Monthly Fact Sheet 31.01.2023

For Financial Advisers

AllianceBernstein®

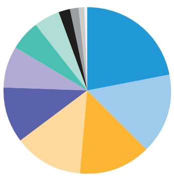
AB Global Equities Fund

Fund Objective

- The AB Global Equities Fund (the “Fund”) aims to achieve returns in excess of the MSCI All Country World Index in Australian dollars after fees over the medium to long term.

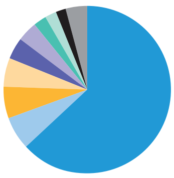
Fund Structure

Sector Allocation



- Technology: 22.0%
- Financials: 15.7%
- Consumer Discretionary: 13.9%
- Healthcare: 13.4%
- Industrials: 10.7%
- Communication Services: 8.2%
- Consumer Staples: 5.9%
- Energy: 4.8%
- Real Estate: 2.2%
- Materials: 1.9%
- Utilities: 1.0%
- Cash: 0.4%

Country Allocation



- US: 63.0%
- UK: 6.4%
- France: 5.9%
- Japan: 5.5%
- China: 4.2%
- Switzerland: 3.9%
- Netherlands: 2.4%
- Korea: 2.4%
- Hong Kong: 1.8%
- Other: 4.1%

Numbers may not sum due to rounding.

Ratings

Zenith HIGHLY RECOMMENDED

5 Highly Recommended Lonsec Research

MORNINGSTAR Bronze™

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Fund Performance

	Gross Fund Returns	Total Returns	Growth Returns	Distribution Returns	Benchmark Returns*	Relative Returns
One Month	4.69%	4.62%	4.62%	0.00%	3.14%	1.55%
Three Months	5.33%	5.15%	5.15%	0.00%	0.67%	4.66%
FYTD	8.60%	8.16%	8.16%	−0.00%	6.96%	1.64%
One Year	−9.73%	−10.36%	−11.16%	0.81%	−8.01%	−1.72%
Three Years	3.96%	3.14%	2.19%	0.95%	5.02%	−1.06%
Five Years	9.01%	8.13%	7.07%	1.06%	8.50%	0.51%
Since Inception†	9.24%	8.28%	7.37%	0.91%	8.26%	0.98%

See Performance Figures disclosures.

* Benchmark: MSCI All Country World Index in Australian dollars

† Fund inception: 22 July 2015

Top 10 Holdings (% Total Net Assets)

Stock Name	Portfolio	Index
Microsoft	5.9	2.9
Otis Worldwide	3.6	0.1
Goldman Sachs	3.4	0.2
Visa	3.4	0.6
Alphabet Inc	3.4	1.9
Asahi Group	3.1	0.0
Sanofi	3.0	0.2
Anthem	2.9	0.2
Coca-Cola	2.8	0.4
Shell	2.7	0.4
Total Number of Stocks	57	2,872

Key Facts

Portfolio Managers	Klaus Ingemann, David Dalgas and Rasmus Lee Hansen
Inception Date	22 July 2015
Fund Size	A$1,140,886,106
APIR	ACM0009AU
Minimum Investment	A$50,000
Entry/Exit Fee	None
Buy/Sell Spread	0.20%/0.20%
Management Cost	0.70% p.a.
ICR‡	0.70% p.a.
Distribution Frequency	Annually

‡ Indirect cost ratio (ICR). Financial year to date, annualised

Fund Review

- In January, the Fund outperformed its benchmark, the MSCI All Country World Index, which was up 3.14% in Australian dollar terms.

Contributors

- Alibaba Group contributed during the month as it is considered one of the most direct plays and proxies on China's reopening, which should drive demand growth. The company has also benefited from a shift in the Chinese government's policy tone, which is now more supportive of the technology sector. The Portfolio's Investment Management Team (the Team) finds Alibaba attractively valued despite the recent rerating. Further support for the investment case is its market leading position and a net cash balance sheet with double-digit revenue growth and margin expansion.
- Technology firm Cognizant contributed during the month. The company has seen significant growth in its digital business operations and recently announced a 10-year services agreement with CoreLogic, worth approximately US$1 billion. The Team's investment case in Cognizant is primarily supported by valuation, with Cognizant trading at a compelling discount versus peers like Accenture.
- Semiconductor company QUALCOMM contributed, following a strong rebound for semiconductor stocks and an analyst upgrade that cited the potential for improved demand, particularly in China, in the second half of 2023. The Team likes QUALCOMM for its attractive valuation, which doesn't seem to capture its leading position in a concentrated industry.

