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PROSPECTUS

AB SICAV III

AUGUST 2026

> **Dynamic All Market Portfolio**
> **Fixed Maturity Bond 2026 Portfolio**

The Fund is an investment company with variable capital (*société d'investissement à capital variable*) incorporated under the laws of the Grand Duchy of Luxembourg.

Important Information

If you are in any doubt about the contents of this offering document, you should seek independent professional financial advice. Prospective investors should inform themselves as to the legal requirements, exchange control regulations and tax consequences within the countries of their residence and domicile for the acquisition, holding or disposal of shares and any currency exchange restrictions that may be relevant to them. Shares that are acquired by persons not entitled under the Articles to hold them may be redeemed by the Management Company on behalf of the Fund at the current Net Asset Value.

Subscriptions can be made on the basis of this document, which shall be updated by the latest available annual report of the Fund containing its audited accounts, and by the latest semi-annual report, if later than such annual report. Copies of such reports may be requested from an authorized financial advisor or at the registered office of the Management Company.

The Shares referred to in this document are offered solely on the basis of the information contained herein and in the reports and documents referred to herein. In connection with the offer made hereby, no person is authorized to give any information or to make any representations other than those contained herein or in the documents referred to herein. If given or made, such information or representations must not be relied upon as having been authorized by the Fund, the Management Company or the Distributor and any purchase made by any person on the basis of statements or representations which are not contained in or which are inconsistent with the information contained herein or in the documents referred to herein shall be solely at the risk of the purchaser.

All references herein to (i) "Sterling" and "£" are to the lawful currency for the time being of the United Kingdom, (ii) "Euro" and "€" are to the Euro, (iii) "Dollar" and "$" are to the U.S. Dollar, (iv) “AUD” or “A$” are to the Australian Dollar, (v) “SGD” refers to Singapore Dollar, (vi) “HKD” or “HK$” are to the Hong Kong dollar, (vii) “RMB” refers to offshore RMB (“CNH”) or to onshore RMB and (viii) “CHF” is to the Swiss franc.

None of the Shares has been or will be registered under the U.S. Securities Act of 1933, as amended, and the Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States (as defined in the glossary of defined terms) or to any U.S. Person (as defined in the glossary of defined terms). The Fund has not been registered under the U.S. Investment Company Act of 1940, as amended.

AllianceBernstein Investments, a unit of the Management Company and/or AllianceBernstein Limited or such other entity or entities appointed by the Management Company from time to time will act as Distributor of the Shares in connection with the offering of the Shares referred to herein. Application forms for Shares are subject to acceptance by the Distributor and the Management Company on behalf of the Fund.

Any information contained herein or in any other sales document relating to the Fund does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

Data Protection.

Personal Data processing
Shareholders are informed that certain data relating to them as natural persons or to other identified or identifiable natural persons - such as but not limited to their representatives and ultimate beneficial owners - (all together referred herein as the “**Data Subjects**”) and their holdings in Shares (the “**Personal Data**”) will be collected, stored and/or processed by the Fund and/or the Management Company acting on behalf of the Fund (acting as joint data controllers) and/or by the Transfer Agent, the Depositary, the Paying Agent (if any) and/or certain of the Management Company’s and/or the Transfer Agent's affiliates within the AB Group as well as their authorized agents (acting as data processors) (the “**Relevant Parties**”). The personal data will be processed (i) as a result of the contractual relationship between the Shareholder and the Fund and to provide related services to the Shareholders and/or (ii) to comply with applicable laws and regulations (including in situations where the Shareholder has no direct contractual relationship with the Fund).

Personal Data will only be used for the purpose for which it was collected, unless the Shareholders are informed in advance of its use for a different purpose.

Personal Data transfer
Personal Data may be transferred, subject to applicable laws and regulations, to the Relevant Parties, acting as data processors or as data controllers, which may be located in or outside the European Economic Area (“**EEA**”). Personal Data may therefore be transferred to entities located in countries which are not covered by an adequacy decision of the European Commission (such as, but not limited to, Singapore, Taiwan, India, Canada and United States of America) or where data protection laws might not exist or be of a lower standard than in the EEA. Such Personal Data transfers outside the European Union may be carried out (i) based on binding corporate rules concluded within the AB Group and/or (ii) based on standard data protection clauses adopted by the European Commission and/or (iii) where such transfer is necessary for the performance of the services provided to the Fund and/or the Shareholder, and/or (iv) where such transfer is necessary for the performance of the services based on a contract concluded between the Fund and/or the Management Company with a third party to which Shareholders are indirectly part and which is concluded in the Shareholders’ interest.

Mandatory disclosure of Personal Data
In addition, the Data Subjects are informed that the

Relevant Parties may disclose and transfer Personal Data to third parties such as courts and/or legal, governmental or regulatory bodies including tax authorities, auditors and accountants in Luxembourg as well as in other jurisdictions for the purpose of complying with applicable laws and regulations, as long as an international agreement, such as a mutual legal assistance treaty, is in force between the requesting third country and the EEA or Luxembourg.

Personal Data retention
Personal Data will be retained only as long as necessary for fulfilling the services required by Shareholders or in accordance with applicable laws and regulations.

Shareholders' representation
By submitting Personal Data to the Relevant Parties, the Shareholders represent that they have authority to provide that Personal Data to the Relevant Parties. The Management Company and the Fund may assume, where applicable, that the Data Subjects have, where necessary, given such consent and have been informed of the processing of their Personal Data and of their rights as described herein.

