

AllianceBernstein Managed Volatility Equities Fund (Managed Fund)

ARSN 099 739 447

Interim Report

For the half-year ended 31 December 2022

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made in respect of AllianceBernstein Managed Volatility Equities Fund (Managed Fund) during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim report covers AllianceBernstein Managed Volatility Equities Fund (Managed Fund) as an individual entity.

The Responsible Entity of AllianceBernstein Managed Volatility Equities Fund (Managed Fund) is AllianceBernstein Investment Management Australia Limited (ABN 58 007 212 606). The Responsible Entity's registered office is:

Level 32 Aurora Place, 88 Phillip Street, Sydney, NSW 2000.

Directors' report

The directors of AllianceBernstein Investment Management Australia Limited ("ABIMAL") (ABN 58 007 212 606), the Responsible Entity of AllianceBernstein Managed Volatility Equities Fund (Managed Fund) (the "Fund"), present their report together with the financial statements of the Fund for the half-year ended 31 December 2022.

Directors

The following persons held office as directors of ABIMAL during the half-year and up to the date of this report:

Stuart Campbell Rae
 Steven Michael Eisenberg (resigned on 9 September 2022)
 Ajai Mohan Kaul
 Jennifer Agnes Driscoll
 Emma Catherine Quinn (resigned on 28 February 2023)

Review and results of operations

The longer-term adverse effect on world economies and markets of the COVID-19 pandemic and the continuing war in Ukraine (and its potential for escalation), are difficult to predict and have resulted in economic uncertainty and inflation. While economies are moving on, the impact of inflation and increasing interest rates are of concern. As a result, the Fund may still be adversely impacted by the on-going effects of these factors.

During the half-year, the Fund invested its assets in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2022	31 December 2021
	\$	\$
Operating profit/(loss) before finance costs attributable to unitholders	<u>51,197,206</u>	<u>77,796,437</u>
Distributions - MVE Class		
Distributions paid and payable	<u>1,933,668</u>	<u>12,583,459</u>
Distributions (cents per unit)	<u>0.20</u>	<u>1.42</u>
Distributions - MVE Green Class		
Distributions paid and payable	<u>87,237</u>	<u>398,064</u>
Distributions (cents per unit)	<u>0.37</u>	<u>1.60</u>

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial periods,
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Fund in future financial periods.

Rounding of amounts to the nearest dollar

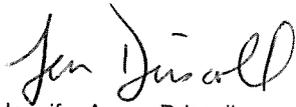
The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.



Jennifer Agnes Driscoll
Director

Sydney
16 March 2023



Auditor's Independence Declaration

As lead auditor for the review of AllianceBernstein Managed Volatility Equities Fund (Managed Fund) for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'Joe Sheeran'.

Joe Sheeran
Partner
PricewaterhouseCoopers

Sydney
16 March 2023

Statement of comprehensive income

	Half-year ended	
	31 December 2022	31 December 2021
Notes	\$	\$
Investment income		
Dividend income	30,437,293	24,514,748
Interest income	45,010	-
Net gains/(losses) on financial instruments at fair value through profit or loss	27,940,470	58,657,463
Other operating income	<u>28,330</u>	<u>195,198</u>
Total net investment income/(loss)	<u>58,451,103</u>	<u>83,367,409</u>
Expenses		
Manager's fees	4,416,864	4,410,030
Dividend withholding tax expenses	648,773	602,983
Transaction costs	277,796	523,898
Other operating expenses	<u>1,910,464</u>	<u>34,061</u>
Total operating expenses	<u>7,253,897</u>	<u>5,570,972</u>
Operating profit/(loss)	<u>51,197,206</u>	<u>77,796,437</u>
Finance costs attributable to unitholders		
Distributions to unitholders	(2,020,905)	(12,981,523)
(Increase)/decrease in net assets attributable to unitholders	5 (49,176,301)	(64,814,914)
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at	
	Notes	31 December 2022	30 June 2022
		\$	\$
Assets			
Cash and cash equivalents		54,886,332	36,073,366
Due from brokers - receivable for securities sold		-	8,145,698
Receivables		4,803,033	6,759,559
Financial assets at fair value through profit or loss	3	<u>1,603,820,860</u>	<u>1,548,410,246</u>
Total assets		<u>1,663,510,225</u>	<u>1,599,388,869</u>
Liabilities			
Payables		3,006,393	6,668,291
Due to brokers - payable for securities purchased		3,085,079	-
Distributions payable	6	2,020,905	28,388,062
Financial liabilities at fair value through profit or loss	4	<u>2,939,441</u>	<u>10,827,972</u>
Total liabilities		<u>11,051,818</u>	<u>45,884,325</u>
Net assets attributable to unitholders - liability	5	<u>1,652,458,407</u>	<u>1,553,504,544</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Half-year ended	
	31 December 2022	30 June 2022
	\$	\$
Total equity at the beginning of the financial half-year	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>-</u>	<u>-</u>
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>
Total equity at the end of the financial half-year	<u>-</u>	<u>-</u>