Detractors

- Health insurance provider Elevance Health detracted. Shares declined sharply in the beginning of the month, though it pared some losses as the company reported solid 4Q:22 earnings supported by strong premiums. The Team finds Elevance Health attractively valued for its superior growth profile, most recently validated by its 2023 earnings-per-share growth guidance.
- Beverage and snack company Coca-Cola detracted. The stock, seen as recession-resistant, outperformed a difficult market in 2022, but gave back some gains in January as its valuation outpaced the industry. The Team's investment case in Coca-Cola is supported by its dominance within the soft drinks market with superior brand and long-term growth potential from emerging markets.
- France-based multinational pharmaceutical and healthcare company Sanofi detracted. The stock has recently underperformed, though its blockbuster immunology drug Dupixent has received approval for use in new indications and risk of a Zantac worst case abated. The Team maintains Sanofi supported by attractive valuation, paying low-teens earnings for a strong growth period during the next five years, again supported by Dupixent.

Fund Change Highlights

- The Team reestablished a position in RELX Group, a global provider of information analytics and decision tools. The company operates four business units that include academic publishing, data analytics, legal information services and global exhibition services. All-in, RELX is a strong collection of businesses with a high moat and over 10% earnings-per-share growth—which is not reflected in its current valuation—trading at a compelling discount compared to its US peers.
- The Team initiated a position in Takeda Pharmaceutical, a large Japan-based pharmaceutical company that specializes in gastrointestinal and rare diseases, oncology and neuroscience. In addition, Takeda has a plasma business it acquired from Shire in 2019. Following the transformative Shire acquisition, Takeda is now nearing the end of the road in terms of reorganization and portfolio divestments, and is also closing in on its leverage target. The Team's positive view of Takeda is founded on its stable cash flow and dividend yield, and its undervalued plasma business. Takeda's pharmaceutical business has positive optionality with very little pipeline priced in relative to its research and development spend.
- The Team added to its position in Amazon. Although the stock hasn't delivered as hoped as higher interest rates have negatively impacted the valuation of longer-duration stocks, and more recently, cloud growth has been decelerating, the Team's case for Amazon remains intact. Amazon is still the dominant player in high-growth segments such as e-commerce and cloud, with continued investments in its logistical footprint; margin expansion, especially in retail and a positive mix from cloud and advertising; and improving free cash flow. With multiples de-rating to two times adjusted 2024 earnings, the Team views the current valuation as compelling and added shares.
- The Team added to Wells Fargo as share price performance of US banks, including Wells Fargo, has lagged European peers over the last six months. While the Team still believes European banks offer compelling value, Wells Fargo is also viewed as an attractive investment case, considering the combination of net interest income support, healthy asset quality, excess capital and superior yield.
- Samsung shares have held up well despite headwinds for memory prices, while maintaining a high capex level, pressuring free-cash-flow yields, leading the Team to reduce its position.
- The Team exited SAP following a decent fourth-quarter rally that left shares with limited upside to fair value.
- The Team trimmed its position in Japan-based Mitsubishi UFJ Financial Group (MUFG) after shares gained strongly on surprising news from the Bank of Japan (BoJ) announcing the end of its yield curve control policy. The action elevated expectations for a more hawkish BoJ during 2023, which should support earnings power at Japanese banks, including MUFG. While the Team has updated valuation models with higher forward interest income, risk/reward seemed less compelling following the spike in share price, resulting in the lower portfolio weight. The Team retains its constructive view on MUFG, supported by excess capital, improving profitability and attractive stand-alone valuation.
- The Team reduced its holding in US-based asset manager BlackRock. While higher markets are a positive for earnings power at BlackRock, the Team finds its updated valuation less compelling, hence a lower weight was warranted. BlackRock reported full-year 2022 results in mid-January, showcasing best-in-class net inflows of almost US$400 billion and reflecting a 4% organic asset growth rate.

To find out more, please speak with your financial adviser or visit AllianceBernstein.com.au

Performance Figures

In Australian dollars. Numbers may not sum due to rounding. The total, growth and distribution returns of the Fund are net of fees and costs and do not allow for tax or inflation. Performance is calculated in accordance with the Financial Services Council Standard No. 6, using the relevant end-of-month exit prices, and assumes that income is reinvested and that the investment is held for the full period. The performance figures are historical and past performance is not necessarily an indication of future performance. The information above may change.

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A Target Market Determination (TMD) for the AB Global Equities Fund is available free of charge from our website, www.alliancebernstein.com.au. The TMD sets out the class of persons who comprise the target market for the AB Global Equities Fund and the distribution conditions that are applicable, together with a number of other matters that should be considered by retail investors and their advisers.

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