Shareholders' rights
The Shareholders (and where applicable, their Data Subjects) are entitled to request (i) the access to, (ii) the correction or completion, (iii) the erasure, (iv) a limitation of the processing of, (v) the portability of any Personal Data processed by the Fund and/or the Management Company, in the manner and subject to the limitations prescribed in applicable laws and regulations. Such request must be directed to the Data Protection Officer of the Management Company via post mail or e-mail.

Additional information
Additional information related to the processing or transfer of Personal Data and contact details of the Data Protection Officer of the Management Company are available at https://www.alliancebernstein.com/funds/abii/documents/annoucement/ab-lux-data-protection-disclosure-to-investors.pdf

Responsible Investing
The Board believes that it must serve shareholders' interests by providing investment solutions that deliver long-term competitive performance. AB Group's strong commitment to responsible investing is an integral part of this duty. Responsible investing entails making better-informed investment decisions, addressing ESG issues and dilemmas, including associated risks, and influencing companies in Portfolios to contribute to a positive outcome. For more information on how a Portfolio has a sustainable investment objective or promotes environmental and/or social characteristics, if applicable, please see "Appendix E: SFDR Pre-Contractual Disclosures" section.

Controversial Weapons Policy. The Management Company arranges for the screening of companies globally for their involvement in the production of anti-personnel mines, cluster munitions and/or munitions made with depleted uranium, biological weapons, chemical weapons and/or incendiary weapons. Where such involvement in production has been verified, the Management Company's policy is not to permit the Fund to invest in securities issued by such companies.

Benchmark.

Apart from the stated Benchmark Usage in each Portfolio's Details, the same Benchmark may also be used for other comparison purposes such as sectors, credit quality and carbon footprint under specific circumstances and upon request.

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Important Considerations

The Fund is structured as an "umbrella fund" comprising separate pools of assets (each a "portfolio"). Investors should reference Section I to determine the particular portfolios to which this Prospectus relates and read these "Important Considerations" with particular attention to those important considerations which pertain to the underlying investments of each such portfolio. In addition, investors should read carefully the "Risk Profile" set out in Section I relating to each portfolio, as well as "Risk Factors and Special Considerations" in Section II.

The value of Shares of the portfolios to which this Prospectus relates will change with the value of such portfolios' underlying investments. Hence, the value of Shares and any income arising from them will fluctuate and is not guaranteed. Consequently, investors may not get back the full amount of their investment upon redemption.

For any portfolio that invests in stocks, the value of underlying investments may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market or economic conditions. For any portfolio that invests in fixed-income securities, the value of the underlying investments will depend generally upon interest rates and the credit quality of the issuer as well as general market or economic conditions.

For any portfolio that invests in fixed-income securities, the value of the shares of such portfolio and any income arising from such shares will change in response to fluctuations in interest rates and currency exchange rates. A portfolio may invest in high yielding securities where the risk of depreciation and realisation of capital losses on some of the securities held will be unavoidable. In addition, medium- and lower-rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated securities.

Any portfolio which invests in essentially only one country will have greater exposure to market, political and economic risks of that country. Any portfolio which invests in multiple countries will have less exposure to the risks of any one country, but will be exposed to risks in a larger number of countries.

Many of the underlying investments of a particular portfolio may be denominated in different currencies than that of the particular portfolio. This means currency movements in underlying investments may significantly affect the value of any such portfolio's share prices.

In addition, a particular portfolio may invest, in whole or in part, in emerging markets securities to the extent permitted by such portfolio's stated investment objective and policies. Investors should appreciate that these securities may be more volatile than securities issued by issuers located in more developed markets. As a result, there may be a greater risk of price fluctuation and of the suspension of redemptions in such portfolios, compared with a portfolio investing in more mature markets. This volatility may stem from political and economic factors, and may be exacerbated by legal, trading liquidity, settlement, transfer of securities and currency factors. Some emerging market countries have relatively prosperous economies but may be sensitive to world commodity prices. Others are especially vulnerable to economic conditions in other countries. Although care is taken to understand and manage these risks, the respective portfolios and their Shareholders ultimately bear the risks associated with investing in these markets.

A particular portfolio may use various techniques for hedging against market risks. These techniques and the instruments used are described in Appendix A to Section II. In addition, a particular portfolio may make ancillary use of these techniques and instruments for the purpose of efficient portfolio management.

Investors are encouraged to consult their financial advisor regarding the suitability of shares of a particular portfolio for their investment needs.

Glossary of Defined Terms

AB Fund Account means a notional account established by the Management Company or the Transfer Agent for each Shareholder and reflecting all his or her shareholdings in the Fund

AB Group means AllianceBernstein L.P. and its subsidiaries and affiliates

Administration Agreement means the agreement between the Management Company and the Administrator

Administrator means Brown Brothers Harriman (Luxembourg) S.C.A.

ADRs means American Depositary Receipts

Articles means the latest version of the Articles of Incorporation of the Fund

Board means the Board of Directors of the Fund

Business Day means any day when both the New York Stock Exchange and Luxembourg banks are open for business unless otherwise provided for in the Summary Information of a specific portfolio

Cash equivalent means a security that can be converted into cash (treasury bill or other short-term government bond, bank deposit, money-market instrument or fund)

CSSF means *Commission de Surveillance du Secteur Financier*, the Luxembourg financial supervisory authority

Currency of the Portfolio means the base currency of a portfolio in which its accounting records are kept as indicated under "Summary Information" in Section I with respect to that portfolio

Depositary means Brown Brothers Harriman (Luxembourg) S.C.A.

