Fact Sheet **Jul** 2023

Concentrated Global Growth

Portfolio Information

Top Ten Holdings[1]	Portfolio %
Microsoft	7.59
Mastercard	5.84
Charles Schwab	4.74
ADP	4.63
Eaton	4.18
IQVIA	3.80
Amazon	3.79
Constellation Brands	3.58
Nestlé	3.54
Compass Group	3.35

Sector Weights[1]	Portfolio	MSCI World Index
Healthcare	19.15	12.52
Information technology	17.81	22.09
Industrials	16.70	10.96
Consumer discretionary	16.44	11.05
Financials	15.56	14.89
Consumer staples	7.31	7.27
Materials	2.87	4.19
Real estate	2.69	2.41
Communications services	1.48	7.19
Energy		4.69
Utilities		2.74

Top Five Equity Contributors (Held)	Top Five Equity Detractors (Held)
Charles Schwab	Compass Group
ADP	Lonza
Constellation Brands	Keyence
Zoetis	Microsoft
Genmab	HDFC Bank

In July, the MSCI World Index returned 2.1% in Australian-dollar terms during a busy month of central bank action, economic data releases and earnings reporting. In the US, the market is increasingly expecting a “soft landing” for the economy, where the interest-rate hiking cycle can conclude without causing meaningful damage to the economy. There are some promising signs that a soft landing is in fact occurring, with June’s core CPI print of 4.8% year-over-year suggesting a steady deceleration in inflation. (May’s CPI report was 5.3% year-over-year.) Job openings and hiring activity continue to fall, suggesting that the labour market is finally cooling, and we should see waning pressure from wage growth on inflation. Against this backdrop of moderating inflation, the economy remains healthy, with second-quarter US GDP growth accelerating to 2.4% from 2.0% in the first quarter and unemployment remaining low at 3.6%. At the time of writing, two-thirds of the firms in the S&P 500 have reported second-quarter earnings, and thus far company earnings have held up better than expected, with reported earnings beating consensus by around 4%. The overall picture is that the US economy continues to tick along nicely, and crucially, better than the worst expectations.

In Europe, the outlook is slightly more mixed, with core inflation both higher and moderating more slowly than in the US. Economic growth is also less rosy, with the eurozone posting second-quarter GDP growth of 0.3%, a small improvement on the first quarter of the year but still mediocre in absolute terms. Poor manufacturing PMIs (June’s reading was 48.9) and weakness in the Chinese economy remain a concern, but thus far the long-expected European recession continues to be pushed out. One commonality between the US and Europe is the level of debate around where the consumer is. By some measures, higher jobless claims, weaker saving rates and increasing consumer credit imply a weaker consumer. However, conditions have been more accommodative in Europe, with energy prices lower than last year, savings levels higher than they were in the 2008 financial crisis and consumer sentiment improving year on year. How rates move or plateau from this point may be the wild card, but we continue to believe we have to pick our spots within consumer-orientated sectors.

In Japan, the equity market lagged as market participants adjusted to a change in policy from the Bank of Japan. While the central bank had maintained a stimulatory stance this year, it is softening its approach and allowing greater flexibility for yields to move upwards. Consequently, Japanese 10-year yields moved up sharply and we saw notable strength in the financial sector. Quality and growth factors lagged as the market digested the implications of this less supportive stance from the central bank and a higher cost of capital.

Lastly, investor confidence in China remains fragile and volatile, as stimulus expectations continue to dictate market movements. We continue to think stimulatory actions will gradually trickle through, with share price risk likely skewed to the upside given the current pessimism on the Chinese market. Putting this picture together, you have central banks in the west either moving toward a peak in rates or still climbing, whereas further east you still have quantitative easing and the possibility of further fiscal stimulus. This wide range of global growth conditions means that equity investors should stay vigilant on whether the underlying growth in their investments is holding up well across this macroeconomic environment.

The Concentrated Global Growth Portfolio rose in absolute terms in July but lagged the monthly return of the MSCI World. Portfolio returns for the year to date were also positive but trailed the MSCI World's 19.7% return. (All returns in Australian-dollar terms before fees.) Markets continued to grind higher and broaden during the month, as better-than-expected economic data led more market participants to embrace the soft-landing scenario. While the more cyclical sectors in the MSCI World such as energy, communication services and financials outperformed during the month, more muted returns were seen in the defensive sectors, including consumer staples, healthcare and utilities. The Hong Kong and the US indices outperformed those in Europe and Japan.

Among the detractors from performance in July were Compass Group, Keyence and Microsoft. Compass Group, a UK-based catering services provider, saw a negative stock reaction despite posting a solid set of results—including in-line organic revenue growth and confirmation of full-year guidance—as market expectations were higher. We continue to view Compass Group as a defensive holding that has the potential to continue re-rating as the market begins to price in faster top-line growth. Japan-based Keyence reported results against a backdrop of elevated market expectations, given the company's track record so far. Although Keyence reported a small beat on top-line results, the operating profit miss due to lower gross margin and higher selling, general and administrative expenses resulted in share price weakness. US software giant Microsoft took a breather in July after posting strong earnings, but with the caveat that the impact of artificial intelligence would not be as immediate as investors had hoped.

