Growth
- Higher Interest Rates
- Higher Inflation Levels
- Fiscal Policy Commitment

Small-Cap. vs. Large Cap. Forward P/E Discount

International vs. US Forward P/E Discount



Value vs. Growth Forward P/E Discount

As of June 30, 2021.

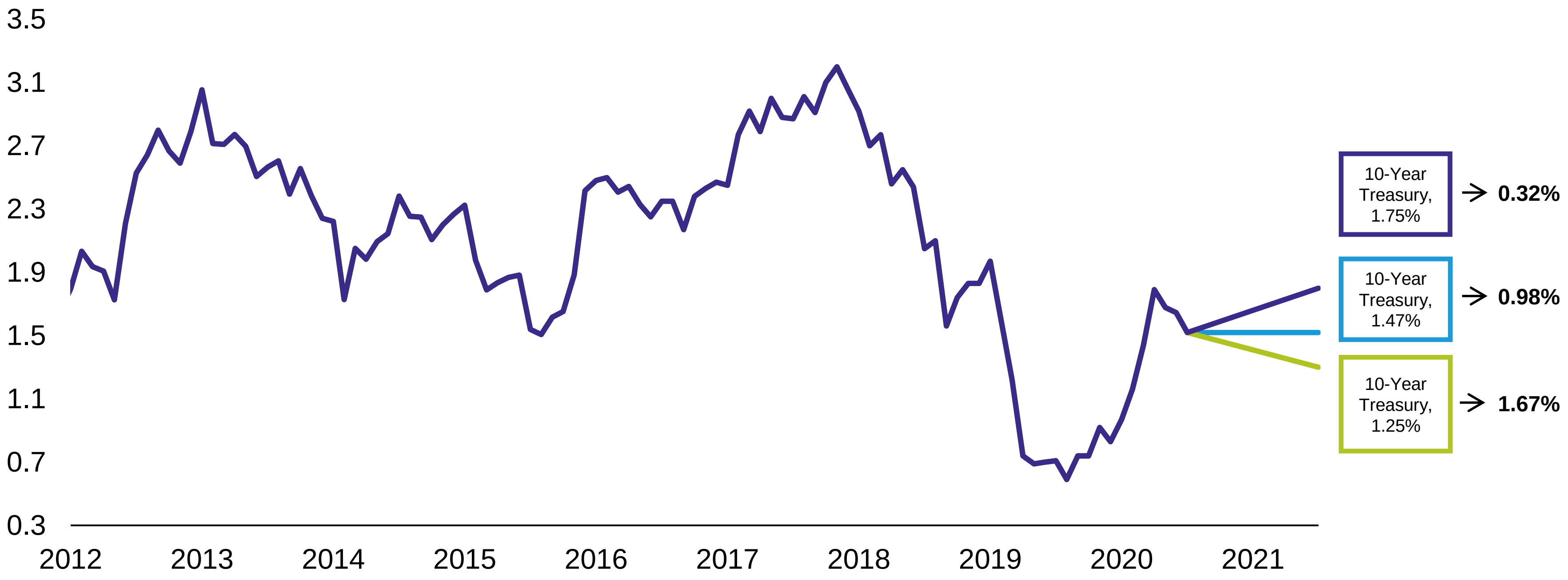
Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.

Representative indices—bottom right: Russell 1000 Growth/Russell 1000 Value; top-right: largest 500 US companies by market cap (1 to 500)/next 1,000 US companies by market cap (501 to 1,500); bottom-left: S&P 500/MSCI ACWI Ex US. Percentile rank start date 8/31/1999.

Source: I/B/E/S, FactSet, Russell, MSCI, S&P and AB.

Municipal Returns Are Low, But Likely Still Positive

Expected 12-Month Intermediate Municipal Returns
10-Year US Treasury Yield (Percent)



As of June 30, 2021.