Depositary Agreement means the agreement between the Fund, the Management Company and the Depositary

Distribution Agreement means, as the context requires, the relevant agreement between the Fund and Management Company or the relevant agreement between the Management Company and the Distributor relating to each of the portfolios

Distributor means AllianceBernstein Investments, a unit of the Management Company, and/or such other entity or entities appointed by the Management Company from time to time

EDRs means European Depositary Receipts

EEA means member states of the EU and Iceland, Norway and Liechtenstein

EU means the European Union

Fund means AB SICAV III, an open-ended investment company with variable capital (*société d'investissement à capital variable*) incorporated under the laws of the Grand Duchy of Luxembourg

GDRs means Global Depositary Receipts

Interested Party means the Investment Manager or its affiliates (which includes the Management Company and the Distributor)

Investment Grade means fixed-income securities rated Baa (including Baa1, Baa2 and Baa3) or higher by Moody's or BBB (including BBB+ and BBB-) or higher by S&P, or the equivalent thereof by at least one IRSO

Investment Management Agreement means the agreement between the Management Company and the Investment Manager relating to each portfolio

Investment Manager means AllianceBernstein L.P., a Delaware limited partnership

IRS means the United States Internal Revenue Service

IRSO means an internationally recognized statistical ratings organization

KID means the key information documents of any portfolio

Law of 2010 means the law of 17 December 2010 on undertakings for collective investment, as amended

Management Company Agreement means the agreement between the Management Company and the Fund

Management Company means AllianceBernstein (Luxembourg) S.à r.l., a *société à responsabilité limitée* organized under the laws of the Grand Duchy of Luxembourg

Mémorial means the *Mémorial C, Recueil des Sociétés et Associations*

Moody's means Moody's Investors Services, Inc.

Net Asset Value means the value of the total assets of a portfolio less the total liabilities of such portfolio as described under "Determination of the Net Asset Value of Shares" in Section II

OECD means the Organization for Economic Cooperation and Development

Offered Currency means, for a portfolio, each currency in which the Shares are offered, as indicated under "Summary Information" in Section I with respect to that portfolio

Order Cut-off Time means 4:00 p.m. U.S. Eastern time, or such other time as set forth in the Summary Information of a specific portfolio

OTC means over the counter

portfolio means one or more portfolios of the Fund as the context requires

Portfolio means the portfolio(s) of the Fund identified in Section I hereof (or in a subsection of Section I as the context requires)

Prospectus means this version of the Prospectus of the Fund

REITs means close-ended real estate investment trusts eligible for investment under the Law of 2010

RESA means the *Recueil Electronique des Sociétés et Associations*

S&P means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

SFT Regulation means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012

Shareholders means the owners of Shares, as reflected in the shareholder register of the Fund, in respect of one or more portfolios, as the context requires

Shares means shares of the Fund of whatever class and whatever portfolio

Trade Date means each Business Day, or such Business Day as is prescribed in the Summary Information of a specific portfolio, on which any transaction in Shares (purchase, redemption or exchange) for a portfolio is recorded in the Shareholder register of the Fund, in respect of one or more portfolios, as the context requires, as having been accepted

Transfer Agent means the Management Company or AllianceBernstein Investor Services, a unit of the Management Company, the Fund's registrar and transfer agent

UCITS means an open-end mutual investment fund or investment company qualifying as an undertaking for collective investment in transferable securities

United Kingdom means the United Kingdom of Great Britain and Northern Ireland

U.S. or United States means the United States of America or any of its territories or possessions or any area subject to its jurisdiction, including the Commonwealth of Puerto Rico

U.S. and United States means the United States of America or any of its territories or possessions or any area subject to its jurisdiction, including the Commonwealth of Puerto Rico.

U.S. Person means (i) with respect to any person, any individual or entity that would be a U.S. Person under Regulation S promulgated under the Securities Act; (2) with respect to individuals, any U.S. citizen or "resident alien" within the meaning of U.S. income tax laws as in effect from time to time; or (iii) with respect to persons other than individuals, (A) a corporation or partnership created or organized in the United States or under the laws of the United States or any state; (B) a trust where (I) a U.S. court is able to exercise primary supervision over the administration of the trust and (II) one or more U.S. persons have the authority to control all substantial decisions of the trust; and (C) an estate which is subject to U.S. tax on its worldwide income from all sources

Valuation Point means the point in time at which the Net Asset Value per Share is calculated with respect to a Trade Date, being 4:00 p.m. U.S. Eastern time

AB SICAV III—Dynamic All Market Portfolio

Investment Objective and Policies

Investment Objective

The investment objective of the Portfolio is to maximize total return.

Investment Policies

The Portfolio seeks to meet its investment objective by investing in a number of global asset classes, including equity, fixed-income, real assets and currencies. In making asset allocation decisions, the Fund will use both fundamental analysis and its proprietary dynamic asset allocation process, which aims to produce what the Investment Manager considers to be the Portfolio's optimal risk/return profile at any particular point in time. This process generates forecasts of volatility, correlation and expected return to gauge changes in the risk/return trade-off across a range of asset classes in order to assess investment opportunity. The Fund may make frequent adjustments to the Fund's asset class exposures based on this continued monitoring of risks and potential returns and changing market conditions. The Portfolio is not subject to any limitation on the portion of its net investment exposure that may relate to equities, fixed income securities, currencies or real assets.

The Portfolio's equity allocation will typically include investment exposure to large-capitalization equity securities and related derivatives, though the Fund may also invest in small- and mid-capitalization securities. Equity securities in which the Portfolio may invest include common stock and securities convertible into common stock, preferred stock, the equity securities of real estate investments trusts ("REITs") provided however that such exposure to REITs does not exceed 15% of the Portfolio's net assets and depositary receipts (including ADRs and GDRs).