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the half-year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Half-year ended	
	31 December 2022	31 December 2021
	\$	\$
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	251,307,641	382,200,710
Purchase of financial instruments at fair value through profit or loss	(275,435,539)	(380,497,895)
Dividends received	29,655,630	24,481,818
Interest received	45,214	-
Other income received	35,747	167,630
Manager's fees paid	(4,436,407)	(4,210,121)
Payment of other operating expenses	<u>(2,182,986)</u>	<u>(548,986)</u>
Net cash inflow/(outflow) from operating activities	<u>(1,010,700)</u>	<u>21,593,156</u>
Cash flows from financing activities		
Proceeds from applications by unitholders	177,020,633	214,186,919
Payments for redemptions by unitholders	(130,609,529)	(150,282,127)
Distributions paid	<u>(26,577,352)</u>	<u>(39,379,663)</u>
Net cash inflow/(outflow) from financing activities	<u>19,833,752</u>	<u>24,525,129</u>
Net increase/(decrease) in cash and cash equivalents	18,823,052	46,118,285
Cash and cash equivalents at the beginning of the half-year	36,073,366	41,226,199
Effects of foreign currency exchange rate changes on cash and cash equivalents	<u>(10,086)</u>	<u>(17,052)</u>
Cash and cash equivalents at the end of the half-year	<u>54,886,332</u>	<u>87,327,432</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

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1 Basis of preparation of interim report

This interim report for the half-year ended 31 December 2022 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements are to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made in respect of AllianceBernstein Managed Volatility Equities Fund (Managed Fund) during the interim reporting period.

The principal accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period, unless otherwise stated.

(a) New accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(b) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting used by the Fund for allocating resources and assessing performance of the operating segments. The strategic asset selection and allocation decisions are based on the two classes of investments, the MVE class and MVE Green class. As these two segments are based on an integrated investment strategy, which results in similar portfolios and investment performance, they have been aggregated into one reportable segment.

2 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis.

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (see note 3 and 4)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their last traded prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in notes to the financial statements as at 30 June 2022. For the majority of its investments, the Fund relies on information provided by independent pricing services of the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

2 Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Recognised fair value measurements

The following tables present the Fund's assets and liabilities measured and recognised at fair value as at 31 December 2022 and 30 June 2022.

As at 31 December 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Derivatives	-	8,767,166	-	8,767,166
Equity securities	1,583,577,676	-	-	1,583,577,676
Unit trusts	11,476,018	-	-	11,476,018
Total	<u>1,595,053,694</u>	<u>8,767,166</u>	<u>-</u>	<u>1,603,820,860</u>
Financial liabilities				
Derivatives	-	2,939,441	-	2,939,441
Total	<u>-</u>	<u>2,939,441</u>	<u>-</u>	<u>2,939,441</u>

2 Fair value measurement (continued)

Recognised fair value measurements (continued)

As at 30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Derivatives	-	2,196,873	-	2,196,873
Equity securities	1,536,271,376	-	-	1,536,271,376
Unit trusts	9,941,997	-	-	9,941,997
Total	<u>1,546,213,373</u>	<u>2,196,873</u>	<u>-</u>	<u>1,548,410,246</u>
Financial liabilities				
Derivatives	-	10,827,972	-	10,827,972
Total	<u>-</u>	<u>10,827,972</u>	<u>-</u>	<u>10,827,972</u>

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(i) Transfer between levels

There were no transfers between levels during the half-year.