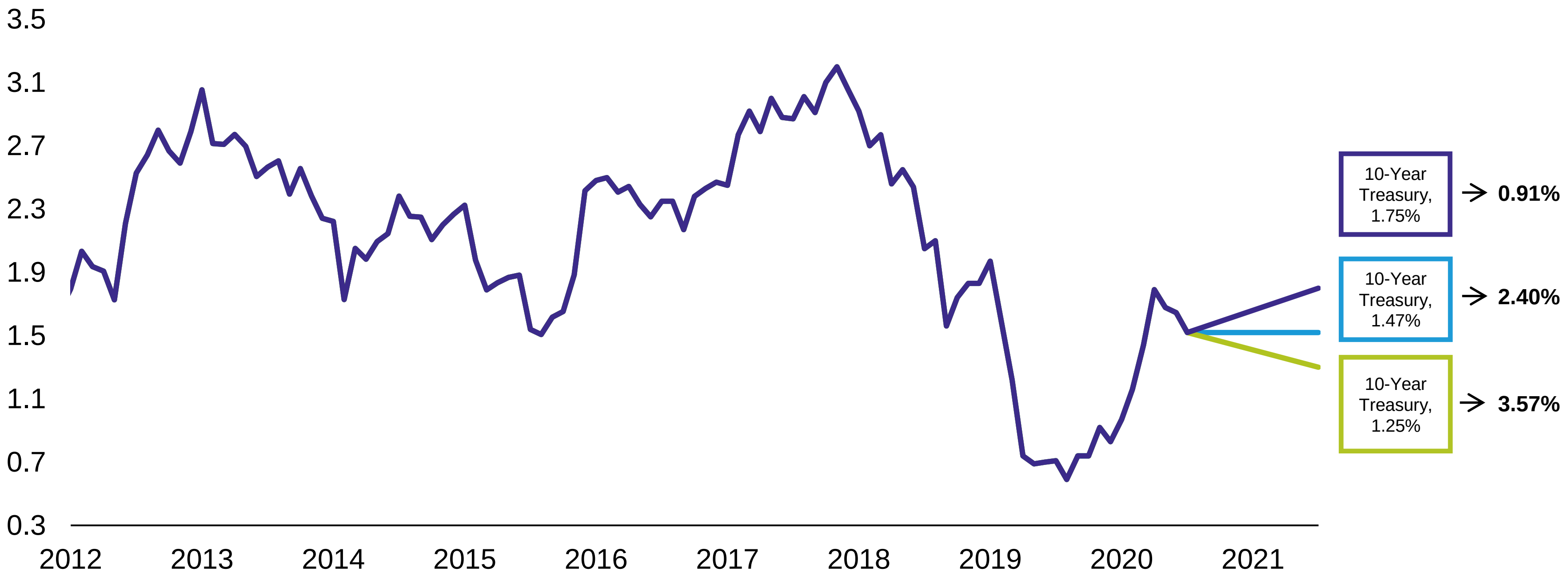
Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.

Display reflects expected returns of a 3.6 year duration municipal portfolio under three scenarios: 10-year US Treasury yields rise to 1.75%, remain the same, or decline to 1.25% over the next 12 months.

Source: AB.

Intermediate US Taxable Bond Returns Low, But Still Positive

Expected 12-Month Intermediate Taxable Returns
10-Year US Treasury Yield (Percent)



As of June 30, 2021.
Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.
Based on Bloomberg Barclays U.S Aggregate Index
For Global Intermediate Bond investors the magnitude of these moves may be more or less than shown here given the ~50% exposure to non-US bonds.
Source: Bloomberg and AB.

Even Investing at *Market Tops* Has Beaten Sitting on the Sidelines

Returns Since WWII

Average Returns
Investing Equal Amounts
at *Each Market Top*

10.4%

Average Yield
on Cash

4.3%

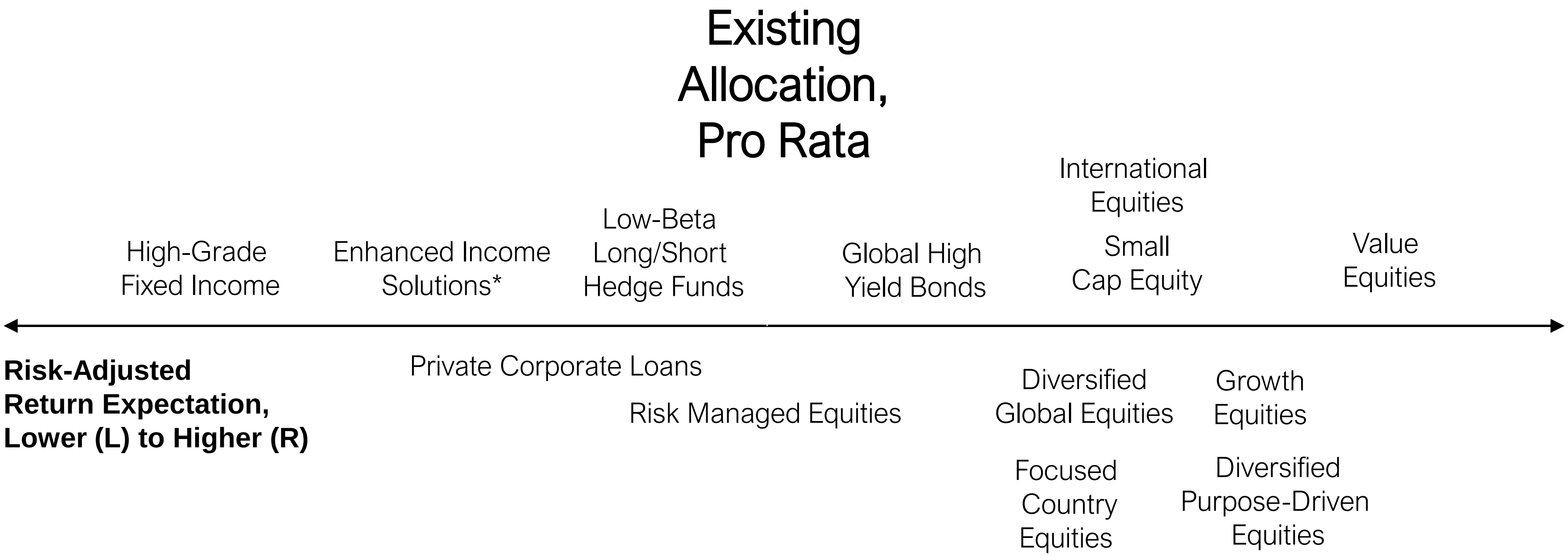
Annualized Return Since WWII: 11.3%

As of December 31, 2020.