The Portfolio's fixed-income allocation generally includes exposure to bonds and other fixed or floating rate securities, sovereign debt obligations and debt issued by other government agencies, and interest rate derivatives, as well as corporate debt securities such as high-yield debt securities, various types of asset-backed and mortgage-related securities, and credit derivatives such as credit default swaps.

The Portfolio's currency exposures may come from both investments in equity and debt securities denominated in non-base currency and from direct holdings of non-base currencies and currency-related derivatives.

The Portfolio's real asset allocation will typically involve investment in UCITS-eligible instruments that provide exposure to underlying real asset categories, such as commodity index derivatives, inflation-linked debt securities and REITs.

The Investment Manager may obtain exposure to such instruments through direct investment, the use of financial derivative instruments and by investing in other pooled investment vehicles, including ETFs. Investments in undertakings for collective investment, including exchange traded funds "ETFs", will not exceed 50% of the Portfolio's NAV.

The Investment Manager may invest over 35% of its net assets in securities issued or guaranteed by each of the following countries: United States of America, Japan, Germany, the United Kingdom, Australia, Canada, Sweden, Norway, New Zealand, and Switzerland.

The Portfolio may invest in, or be exposed to, the following asset classes up to the percentages of assets indicated:

- Mainland China Securities: 10%

Credit Quality. The Portfolio's fixed-income assets may include Investment Grade securities, below-Investment Grade securities and unrated securities as determined by the Investment Manager. It is anticipated that under normal market conditions no more than 50% of the Portfolio's exposure will be in below-Investment Grade securities, as measured at time of purchase. "Investment Grade" has the meaning set forth on page v. Unrated securities in which the Portfolio invests may be assigned an internal credit rating by the Investment Manager for purposes of determining whether such securities are of Investment Grade or non-Investment Grade quality. The Portfolio may take investment exposure to distressed securities, provided however that such exposure does not exceed 5% of the Portfolio's net assets.

Financial Derivative Instruments/Efficient Portfolio Management Techniques. The Investment Manager may use a wide array of derivative products and strategies when implementing the Portfolio's investment strategy. Such financial derivative instruments (including OTC and exchange-traded financial derivative instruments) will comply with Article 41 (1) g) of the Law of 2010 and may include, but are not limited to, options, forwards and swaps, including credit default swaps ("CDS"), total return swaps ("TRS") and interest rate swaps ("IRS"), credit-linked notes, futures, including transactions on equity securities, fixed income securities and currencies, and "local access products" (such as equity linked certificates, participatory notes and warrants). These financial derivative instruments will be predominantly employed (i) to hedge against equity, interest rate risk, credit risk, specific issuer risk and/or currency fluctuations, (ii) as an alternative to investing directly in the underlying investments, and (iii) to gain additional exposure. With respect to CDS, the Portfolio may both "sell" protection in order to gain exposure and "buy" protection to hedge credit exposure.

The Portfolio may utilize financial derivative instruments or other techniques to achieve investment exposure greater than the Portfolio's NAV, which may result in greater volatility of the Portfolio's NAV, as greater exposure may increase the effect of market fluctuations on the value of an underlying investment.

In accordance with the transparency requirements of the SFT Regulation the chart below reflects, where applicable, the expected and maximum level of the Portfolio's net assets that will be subject to securities financing transactions (*i.e.* securities lending transactions as well as repurchase agreements and reverse repurchase

agreements) ("*SFTs*") and total return swaps and/or other financial derivative instruments with similar characteristics ("*TRS*"); being specified that in certain circumstances this proportion may be higher.

Type of Transactions	Expected Range	Maximum
TRS	0-150%	200%
Repurchase agreements and reverse repurchase agreements	0-35%	45%
Securities lending transactions	0%-25%	25%

For further details concerning SFTs and TRS, please refer to "Appendix D: Additional Information relating to Financial Derivative Instruments, Financial Techniques and Instruments and Collateral Management."

Leverage. The Investment Manager does not expect to utilize bank borrowing in implementing the Portfolio's investment strategy. The expected level of leverage of the Portfolio is estimated to be in the 0% to 750% range of its Net Asset Value. The expected level of leverage is calculated as the sum of the notionals of the financial derivative instruments held by the Portfolio. Pursuant to the CSSF Circular 11/512 dated 30 May 2011, this calculation methodology neither takes into account the fact that a particular financial derivative instrument increases or decreases the Portfolio's investment risks nor permits to net financial derivative instruments with reverse positions. With this methodology, the use of derivatives for hedging purposes will automatically increase the level of leverage. Consequently, shareholders should be aware that a higher level of expected leverage does not automatically imply a higher level of investment risk. In addition, the actual leverage of the Portfolio may deviate from the above mentioned expected level of leverage.

Benchmark. The Portfolio's benchmark is Secured Overnight Financing Rate (SOFR) +6%. The Portfolio uses the benchmark for performance comparison. The Portfolio is actively managed and the Investment Manager is not constrained by its benchmark when implementing the Portfolio's investment strategy. Although the Portfolio may hold, in certain market conditions and subject to the Investment Manager's full discretion, a significant part of the components of the benchmark, it will not hold every component of the benchmark and may also hold securities that are not part of it.

Structured Investments. The Portfolio may invest in structured securities (both Investment Grade and below Investment Grade) originated by a wide range of originators and sponsors. The Investment Manager may invest in mortgage-backed securities ("MBS"), commercial mortgage-backed securities ("CMBS") and collateralized debt obligations ("CDOs"). The Portfolio's investments in structured securities will not exceed 20% of its net assets.