(ii) Movement in level 3 instruments

The following table presents the movement in level 3 instruments for the half-year ended 31 December 2022:

As at 31 December 2022	Equity securities \$
Opening balance	-
Purchases	-
Sales	(15,038)
Transfers into/(out of) level 3	-
Gains and losses recognised in profit or loss	15,038
Closing balance	-

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs as at 31 December 2022.

(iii) Fair value of financial instruments not carried at fair value

Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

3 Financial assets at fair value through profit or loss

	As at	
	31 December 2022	30 June 2022
	\$	\$
Financial assets at fair value through profit or loss		
Derivatives	8,767,166	2,196,873
Equity securities	1,583,577,676	1,536,271,376
Unit trusts	<u>11,476,018</u>	<u>9,941,997</u>
Total financial assets at fair value through profit or loss	<u>1,603,820,860</u>	<u>1,548,410,246</u>

4 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2022	30 June 2022
	\$	\$
Financial Liabilities at fair value through profit or loss		
Derivatives	<u>2,939,441</u>	<u>10,827,972</u>
Total financial liabilities at fair value through profit or loss	<u>2,939,441</u>	<u>10,827,972</u>

5 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the half-year were as follows:

	31 December 2022 No.	30 June 2022 No.	31 December 2022 \$	30 June 2022 \$
MVE Class				
Opening balance	912,361,080	848,247,393	1,511,116,117	1,473,058,150
Applications	104,867,494	223,629,746	176,993,051	396,498,273
Redemptions	(73,748,804)	(162,219,722)	(123,985,169)	(286,009,921)
Units issued upon reinvestment of distributions	1,081,432	2,703,663	1,791,177	4,736,629
Increase/(decrease) in net assets attributable to unitholders	-	-	48,019,015	(77,167,014)
Closing balance	<u>944,561,202</u>	<u>912,361,080</u>	<u>1,613,934,191</u>	<u>1,511,116,117</u>
MVE Green Class				
Opening balance	27,098,482	22,641,210	42,388,427	38,876,781
Applications	17,781	5,169,594	27,582	9,050,675
Redemptions	(3,288,649)	(748,659)	(5,068,612)	(1,338,470)
Units issued upon reinvestment of distributions	12,488	36,337	19,533	62,831
Increase/(decrease) in net assets attributable to unitholders	-	-	1,157,286	(4,263,390)
Closing balance	<u>23,840,102</u>	<u>27,098,482</u>	<u>38,524,216</u>	<u>42,388,427</u>

As at 31 December 2022 and 30 June 2022, MVE Class units includes 1,408,245 (\$2,406,212) and 965,686 (\$1,599,437) units respectively sold to unitholders on the Securities Exchange and held on the broker sponsored sub-register.

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

6 Distributions to unitholders

The distributions for the half-year were as follows:

	31 December 2022 \$	Half-year ended		31 December 2021 CPU
		31 December 2022 CPU	31 December 2021 \$	31 December 2021 CPU
MVE Class				
Distributions payable	<u>1,933,668</u>	<u>0.20</u>	12,583,459	1.42
Total distributions	<u>1,933,668</u>	<u>0.20</u>	12,583,459	1.42
MVE Green Class				
Distributions payable	<u>87,237</u>	<u>0.37</u>	398,064	1.60
Total distributions	<u>87,237</u>	<u>0.37</u>	398,064	1.60

As at 31 December 2022, distributions payable in the MVE Class includes \$2,883 (December 2021: \$10,676) payable to unitholders who acquired their units on the Securities Exchange and hold them on the broker sponsored sub-register.

7 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 December 2022 or on the results and cash flows of the Fund for the half-year ended on that date.

8 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2022 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the interim financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its performance, for the financial half-year ended on that date.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Jennifer Agnes Driscoll
Director

Sydney
16 March 2023



Independent auditor's review report to the unitholders of AllianceBernstein Managed Volatility Equities Fund (Managed Fund)

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of AllianceBernstein Managed Volatility Equities Fund (Managed Fund) (the Registered Scheme) which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of AllianceBernstein Managed Volatility Equities Fund (Managed Fund) does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Registered Scheme's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors of the Responsible Entity for the half-year financial report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Registered Scheme's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, cursive signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers

A cursive signature of 'Joe Sheeran' in black ink.

Joe Sheeran
Partner

Sydney
16 March 2023