Past performance is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized. Bear markets are defined as market declines of 20% from the previous high through the lowest close after the 20% decline. The bottom of each bear market is defined as the lowest point after the market declines 20% and before the market recovers. The top is defined as the highest point before the 20% selloff. The average return figures are for the S&P 500, are annualized, and assume that the investor invested equal amounts at the bottom and top for each bear market starting September 2, 1945 (the first bear market begins May 29, 1946). Average yield on cash is derived from the average yield of US 3-Month Treasury Bills, starting from January 4, 954 through present. All returns are based on daily frequency and include dividends and price returns.

Source: Bloomberg, Standard and Poor's and AB.

A Range of Opportunities to Counter Return and Risk Challenges



For investors with money on the sidelines, there are a range of opportunities depending on the investor's goals, needs, liquidity preferences, and risk tolerance.

Past performance is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.
*New to AB during 2021.
Source: AB.

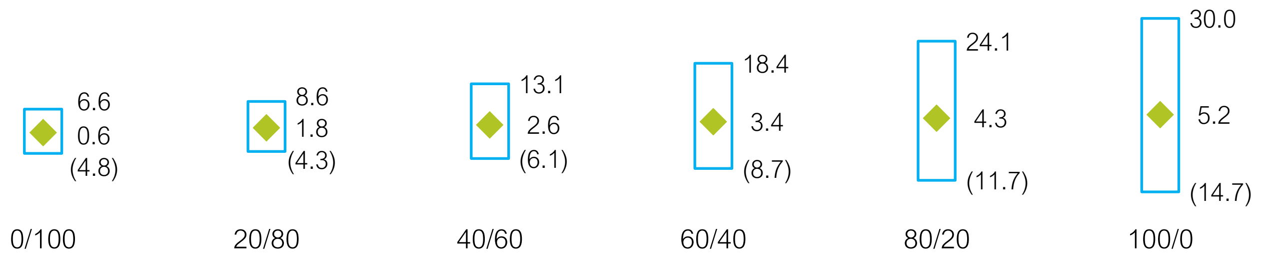
Ten-Year Capital Markets Projections: Asset Classes

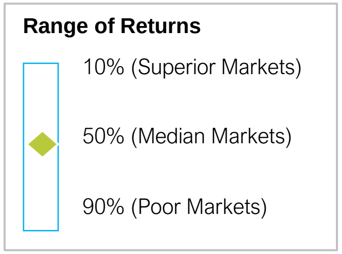
	Median 10-Year Growth Rate	Mean Annual Return	Mean Annual Income	One-Year Volatility	10-Year Annual Equivalent Volatility
Cash Equivalents	0.7%	1.0%	1.0%	0.0%	2.9%
Short-Term Treasuries	1.6%	1.8%	1.7%	0.3%	2.5%
Short-Term Taxables	2.1%	2.2%	2.3%	0.9%	2.6%
Short-Term Diversified Municipals	1.4%	1.5%	1.4%	0.5%	1.9%
Int.-Term Treasuries	0.6%	0.7%	2.0%	3.1%	2.8%
Int.-Term Taxables	0.9%	1.0%	2.8%	4.0%	3.3%
Int.-Term Corporates	1.0%	1.2%	3.4%	5.3%	4.0%
Int.-Term Diversified Municipals	0.7%	0.8%	1.7%	3.4%	2.7%
Global Int.-Term Taxables (Hedged)	0.5%	0.6%	1.5%	3.4%	3.1%
Int.-Term TIPS	0.5%	1.1%	2.6%	3.0%	7.6%
High Yield	3.1%	3.8%	7.0%	13.7%	8.2%
Global Large-Cap (Unhedged)	4.9%	6.2%	1.9%	17.8%	15.4%
US Diversified	4.0%	5.5%	1.7%	18.7%	16.0%
US Value	4.6%	6.1%	1.9%	18.3%	15.7%
US Growth	3.3%	5.2%	1.5%	20.6%	17.5%
US Mid-Cap	4.4%	6.3%	1.3%	20.2%	17.6%
US Small/Mid-Cap	4.5%	6.5%	1.2%	21.1%	18.5%
US Small-Cap	4.6%	6.9%	1.2%	23.1%	20.4%
Developed International	6.0%	8.0%	2.4%	20.5%	17.5%
Emerging Markets	4.6%	7.2%	2.6%	24.0%	21.1%
Global REITs	4.7%	6.4%	3.9%	20.8%	16.5%
Real Assets	4.4%	5.6%	2.4%	14.5%	14.9%
Diversified Hedge Fund	3.5%	3.8%	1.2%	11.6%	15.4%
Inflation	1.9%	2.3%	n/a	1.6%	6.9%

Based on 10,000 simulated trials each consisting of 10-year periods. Reflects AllianceBernstein's estimates and the capital-market conditions of December 31, 2020. For hedge fund asset classes, "Mean Annual Income" represents income and short-term capital gains. **Data do not represent past performance and are not a promise or a range of future results.**