Use of Pooled Vehicles. In order to more efficiently manage its assets and to gain exposure to certain asset classes, the Portfolio may invest in UCITS, UCIs and other regulated pooled vehicles, and the Portfolio's ability to invest in such vehicles is not subject to the 5% NAV limitation contained in paragraph 5. a) of "Investment Restrictions" in Appendix A.

Investments in other pooled vehicles may be subject to certain fees and expenses charged at the level of each pooled vehicle, provided however, that the Portfolio will not be subject to an additional management fee in respect of that portion of its assets the Investment Manager has allocated to another pooled vehicle or other product sponsored and/or managed by the Investment Manager or an affiliate.

Risk Measurement. The Investment Manager will utilize a Value-at-Risk ("VaR") methodology to monitor the global exposure (market risk) for the Portfolio. The global exposure of the Portfolio is measured by the absolute VaR methodology pursuant to which the VaR of the Portfolio may not exceed 20% of its Net Asset Value.

Other Investment Policies

Currency Hedged Share Classes

One or more of the Portfolio's share classes offered in a particular currency (each, an "Offered Currency") may be hedged to such Offered Currency. Any such share class will constitute a "Currency Hedged Share Class." Currency Hedged Share Classes aim to provide investors a return more closely correlated to the Portfolio's base currency return by reducing the effect of exchange rate fluctuations between the Portfolio's base currency (*i.e.*, US Dollar) and the relevant Offered Currency, taking into account practical considerations such as transaction costs. The hedging strategy employed is designed to reduce, but may not eliminate, currency exposure between the Portfolio's base currency and the Offered Currency.

Currency Hedged Share Classes do not affect the investment management of the Portfolio's underlying assets since it is only the net asset value (NAV) of the Currency Hedged Share Classes, not the Portfolio's underlying assets, which is hedged to the Offered Currency. Expenses incurred as a result of such hedging activity will be borne by the Currency Hedged Share Class in relation to which such expenses are incurred.

For additional information on share class hedging, see "How to Purchase Shares—Currency Hedged Share Classes" in Section II.

Responsible Investing.

The Portfolio applies certain exclusions and details can be found at www.alliancebernstein.com/go/ABSICAVIIIExclusionChart

The Portfolio integrates sustainability risks into its investment decisions (see "Appendix E: SFDR Pre-Contractual Disclosures" for more information).

Summary Information

Portfolio Features

Recommended Investment Horizon	Long-term	Order Cut-off Times	*For USD-Denominated Share Classes:* 4:00 P.M. U.S. Eastern Time on each Business Day *For Currency Hedged Share Classes* 6:00 P.M. Central European Time on each Business Day
Currency of the Portfolio	USD		
Business Day	Any day on which banks are open in Luxembourg and Japan and the New York Stock Exchange is open	Distributions*	None. See "Distributions" below. * Includes Hedged Share Classes.
Net Asset Value Calculation	Each Business Day		
Net Asset Value Publication	Available from the Management Company		

Share Class Fees and Charges[1]

	Initial Sales Charge[2]	Management Fee[3]
USD Denominated Share Classes		
Class S Shares[4]	None	None
Class S1 Shares[4]	None	0.75%
AUD Hedged Share Classes		
Class S1 AUD H Shares[4]	None	0.75%

1 The Management Company, Administrator, Depositary and Transfer Agent are entitled to receive, out of the assets of the Portfolio, fees as described under "Other Portfolio Information—Management Company, Administrator, Depositary and Transfer Agent Fees" below. The Portfolio also bears all of its other expenses. See "How to Purchase Shares" and "Additional Information—Fees and Expenses" in Section II. The Management Company has voluntarily undertaken, until the Management Company on behalf of the Fund notifies Shareholders to the contrary, that if in any fiscal year the aggregate fees and expenses with respect to the following share classes of the Portfolio (including any management fee and all other fees and expenses set out in "Additional Information—Fees and Expenses" in Section II, including Luxembourg *Taxe d'Abonnement* but exclusive of certain other taxes, brokerage (if applicable) and interest on borrowings) exceed the following percentages of the Portfolio's average Net Asset Value for the fiscal year attributable to the Portfolio's share classes (and corresponding H shares) as follows: S (0.15%), S1 (0.90%) the Fund may deduct from the payment to be made to the Management Company, or the Management Company will otherwise bear, such excess fees and expenses.

2 As a percentage of purchase price.

3 As an annual percentage of average daily Net Asset Value. With respect to certain share classes, the management fee may also include a component that is paid to distributors or other financial intermediaries and service providers. For further details on the management fee, please refer to "Additional Information—Fees and Expenses" in Section II.

4 Reserved for institutional investors. Investors in class S are charged an investment management fee separately.

Other Share Class Features

	Offered Currencies	Minimum Initial Investment*	Maximum Investment**	Luxembourg *Taxe d'Abonnement****
USD Denominated Share Classes				
Class S Shares	USD	$25,000,000	None	0.01%
Class S1 Shares	USD	$25,000,000	None	0.01%
AUD Hedged Share Classes				
Class S1 AUD H Shares	AUD	A$25,000,000	None	0.01%

* Does not apply to automatic investment plans, where offered.

** May be waived by the Management Company in its sole discretion.

*** Annual Luxembourg tax payable quarterly by each portfolio.

Other Portfolio Information

Principal Investment Types

For a chart summarizing the principal types of investments used by the Portfolio and a description of securities and other instruments in which the Portfolio may invest, investors should refer to “Investment Types” in Section II. The ability of the Portfolio to invest in any securities or instruments is subject to the restrictions in the Portfolio’s stated investment objective and policies and the limitations contained in “Investment Restrictions” in Appendix A to Section II.