Among the contributors to performance in the month were three US-based holdings: Charles Schwab, ADP and Constellation Brands. Both Schwab and ADP have lagged the market this year, so their rebounds were welcome developments. Schwab rose as the company sees light at the end of the cash sorting tunnel, with the result of paying down some Federal Home Loan Bank borrowing, which should help earnings going forward. We always believed time would solve the issue for Schwab, and it is reassuring to see this play out. ADP, a global provider of business outsourcing solutions, provided guidance for its new fiscal year, which starts July, and growth expectations were comfortably ahead of market expectations. US-based beverage company Constellation Brands contributed, as it announced two board additions, both with CFO experience, and embraced Elliott Management as an activist investor with a history of improving capital allocation, including a bent toward share buybacks.

Quality and growth factors underperformed this month as the market tilted towards more cyclical and value names, which has been unhelpful for this month's performance. Nonetheless, we remain confident in our ability to outperform over the long term, as long as our holdings continue to demonstrate differentiated earnings growth.

While two months don't necessarily make a trend, we are pleased with the recent broadening of the US market and do not believe that such periods of market concentration like we saw earlier this year will hold. We are encouraged by the fact that a number of Portfolio holdings that have reported second-quarter earnings are demonstrating resilient growth despite the macroeconomic cross currents. For example, Eaton, a global manufacturer of power management products, continues to benefit from the long-term secular trend of electrification. Earnings grew 18% year-over-year in the second quarter and the company lifted its full-year 2023 outlook once again, having raised it in the first quarter. Additionally, food and beverage leader Nestlé delivered 11% earnings growth, driven by the strong performance of its petcare division, which continues to demonstrate resilient growth against a tough consumer backdrop. Finally, US-based medical technology company Abbott Laboratories delivered double-digit organic sales growth as the company's new medical device innovations bore fruit.

We remain confident in the overall prospects for earnings growth from our holdings despite the slowing macroeconomic environment, and believe 2023 earnings growth of the Portfolio will be differentiated versus the broader market. We look forward to that hopefully being recognized in the market.

Portfolio Characteristics	Portfolio	MSCI World Index
Number of Holdings	32	1,510
P/E Ratio (Stock Price/Earnings; last 12 mo)3	39.86x	20.75x~
Forward P/E Ratio (2023)3	26.99x	18.55x
ROE (Return on Equity; next 12 mo)3	24.12%	17.52%
Median Market Cap ($ Billions)	149.3	26.1
EPS (Earnings per Share) Growth Rate (2023/2022)[3]	10.16%	5.80%
EPS Growth (5 yr history)[3]	11.43%	14.59%
Sales Growth (5 yr history)[3]	10.99%	11.14%

	Pure Gross of Fee[2]	MSCI World Index
Month	1.09%	2.10%
1 Year	10.25%	17.51%
3 Years	8.47%	14.01%
5 Years	10.88%	11.29%
7 Years	13.54%	12.40%
10 Years	14.09%	12.48%

You should not assume that these securities or investments we make in the future were or will be profitable or will equal the performance of the securities discussed in this document.

Market Risk: The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value.

1 Based on a representative account as of 07/31/23. Portfolio holdings, characteristics and weightings (which are equity only weightings and excluding cash) will vary over time. These are not recommendations to buy or sell any security.

2 Based on the Concentrated Global Growth Composite ("Composite") in AUD. Pure gross-of-fees do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to net returns. Each client's returns will vary, based on the client's actual portfolio holdings and the actual fees charged to the account. Performance results are shown pure gross of all fees and net of a maximum 3.0% managed account fee, which includes transaction costs, custodial service fees and investment advisory fees. Please see the Concentrated Global Growth Composite Performance Disclosure below. **Past performance does not guarantee future results.**

3 Current analysis and estimates do not guarantee future results. Based on calendar year earnings. Sources: MSCI and AB.

This is supplemental information to the Concentrated Global Growth Managed Account Composite Performance Disclosure which can be found on the next page.

The MSCI World Index (free float-adjusted market capitalization weighted) represents the equity market performance of developed markets. Net index reflects the reinvestment of dividends. MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI. Any index or benchmark cited herein is for comparison purposes only.

Please refer to the following legal disclosures.