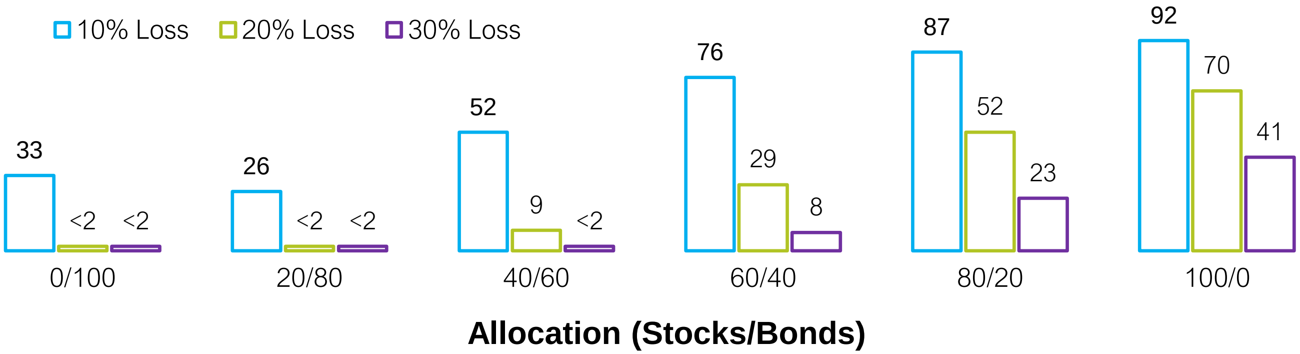
Projected Returns and Volatility—over 10 Years (Taxable)

Range of Annual Pretax Returns* (%)





Probability of Peak-to-Trough Losses** (%)



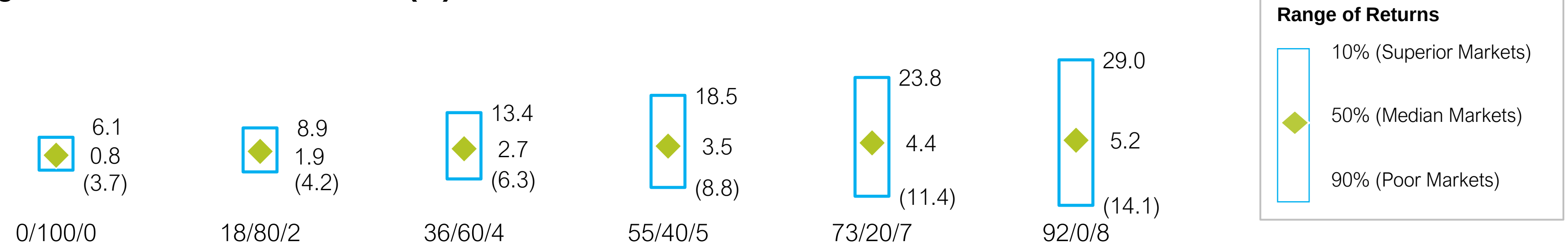
Data do not represent past performance and are not a promise of actual or range of future results. See Assumptions and Notes on Bernstein Wealth Forecasting System in Appendix for further details. Globally diversified stocks are represented by the following allocation for a 100% return-seeking allocation: 16.2% US value, 16.2% US growth, 12.0% US diversified, 6.0% US small-/mid-cap, 21.2% developed foreign markets, 8.1% emerging markets, 9.6% US Low Vol Equity, 10.7% high-risk international. Equity geography weights may shift in proportion to total return-seeking allocation. Bonds are represented by diversified intermediate-term municipal bonds in the proportions noted. Additional details regarding allocation available upon request.

*Based on Bernstein's estimates of the range of returns for the applicable capital markets over the next 10 years as of December 31, 2020. First-year volatility of the portfolios: 0/100 = 3.5%, 20/80 = 4.8%, 40/60 = 7.8%, 60/40 = 11.2%, 80/20 = 14.3%, 100/0 = 17.9%. The annual equivalent volatility of the portfolios over the entire 10-year analysis: 0/100 = 5.7%, 20/80 = 3.9%, 40/60 = 6.5%, 60/40 = 9.4%, 80/20 = 12.3%, 100/0 = 15.3%. Annual equivalent volatility differs from the first-year volatility because the expectation and distribution of asset-class returns change over time.

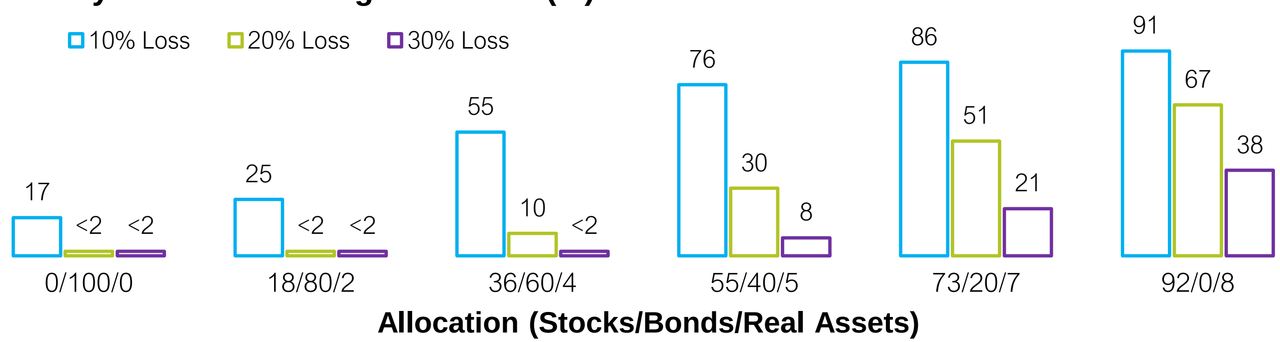
**Data indicate the probability of a peak-to-trough decline in pretax, pre-cash-flow cumulative returns of 10%, 20%, or 30% over the next 10 years. Because the Wealth Forecasting System uses annual capital-market returns, the probability of peak-to-trough losses measured on a more frequent basis (such as daily or monthly) may be understated. The probabilities depicted above include an upward adjustment intended to account for the incidence of peak-to-trough losses that do not last an exact number of years.