Risk Profile

It is intended that this Portfolio will make use of financial derivative instruments. The investment restrictions (9) to (13) set forth in Appendix A to Section II will not apply. This Portfolio shall employ the Value-at-Risk (VaR) approach.

VaR reports will be produced and monitored on a daily basis based on the following criteria:

- 1 month holding period;
- 99% confidence level; and
- stress testing applied on an ad hoc basis.

Investments of the Portfolio are subject to the higher risks inherent in equity investments. In general, the value of equity investments may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market, economic, political and natural conditions that are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment instruments.

Fixed-income securities in which the Portfolio will invest are subject to the credit risk of the private and public institutions offering these securities and their market value is influenced by changes in interest rates. Because the Portfolio's fixed-income securities investments may be below Investment Grade quality, these risks are higher for the Portfolio than for a portfolio that invests solely in Investment Grade or equivalent quality fixed-income securities. Non-Investment Grade securities are also subject to greater risk of loss of principal and interest and are generally less liquid and more volatile. There can be no assurance that any distribution payments will occur and the Portfolio has no specific maturity.

The Portfolio is subject to market, interest rate and currency fluctuations and to other risks inherent in investing in securities. Therefore, no assurance can be given that the investment objective will be achieved, that invested capital will be preserved or that capital appreciation will occur. Investment results may vary substantially on a monthly, quarterly or annual basis. An investment in the Portfolio does not represent a complete investment program.

For a chart summarizing the principal risks of the Portfolio and a more detailed discussion of these and other risks applicable to the Portfolio, investors should refer to “Risk Factors and Special Considerations” in Section II.

Profile of the Typical Investor

The Portfolio is designed for higher risk-tolerant investors who seek total return by investing in a multi-asset fund which actively adjusts investment exposures. Investors are encouraged to consult their independent financial advisors regarding the suitability of Shares of the Portfolio for their investment needs.

Distributions

The Board currently does not intend to pay dividends with respect to the Shares. Therefore, any net income and net realized profits attributable to the Shares will be reflected in the respective Net Asset Value of the Shares.

The Portfolio may offer dividend-paying share classes in the future. For distributing share classes, the Board intends to declare and pay distributions on a periodic basis. Distributions may come from gross income (before reduction for fees and expenses), realized and unrealized gains and capital attributable to the relevant class. Distributions in excess of net income (gross income less fees and expenses) may represent a return of the investor’s original investment amount and as such may result in a decrease in the NAV per share for the relevant class. Distributions may be automatically reinvested at the election of the Shareholder.

Management Company, Administrator, Depositary and Transfer Agent Fees

The Management Company is paid an annual fee out of the assets of the Portfolio on the aggregate Net Asset Value attributable to the class S and S1 shares (and corresponding H shares) equal to the lesser of $50,000 or 0.01% of average daily Net Asset Value.

The Administrator fee, Depositary fee and Transfer Agent fee for the Portfolio are paid out of the assets of the Portfolio in accordance with the usual practice in Luxembourg and shall not exceed a fixed maximum specified under the section II of the prospectus under “Administrator, Depositary and Transfer Agent Fees”. The fees effectively borne by the Portfolio may be lower or higher depending on the assets of the Portfolio, transaction volume or for other reasons. Such fees may benefit from the total expense rate caps disclosed in footnote 1 under “Share Class Fees and Charges” above.

Organizational Expenses

At the date of the inception of the Portfolio, provision was made on the accounts of the Portfolio for estimated organizational expenses of $10,000 and such expenses will be amortized over a period of up to five years.

Historical Performance

Information on the historical performance of this Portfolio, once available, may be found in the Portfolio's KIDs.

History

The Portfolio was established as a portfolio of the Fund on 11 May 2015

AB SICAV III—Fixed Maturity Bond 2026 Portfolio

Investment Objective and Policies

Investment Objective

The Portfolio's investment objective is to seek attractive yield over the term of the Portfolio.

Investment Policies

The Portfolio seeks to achieve its investment objective by investing in Euro denominated fixed-income securities issued by corporate, sovereign and other governmental issuers being specified that:

- the Portfolio may invest up to 10% in high yield securities; and
- the Portfolio will not invest in fixed-income securities issued in emerging markets.

The Portfolio's investments will generally mature before the Portfolio's Maturity Date of 31 December 2026, and the Portfolio intends to hold such fixed income securities to maturity. However, the Portfolio may invest up to 10% of its net assets in fixed income securities with a maturity date that extends up to 12 months beyond the Maturity Date. To the extent proceeds from fixed income securities are paid prior to the Portfolio's Maturity Date, the Portfolio may re-invest such amounts in other bonds in line with the Portfolio's objective or in cash equivalents up to 100% and is subject to re- investment risk. In addition, the Portfolio may hold ancillary cash up to 20% of its net assets.

Credit Quality. The Portfolio' assets may be invested up to 10% in below Investment Grade securities none of which may be rated Caa1 by Moody's, CCC+ by S&P, or CCC by Fitch, or below at the time of purchase. Under normal market conditions, the Investment Manager expects the Portfolio's average credit rating to be Investment Grade.

Offering Period. The Portfolio will undergo an offering period expected to begin on or about 31 January 2023 and close on or about 28 February 2023 (the "Offering Period"). The Board may modify the Offering Period at its discretion. The Portfolio's investment activities will only start at the end of the Offering Period.

At the end of the Offering Period, the Portfolio is expected to be closed to subscriptions and will only remain open for redemptions. Subscriptions may be accepted after the close of the Offering Period for a limited period of time as determined by the Board.

Term. The Portfolio will be liquidated on 31 December 2026 (the "Maturity Date"), provided that the Board may defer such liquidation for up to four months. Upon liquidation, all proceeds will be returned to Shareholders.