Concentrated Global Growth Composite (in Australian Dollar)

Period	Composite Assets (AUD millions)	Composite Accounts at End of Period	Gross Return (%)	Net Return (%)	Internal Composite Dispersion (%)	Composite 3 Year Ann. Ex Post Standard Deviation (%)	Benchmark 3 Year Ann. Ex Post Standard Deviation (%)	Total Firm Assets (AUD billions)	MSCI World (Net) Index Return (%)
2022	5,878.4	16	(19.56)	(20.28)	0.34	14.76	13.35	804.2	(12.24)
2021	7,640.2	16	27.01	25.87	0.28	11.57	11.29	941.9	29.29
2020	5,278.2	14	13.26	12.24	0.37	12.47	11.83	791.9	5.58
2019	1,742.7	9	37.63	36.41	0.78	11.14	9.58	817.2	27.86
2018	489.4	7	5.50	4.56	0.28	11.72	9.60	672.6	1.42
2017	401.2	4	21.73	20.65	0.16	12.40	10.63	655.8	13.32
2016	305.4	4	3.78	2.86	0.16	12.16	10.44	613.9	8.02
2015	240.3	4	16.29	15.25	0.06	10.63	10.73	593.9	11.50
2014	100.2	3	22.35	21.25	0.18	9.98	9.16	538.5	14.72
2013	116.0	10	38.39	37.15	0.35	10.15	10.41	465.6	47.00
3 Years*			4.98	4.05					6.21
5 Years*			10.93	9.94					9.21
10 Years*			15.37	14.34					13.59

*annualized through most recent year-end

PRESENTATION OF THE FIRM—AllianceBernstein L.P. (“ABLP”) is a registered investment advisor with the US Securities and Exchange Commission. AB Institutional Investments and AB Investments (collectively, the “Firm”) are the institutional and retail sales, marketing and client service units of ABLP. In February 2006, Alliance Capital Management L.P. changed its name to ABLP.

COMPLIANCE STATEMENT— The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods from January 1, 1993 through December 31, 2021. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

COMPOSITE DESCRIPTION—The performance results displayed herein represents the investment performance record for the Concentrated Global Growth Composite (the “Composite”). The Composite includes all fee-paying discretionary accounts and, when applicable, pooled investment vehicles. The Concentrated Growth investment team seeks to build a concentrated portfolio of mid- and large- capitalization companies with attractive long-term earnings growth prospects. Acquired firm performance has been linked to Firm's performance effective December 12, 2013 with the acquisition of W.P. Stewart & Co., Ltd. The investment management process has remained substantially the same. Due to GIPS Firm definition and monthly composite inclusion policy, private client accounts have been removed from the acquired accounts in the Composite effective December 31, 2013. Returns may have lower correlation with benchmark return than a fully diversified strategy. In times of increased market volatility, the Composite characteristics may change significantly, and stock liquidity could be reduced. Because of strategy's concentrated nature, portfolios tend to have more stock specific risk than a more diversified strategy. The creation date of this Composite is December 2013 and the inception date is March 31, 2005.

For the performance period presented, investment professionals may have changed or departed, none of which in the Firm's view have altered the composite's strategy.

Accounts in the Composite may utilize derivative contracts, including but not limited to, swaps, swaptions, options, futures, options on futures and currency transactions for risk-management purposes or for enhancing expected returns by adjusting exposure to the markets, sectors, countries, currencies or specific securities permitted by these guidelines. The impact of all derivatives is fully incorporated into the calculation of risk and return and the use of derivatives shall not violate the investment guidelines that limit exposure to markets, sectors, countries, currencies or specific securities. Investment in non-exchange-traded (over-the-counter) derivatives exposes the accounts within the Composite to counterparty risk.

A complete list including composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution funds managed by the Firm is available upon request. Additional information regarding policies for valuing accounts, calculating performance, and preparing GIPS reports is also available upon request via email to CompositeRequests@alliancebernstein.com.

TOTAL RETURN METHODOLOGY AND FEE STRUCTURE—Performance figures in this presentation have been presented gross and net of model investment-management fees. Net performance figures have been calculated by deducting the highest fee payable by a separately managed institutional account; 0.90% of assets, annually. The Composite may contain mutual funds with share classes that incur higher management fees. Prior to 2014, the Composite's net-of-fee return is calculated by deducting the actual fees charged to each account in the Composite. The current investment advisory fee schedule applicable for this Composite is as follows:

0.900% on the first 50 million in US Dollars

0.750% on the next 50 million in US Dollars

0.650% on the balance

RATE OF RETURN—No representation is made that the performance shown in this presentation is indicative of future performance. An account could incur losses as well as generate gains. Performance figures for each account are calculated monthly on a trade-date basis using a total rate-of-return calculation. Investment transactions are recorded on a trade date basis, and interests and dividends are recorded on accrual basis, net of withholding taxes, if applicable. Investments in securities are valued in accordance with the Firm's Valuation Policies and reflect a good faith estimate of fair value levels for all investments, which may not be realized upon liquidation. The fair valuation process requires judgment and estimation by the Firm. The gross-of-fee returns reflect the deduction of trading costs. The Composite returns are calculated based on the asset-weighted monthly composite constituent account returns where the weight is the beginning fair value of the accounts.

DISPERSION—Internal dispersion is calculated using the asset-weighted standard deviation of gross of fee return for all accounts included in the Composite for the entire year; it is not presented for periods less than one year or when there were fewer than two accounts in the Composite for the entire year. The three-year annualized ex post standard deviation measures the variability of the Composite's gross of fee return and the benchmark returns over the preceding 36-month period; it is not presented for periods of less than three years.

The benchmark is the MSCI World (Net) Index.

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