Projected Returns and Volatility—over 10 Years (Tax-Exempt)

Range of Annual Pretax Returns* (%)



Probability of Peak-to-Trough Losses** (%)



Data do not represent past performance and are not a promise of actual or range of future results. See Assumptions and Notes on Bernstein Wealth Forecasting System in Appendix for further details. Globally diversified stocks are represented by the following allocation for a 100% return-seeking allocation: 16.2% US value, 16.2% US growth, 12.0% US diversified, 6.0% US small-/mid-cap, 21.2% developed foreign markets, 8.1% emerging markets, 9.6% US Low Vol Equity, 10.7% high-risk international. Equity geography weights may shift in proportion to total return-seeking allocation. Bonds are represented by the following allocation for a 100% risk-mitigating allocation: 30% diversified intermediate-term taxable bonds and 30% global intermediate taxable bonds (hedged) and 40% inflation-linked bonds in the proportions noted. Bond weights may shift in proportion to total risk-mitigating allocation. Additional details regarding allocation available upon request.

*Based on Bernstein's estimates of the range of returns for the applicable capital markets over the next 10 years as of December 31, 2020. First-year volatility of the portfolios: 0/100/0 = 2.7%, 18/80/2 = 4.8%, 36/60/4 = 8.0%, 55/40/5 = 11.2%, 73/20/7 = 14.3%, 92/0/8 = 17.3%. The annual equivalent volatility of the portfolios over the entire 10-year analysis: 0/100/0 = 3.7%, 18/80/2 = 4.7%, 36/60/4 = 6.8%, 55/40/5 = 9.4%, 73/20/7 = 12.1%, 92/0/8 = 14.8%. Annual equivalent volatility differs from the first-year volatility because the expectation and distribution of asset-class returns change over time.

**Data indicate the probability of a peak-to-trough decline in pretax, pre-cash-flow cumulative returns of 10%, 20%, or 30% over the next 10 years. Because the Wealth Forecasting System uses annual capital-market returns, the probability of peak-to-trough losses measured on a more frequent basis (such as daily or monthly) may be understated. The probabilities depicted above include an upward adjustment intended to account for the incidence of peak-to-trough losses that do not last an exact number of years.

Estimated Spending Rate and Core Capital Amounts: Based on Age

Sustainable Spending Rate*

Allocation	0/100	20/80	40/60	60/40	80/20	100/0
Age 55	1.1%	1.5%	1.8%	2.0%	1.9%	1.8%
Age 65	1.7	2.0	2.3	2.5	2.5	2.4
Age 75	2.6	3.0	3.3	3.4	3.4	3.3

Estimated Core Capital—Spending $100,000

USD Millions

Allocation	0/100	20/80	40/60	60/40	80/20	100/0
Age 55	$8.9	$6.6	$5.5	$5.0	$5.2	$5.5
Age 65	6.0	4.9	4.3	4.0	4.0	4.1
Age 75	3.8	3.3	3.0	2.9	2.9	3.0

*These spending rates are for couples and assume an allocation of globally diversified stocks. Asset allocations assume globally diversified stocks. Globally diversified stocks are represented by the following allocation for a 100% return-seeking allocation: 16.2% US value, 16.2% US growth, 12.0% US diversified, 6.0% US small-/mid-cap, 21.2% developed foreign markets, 8.1% emerging markets, 9.6% US Low Vol Equity, 10.7% high-risk international. Equity geography weights may shift in proportion to total return-seeking allocation. Bonds are represented by diversified intermediate-term municipal bonds in the proportions noted. Additional details regarding allocation available upon request. Spending is a percentage of initial value of portfolio and is grown with inflation; spending rates assume maintaining spending with a 90% level of confidence. Based on Bernstein estimates of the range of returns for the applicable capital markets over the periods analyzed as of December 31, 2020. **Data do not represent past performance and are not a promise of actual future results.** See Notes on Bernstein Wealth Forecasting at the end of this presentation for further details. All information on longevity and mortality-adjusted investment analyses in this study are based on mortality tables compiled in 2000. To reflect that high-net-worth individuals live longer than average, we subtract three years from each individual's age (e.g., a 55-year-old would be modeled as a 52-year-old). In our mortality-adjusted analyses, the life span of an individual varies in each of our 10,000 trials in accordance with mortality tables.
Source: Society of Actuaries RP-2000 mortality tables and AB