Financial Derivative Instruments/Efficient Portfolio Management Techniques. The Investment Manager may use limited derivative products and strategies when implementing the Portfolio's investment strategy. In the event the Portfolio utilizes financial derivative instruments, such instruments may be employed for the following purposes: (i) as an alternative to investing directly in the underlying investments and (ii) to hedge against interest rate, credit and currency fluctuations.

The Portfolio will not use SFTs falling under the scope of SFT Regulation.

Risk Measurement. The methodology used to monitor the global exposure (market risk) resulting from the use of financial derivative instruments is the commitment approach in accordance with CSSF Circular 11/512.

Sustainability-Related Disclosures. The Portfolio integrates ESG considerations.

The Portfolio applies certain exclusions and details can be found at www.alliancebernstein.com/go/ABSICAVIIIExclusionChart

The Portfolio is of the category that promotes environmental and social characteristics (SFDR Article 8; see "Appendix E: SFDR Pre-Contractual Disclosures" for more information).

Currency Hedged Share Classes. One or more of the Portfolio's share classes offered in a particular currency (each, an "Offered Currency") may be hedged to such Offered Currency. Any such share class will constitute a "Currency Hedged Share Class." Currency Hedged Share Classes aim to provide investors a return more closely correlated to the Portfolio's base currency return by reducing the effect of exchange rate fluctuations between the Portfolio's base currency and the relevant Offered Currency, taking into account practical considerations such as transaction costs.
The hedging strategy employed is designed to reduce, but may not eliminate, currency exposure between the Portfolio's base currency and the Offered Currency.

Currency Hedged Share Classes do not affect the investment management of the Portfolio's underlying assets since it is only the net asset value (NAV) of the Currency Hedged Share Classes, not the Portfolio's underlying assets, which is hedged to the Offered Currency. Expenses incurred as a result of such hedging activity will be borne by the Currency Hedged Share Class in relation to which such expenses are incurred.

For additional information on share class hedging, see "How to Purchase Shares—Currency Hedged Share Classes" in Section II.

Portfolio Features

Recommended Investment Horizon	to the stated Maturity Date	Order Cut-Off Time	1:00 P.M. Central European Time on each Business Day
Currency of the Portfolio	EUR	Distributions*	*For Class AT, IT, IRT and S1T Shares* To be declared monthly and payable monthly
Net Asset Value Calculation	Each Business Day		*For Class BNN and CNN* To be declared and payable annually
Net Asset Value Publication	Available from the Management Company and at www.alliancebernstein.com		*For Class A2, B2, C2, I2 and IR2 Shares* None * Includes Hedged Share Classes. See “Distributions” below.
Class Names	**H** means Currency Hedged Share Classes. For additional information on share class hedging, see “How to Purchase Shares—Currency Hedged Share Classes” and “Risk Factors and Special Considerations -- Currency Hedged Share Class Risk” in Section II.		

Share Class Fees and Charges[1]

	Initial Sales Charge[2]	Management Fee[3]	Distribution Fee[4]	Contingent Deferred Sales Charge[5]
EUR-Denominated Share Classes				
Class AT Shares	Up to 3.00%	up to 0.65%	None	None
Class A2 Shares	Up to 3.00%	up to 0.65%	None	None
Class BNN Shares	None	up to 0.65%	Up to 0.50%	0–1 year held=1.00% 1–2 yrs=0.75% 2–3 yrs=0.50% 3–4 yrs=0.25% Maturity=0%
Class B2 Shares	None	up to 0.65%	Up to 0.50%	0–1 year held=1.00% 1–2 yrs=0.75% 2–3 yrs=0.50% 3–4 yrs=0.25% Maturity=0%
Class CNN Shares	None	up to 1.31%	None	0–1 year held=1.0% thereafter 0%
Class C2 Shares	None	up to 1.31%	None	0–1 year held=1.0% thereafter 0%
Class IT Shares[6]	Up to 1.50%	up to 0.50%	None	None
Class I2 Shares[6]	Up to 1.50%	up to 0.50%	None	None
Class IRT Shares[6]	Up to 1.50%	up to 0.40%	None	None
Class IR2 Shares[6]	Up to 1.50%	up to 0.40%	None	None
Class S1T Shares[7]	None	up to 0.36%	None	None

USD-Hedged Share Classes				
Class A2 USD H Shares	Up to 3.00%	up to 0.65%	None	None
Class IRT USD H Shares[6]	Up to 1.50%	up to 0.40%	None	None
Class IR2 USD H Shares[6]	Up to 1.50%	up to 0.40%	None	None

1 The Management Company, Administrator, Custodian and Transfer Agent are entitled to receive, out of the assets of the Portfolio, fees as described under "Other Portfolio Information—Management Company, Administrator, Custodian and Transfer Agent Fees" below. The Portfolio also bears all of its other expenses. See "How to Purchase Shares" and "Additional Information—Fees and Expenses" in Section II. The Management Company has voluntarily undertaken, until the Management Company on behalf of the Fund notifies Shareholders to the contrary, that if in any fiscal year the aggregate fees and expenses with respect to the following share classes of the Portfolio (including any management fee and all other fees and expenses set out in "Additional Information—Fees and Expenses" in Section II, including Luxembourg *Taxe d'Abonnement* but exclusive of certain other taxes, brokerage (if applicable) and interest on borrowings) exceed the following percentages of the Portfolio's average Net Asset Value for the Portfolio's share classes (and corresponding H share classes): AT (0.65%), A2 (0.65%), BNN (1.11%), B2 (1.11%), CNN (1.31%), C2 (1.31%), IT (0.50%), I2 (0.50%), IRT (0.40%), IR2 (0.40%) and S1T (0.36%), the Fund may deduct from the payment to be made to the Management Company, or the Management Company will otherwise bear, such excess fees and expenses.

