Updated Information pursuant to ASIC Corporations (Updated Product Disclosure Statements) Instrument 2016/1055

May 29, 2020

May 29, 2020 – AB Market Update: Liquidity

This is a document containing updated information for the Product Disclosure Statements dated 14 June 2019 for the following Funds:

AB Managed Volatility Fund – MVE Class ARSN 099 739 447 APIR ACM0006AU

AllianceBernstein Global Equities Fund ARSN 099 296 607 APIR ACM0009AU

AB Dynamic Global Fixed Interest Fund ARSN 165 810 686 APIR ACM0001AU

that is not materially adverse to investors. This document is issued by AllianceBernstein Investment Management Australia Limited ABN 58 007 212 606 AFSL 230 683.

Equity Markets

Amid the recent period of elevated volatility, equity market liquidity has declined somewhat while equity trading volumes have increased. While volume reflects the number of shares traded, liquidity refers to the ease of transacting securities without significant cost or market impact. There are essentially two components of liquidity – bid/ask spreads and depth. In less liquid markets, bid/ask spreads widen and the depth of liquidity is reduced, meaning it becomes more difficult to execute trades with minimal market impact or with minimal cost. Given that equity market volumes have increased, the time to execute trades has not been materially different than in normal environments. The cost to execute trades, however, has increased due to reduced equity market liquidity. While liquidity conditions have improved since March 2020, they are not fully back to normal levels in some equity markets. To date, changes in market liquidity have not had a material impact on our ability to execute trades in an efficient manner. We are, however, closely monitoring market liquidity and our experienced team of global traders is well positioned to navigate this uncertain market environment.

Fixed Income Markets

In the current markets, volatility has been elevated and liquidity has become reduced across many fixed income instruments including government bond markets. Liquidity management has been a heightened focus for AllianceBernstein for years, as we recognised the reduced liquidity in the marketplace after the 2008-2009 financial crisis. The open-ended bond purchase program enacted by the US Federal Reserve (Fed) is having a positive effect on liquidity and market functionality in the US. The Fed has reduced their purchases of US Treasuries to US$5 billion per day during the week of May 26 (from US $6 billion per day the week prior). Global rates markets continue to be dominated by supply and central bank actions. We see this as a clear signal that policymakers are not going to allow bond yields to drift higher and are prepared to do whatever it takes to ease liquidity conditions, support orderly market functioning and keep financing costs sufficiently low for governments to enact the required crisis measures in the form of considerable fiscal stimulus. Historically, multiple standard deviation spread corrections, such as during the global financial crisis and eurozone crisis, have been followed by a gradual recovery. While spreads may not be likely to recover to their cycle lows, central bank purchases are helping to normalise trading conditions and subsequently drive spreads lower. We note that large volumes of primary issuances by investment grade issuers and, to a lesser extent, by high yield issuers have been well received and absorbed by the market over the last few weeks. This is an encouraging sign pointing toward further normalisation of market conditions. That being said, bid / ask spreads in the secondary markets for most Fixed Income sectors remain higher than pre-crisis levels. Our team of experienced global traders will continue to closely monitor market liquidity during this period.

This information is current as at May 29, 2020. Please contact us on (02) 9255 1299 or by email on aust_clientservice@alliancebernstein.com with any queries.

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