Notes on Bernstein Wealth Forecasting System

1. **Purpose and Description of Wealth Forecasting Analysis**
   Bernstein's Wealth Forecasting Analysis is designed to assist investors in making their long-term investment decisions as to their allocation of investments among categories of financial assets. Our planning tool consists of a four-step process: (1) Client-Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals, and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his/her cash-flow stream is likely to be, whether his/her portfolio can beat inflation long-term, and how different asset allocations might affect his/her long-term security; (3) The Capital-Markets Engine: our proprietary model that uses our research and historical data to create a vast range of market returns, which takes into account the linkages within and among the capital markets, as well as their unpredictability; and (4) A Probability Distribution of Outcomes: based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of returns and asset values the client could expect to experience are represented within the range established by the 5th and 95th percentiles on "box-and-whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. Expected market returns on bonds are derived taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these results are subject to a variety of economic, market, and other variables. Accordingly, the analysis should not be construed as a promise of actual future results, the actual range of future results, or the actual probability that these results will be realized. The information provided here is not intended for public use or distribution beyond our private meeting.

2. **Retirement Vehicles**
   Each retirement plan is modeled as one of the following vehicles: Traditional IRA, 401(k), 403(b), Keogh, or Roth IRA/401(k). One of the significant differences among these vehicle types is the date at which mandatory distributions commence. For traditional IRA vehicles, mandatory distributions are assumed to commence during the year in which the investor reaches the age of 70½. For 401(k), 403(b), and Keogh vehicles, mandatory distributions are assumed to commence at the later of: (i) the year in which the investor reaches the age of 70½, or (ii) the year in which the investor retires. In the case of a married couple, these dates are based on the date of birth of the older spouse. The minimum mandatory withdrawal is estimated using the Minimum Distribution Incidental Benefit tables as published on www.irs.gov. For Roth IRA/401(k) vehicles, there are no mandatory distributions. Distributions from Roth IRA/401(k) that exceed principal will be taxed and/or penalized if the distributed assets are less than five years old and the contributor is less than 59½ years old. All Roth 401(k) plans will be rolled into a Roth IRA plan when the investor turns 59½ years old, to avoid Minimum Distribution requirements.

3. **Rebalancing**
   Another important planning assumption is how the asset allocation varies over time. We attempt to model how the portfolio would actually be managed. Cash flows and cash generated from portfolio turnover are used to maintain the selected asset allocation between cash, bonds, stocks, REITs, and hedge funds over the period of the analysis. Where this is not sufficient, an optimization program is run to trade off the mismatch between the actual allocation and targets against the cost of trading to rebalance. In general, the portfolio is expected to be maintained reasonably close to the target allocation. In addition, in later years, there may be contention between the total relationship's allocation and those of the separate portfolios. For example, suppose an investor (in the top marginal federal tax bracket) begins with an asset mix consisting entirely of municipal bonds in his personal portfolio and entirely of stocks in his/her retirement portfolio. If personal assets are spent, the mix between stocks and bonds will diverge from targets. We put primary weight on maintaining the overall allocation near target, which may result in an allocation to taxable bonds in the retirement portfolio as the personal assets decrease in value relative to the retirement portfolio's value.

Notes on Bernstein Wealth Forecasting System

4. **Expenses and Spending Plans (Withdrawals)**
   All results are generally shown after applicable taxes and after anticipated withdrawals and/or additions, unless otherwise noted. Liquidations may result in realized gains or losses, which will have capital-gains tax implications.

5. **Modeled Asset Classes**
   The following assets or indexes were used in this analysis to represent the various model classes

Asset Class	Modeled As	Annual Turnover
Cash Equivalents	3-month US Treasury bills	100%
Short-Term Treasuries	US Treasuries of 2-year maturity	50
Short-Term Taxables	Taxable bonds of 2-year maturity	50
Short-Term Diversified Municipals	AA-rated diversified municipal bonds of 2-year maturity	50
Int.-Term Treasuries	US Treasuries of 7-year maturity	30
Int.-Term Taxables	Taxable bonds of 7-year maturity	30
Int.-Term Corporates	US investment-grade corporate debt of 7-year maturity	30
Int.-Term Diversified Municipals	AA-rated diversified municipal bonds of 7-year maturity	30
Global Int.-Term Taxables (Hedged)	50% sovereign and 50% investment-grade corporate debt of developed countries of 7-year maturity	30
Int.-Term TIPS	US TIPS of 7-year maturity	30
High Yield	Taxable bonds of 7-year maturity with credit characteristics of CSFB High Yield Index II	30
Global Large-Cap (Unhedged)	MSCI World Index (NDR) Index	15
US Diversified	S&P 500 Index	15
US Value	S&P/Barra Value Index	15
US Growth	S&P/Barra Growth Index	15
US Mid-Cap	Russell Mid-Cap Index	15
US Small-/Mid-Cap	Russell 2500 Index	15
US Small-Cap	Russell 2000 Index	15
Developed International	MSCI EAFE Index (Unhedged)	15
Emerging Markets	MSCI Emerging Market Index	20
Global REITs	NAREIT Index	30
Real Assets	1/3 NAREIT, 1/3 MSCI ACWI Commodity Producer Index, 1/3 DJ-UBS Commodity Futures Index	30
Diversified Hedge Fund	Diversified Hedge Fund Asset Class	33

Notes on Bernstein Wealth Forecasting System

6. **Volatility**
   Volatility is a measure of dispersion of expected returns around the average. The greater the volatility, the more likely it is that returns in any one period will be substantially above or below the expected result. The volatility for each asset class used in this analysis is listed on the Capital-Market Projections page before these Notes. In general, two-thirds of the returns will be within one standard deviation. For example, assuming that stocks are expected to return 8.0% on a compounded basis and the volatility of returns on stocks is 17.0%, in any one year it is likely that two-thirds of the projected returns will be between (8.9)% and 28.8%. With intermediate government bonds, if the expected compound return is assumed to be 5.0% and the volatility is assumed to be 6.0%, two-thirds of the outcomes will typically be between (1.1)% and 11.5%. Bernstein's forecast of volatility is based on historical data and incorporates Bernstein's judgment that the volatility of fixed-income assets is different for different time periods.

7. **Technical Assumptions**
   Bernstein's Wealth Forecasting System is based on a number of technical assumptions regarding the future behavior of financial markets. Bernstein's Capital-Markets Engine is the module responsible for creating simulations of returns in the capital markets. These simulations are based on inputs that summarize the current condition of the capital markets as of the date in the footnotes of that page. A description of these technical assumptions is available on request.

8. **Tax Implications**
   Before making any asset-allocation decisions, an investor should review with his/her tax advisor the tax liabilities incurred by the different investment alternatives presented herein, including any capital gains that would be incurred as a result of liquidating all or part of his/her portfolio, retirement-plan distributions, investments in municipal or taxable bonds, etc. Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

9. **Tax Rates**
   Bernstein's Wealth Forecasting System has used various assumptions for the income tax rates of investors in the case studies. See the assumptions in each case study (including footnotes) for details. The federal income tax rate is Bernstein's estimate of either the top marginal tax bracket or an "average" rate calculated based upon the marginal rate schedule. For 2014 and beyond, the maximum federal tax rate on investment income is 43.4% and the maximum federal long-term capital-gains tax rate is 23.8%. Federal tax rates are blended with applicable state tax rates by including, among other things, federal deductions for state income and capital-gains taxes. The state tax rate generally represents Bernstein's estimate of the top marginal rate, if applicable.

10. **Core Capital Analysis**
    The term "core capital" means the amount of money necessary to cover anticipated lifetime net spending. All noncore capital assets are termed "surplus capital." Bernstein estimates core capital by inputting information supplied by the client, including expected future income and spending, into our Wealth Forecasting System, which simulates a vast range of potential market returns over the client's anticipated life span. From these simulations, we develop an estimate of the core capital the client will require to maintain his/her spending level over time. Variations in actual income, spending, applicable tax rates, life span, and market returns may substantially affect the likelihood that a core capital estimate will be sufficient to provide for future expenses. Accordingly, the estimate should not be construed as a promise of actual future results, the actual range of results, or the actual probability that the results will be realized.

Index Descriptions

The **Dow Jones–UBS Commodity Index** is a rolling index composed of futures contracts on physical commodities.

The **FTSE EPRA/NAREIT Global Real Estate Index** is a market-capitalization-weighted index that tracks the performance of listed real estate companies and REITs across a range of property types worldwide.

The **FTSE NAREIT Equity Index** is an unmanaged, market-capitalization-weighted index that tracks the performance of publicly traded REITs across a range of US geographies and property types.

HFRI Fund of Funds Composite Index is an equal-weighted performance index that includes more than 650 constituent fund of funds that report their monthly net-of-fee returns to Hedge Fund Research, Inc. and have at least $50 million under management and have been actively trading for at least 12 months.

HFRI Fund Weighted Composite Index is an equal-weighted performance index that includes more than 2,000 constituent funds that report their monthly net-of-fee returns to Hedge Fund Research, Inc. and have at least $50 million under management and have been actively trading for at least 12 months.

The **Lipper Intermediate Municipal Debt Funds Index** tracks funds that invest in municipal debt issues with dollar-weighted average maturities of five to 10 years.

The **Lipper Short/Intermediate Municipal Debt Funds Index** tracks funds that invest in municipal debt issues with dollar-weighted average maturities of one to five years.

The **Lipper Short Municipal Debt Funds Index** tracks funds that invest in municipal debt issues with dollar-weighted average maturities of less than three years.

The **Lipper TASS Hedge Fund Index** provides monthly net-of-fee returns on an equal-weighted basis of those funds that report returns to the Lipper TASS database.

The **Lipper TIPS Fund Index** tracks funds that invest primarily in inflation-indexed fixed-income securities issued in the United States. Inflation-indexed bonds are fixed-income securities that are structured to provide protection against inflation.

The **MSCI All-Country World Index (ACWI)** is a market-capitalization-weighted index designed to provide a broad measure of equity market performance throughout the world.

The **MSCI ACWI Commodity Producers Index** is a free-float-adjusted market-capitalization-weighted index that is designed to track the performance of global listed commodity producers.

The **MSCI EAFE (Europe, Australasia, Far East) Index** is a free-float-adjusted, market-capitalization-weighted index that is designed to measure developed-market equity performance, excluding the US and Canada.

The **MSCI Emerging Markets Index** is a free-float-adjusted, market-capitalization-weighted index that is designed to measure equity market performance in the global emerging markets.

The **MSCI USA Index** is a free-float-adjusted, market-capitalization-weighted index that is designed to measure large- and mid-cap US equity market performance.

The **MSCI USA Minimum Volatility Index** aims to reflect the performance characteristics of a minimum variance strategy applied to the US large- and mid-cap equity universe. The index is calculated by optimizing the MSCI USA Index, its parent index, for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI USA Index.

The **MSCI World Index** is a free-float-adjusted, market-capitalization-weighted index that is designed to measure global developed-market equity performance.

The **Russell 1000® Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.*

The **Russell 1000® Value Index** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.*

The unmanaged **S&P 500 Index** comprises 500 large-capitalization US stocks and is a common measure of the performance of the US stock market

*The Russell Index methodology results in some companies appearing in both the growth and value indices.

Glossary

Active Management: Managing a portfolio through security selection designed to outperform the portfolio's benchmark.

Active Share: The degree of difference between a portfolio and its benchmark index, calculated using the weight of individual securities in the portfolio relative to the benchmark. Active share varies between 0% (a portfolio that mirrors its benchmark) and 100% (a portfolio totally different from its benchmark).

Central Bank Policy: The monetary stance taken by a country's central bank, which can vary from extremely accommodative (keeping short-term interest rates very low, typical when economic growth is slow or negative) to extremely tight (raising rates to high levels, typical when inflation is very high).

Correlation: The degree to which two or more securities, asset classes, and/or benchmarks perform in the same direction and magnitude; a lower correlation is generally favorable for active management, and a higher correlation for passive management.

Dispersion (of returns): The difference in return, often between the best- and worst-performing security in a given asset class or investment category. Generally, the higher the dispersion, the more favorable for active management.

Distressed-Credit Hedge Fund: A hedge fund that invests in the debt of companies in financial trouble, including companies that may file for bankruptcy in the near future. If the company emerges from its distress, its debt will sell far above the price paid by the fund.

Duration: For bonds, a measure of interest-rate risk akin to, but more sensitive than, maturity. For every year of a bond's duration, its price can be expected to fall 1% with every one-percentage-point increase in interest rates, or rise 1% with every one-percentage-point decrease in rates.

Dynamic Asset Allocation: Bernstein's research-based tactical-risk-management service (*see below*), designed to reduce the volatility of a balanced-asset portfolio without sacrificing return.

Event-Driven Hedge Fund: Event-driven strategies take advantage of transaction announcements and other one-time events; one example are merger-arbitrage funds which buy the stock of a target company and hedge the purchase by selling short the stock of the acquiring company.

Global Macro Hedge Fund: A hedge fund that bases its holdings primarily on overall economic and political views of various countries.

Hedging (currency): Using futures and other contracts to exchange one currency for another; for US investors, hedging is generally exchanging a non-US currency for dollars.

Glossary (cont.)

Inflation-Protected Bonds: Bonds whose values are indexed to inflation, normally adjusted on a semiannual basis. The most well known are Treasury Inflation-Protected Securities, or TIPS. Inflation-protected bonds are designed to shield investors from the negative impact of inflation.

Liquidity: The ease with which assets can be traded; the degree of liquidity for any given asset class or security depends on the prevailing market conditions, dealer inventories, and other factors.

Long/Short Hedge Fund: A hedge fund that takes "long" positions—positions of securities bought in the expectation that they will appreciate in value—as well as short-selling other positions, anticipating that they will decline in value. In short selling, the investor generally sells a borrowed security in the expectation that its price will decline and hence can be bought back at a lower price.

Passive Management: Managing a portfolio to essentially duplicate its benchmark index.

Price-to-Book Ratio: A stock's current price divided by its book value: its total tangible assets minus its liabilities. A lower price-to-book ratio indicates a low price for a stock relative to the value of its underlying assets.

Price-to-Earnings Ratio: A stock's current price divided by the company's historical or projected earnings per share. A lower price-to-earnings ratio indicates a low price for a stock relative to its earnings history or potential. The **cyclically adjusted or Shiller P/E**, usually applied to the broad S&P 500 market, generally uses the average of the past 10 years of earnings, adjusted for inflation.

Real Assets: Assets that have tangible value, or are based on assets with tangible value, such as real estate, commodities, and commodity futures.

Roll (bonds): The tendency of a bond to sell for premium returns before maturity as long as the yield curve (*see below*) is upward-sloping, since its coupon rate is normally competing with lower rates as it "rolls down the yield curve." Roll is a component of bond returns that active managers can exploit.

Tactical Risk Management: Varying the allocation of asset classes in a portfolio in line with generally short-term forecasts of risk and return.

Yield: The income return from an investment, typically based on the interest paid by a bond or the dividends paid by a stock; usually expressed as a percentage based on the security's cost, market value, or face value.

Yield Curve: The relationship between the yields being offered by bonds at any given time and their maturity; normally, the curve is upward-sloping, but flat or inverted yield curves are not uncommon. Different yield-curve shapes suggest different optimal maturity configurations for a portfolio.

Disclosures and Important Information

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