2 As a percentage of purchase price.

3 As an annual percentage of average daily Net Asset Value. With respect to certain share classes, the management fee may also include a component that is paid to distributors or other financial intermediaries and service providers. For further details on the management fee, please refer to "Additional Information—Fees and Expenses" in Section II.

4 As an annual percentage of average daily Net Asset Value.

5 As a percentage of the lesser of the current Net Asset Value or original cost of the Shares being redeemed and based upon the duration that such Shares are held. CDSC Shares may only be purchased through a dealer authorized by the Distributor to offer such shares. Those investors considering an investment in CDSC Shares should speak with their financial advisor for details. With respect to class C shares, a dealer may elect to waive the contingent deferred sales charge in certain circumstances.

6 Available to (i) investors purchasing Shares through Distributors who have separate fee arrangements with such investors, (ii) product structures that purchase the Shares directly, or on behalf of an end investor and assess such investor a fee at the product level, and (iii) other investors at the Management Company's discretion.

7 Reserved for institutional investors.

Other Share Class Features

	Offered Currencies	Minimum Initial Investment*	Luxembourg *Taxe d'Abonnement*****
EUR-Denominated Share Classes			
Class AT Shares	EUR	€1,000	0.05%
Class A2 Shares	EUR	€1,000	0.05%
Class BNN Shares	EUR	€1,000	0.05%
Class B2 Shares	EUR	€1,000	0.05%
Class CNN Shares	EUR	€1,000	0.05%
Class C2 Shares	EUR	€1,000	0.05%
Class IT Shares	EUR	€1,000***	0.05%
Class I2 Shares	EUR	€1,000***	0.05%
Class IRT Shares	EUR	€1,000***	0.05%
Class IR2 Shares	EUR	€1,000***	0.05%
Class S1T Shares	EUR	€10 million**	0.01%
USD-Hedged Share Classes			
Class A2 USD H Shares	USD	$1,000	0.05%
Class IRT USD H Shares	USD	$1,000***	0.05%
Class IR2 USD H Shares	USD	$1,000***	0.05%

* Does not apply to automatic investment plans, where offered.
** May be waived by the Management Company in its sole discretion.
*** If invested via a direct, non-omnibus account the minimum initial investment is EUR 1,000,000 or currency equivalent.
**** Annual Luxembourg tax payable quarterly by each portfolio

Other Portfolio Information

Principal Investment Types

For a chart summarizing the principal types of investments used by the Portfolio and a description of securities and other instruments in which the Portfolio may invest, investors should refer to "Investment Types" in Section II. The ability of the Portfolio to invest in any securities or instruments is subject to the restrictions in the Portfolio's stated investment objective and policies and the limitations contained in "Investment Restrictions" in Appendix A to Section II.

Risk Profile

It is intended that this Portfolio will make use of financial derivative instruments. The investment restrictions (9) to (13) set forth in Appendix A to Section II will not apply. This Portfolio shall employ the commitment approach.

Fixed-income securities in which the Portfolio will invest are subject to the credit risk of the private and public institutions offering these securities and their market value is influenced by changes in interest rates. Because the Portfolio's fixed-income securities investments may be below Investment Grade quality, these risks are higher for the Portfolio than for a portfolio that invests solely in Investment Grade or equivalent quality fixed-income securities. Non-Investment Grade securities are also subject to greater risk of loss of principal and interest and are generally less liquid and more volatile. There can be no assurance that any distribution payments will occur.

The Portfolio is also subject to re-investment risk. Re-investment risk occurs when fixed income securities are called prior to maturity and the proceeds cannot be re-invested in fixed income securities with a similar yield (i.e. a lower yield than the original security) or maturity due to, *inter alia*, market conditions and the availability of fixed income securities.

In the event a security is called before its maturity date, the Portfolio may re-invest proceeds in other fixed income securities as well as cash and cash equivalents in line with the Portfolio's objective and may invest a larger percentage in cash as the Portfolio gets closer to the Maturity Date.

The Portfolio is subject to market, interest rate and currency fluctuations and to other risks inherent in investing in securities. Therefore, no assurance can be given that the investment objective will be achieved, that invested capital will be preserved, or that capital appreciation will occur. Investment results may vary substantially on a monthly, quarterly or annual basis. An investment in the Portfolio does not represent a complete investment program.

For a chart summarizing the principal risks of the Portfolio and a more detailed discussion of these and other risks applicable to the Portfolio, investors should refer to "Risk Factors" in Section II.

Profile of the Typical Investor

The Portfolio will suit medium to higher risk-tolerant investors seeking the rewards of a fixed-income investment held to the Portfolio's stated Maturity Date of 31 December 2026. Investors are encouraged to consult their independent financial advisors regarding the suitability of Shares of the Portfolio for their investment needs.

Distributions

For class A2, B2, C2, I2 and IR2 Shares (and corresponding H shares), the Board currently does not intend to pay dividends with respect to the Shares. Therefore, any net income and net realized profits attributable to the Shares will be reflected in the respective Net Asset Value of the Shares.

For class BNN and CNN shares (and corresponding H shares), the Board intends to declare and pay an annual distribution equal to all or substantially all of the Portfolio's net income attributed to such class of Shares.

For class AT, IT, IRT and S1T Shares (and corresponding H shares), the Board intends to declare and pay monthly dividends equal to all or substantially all of the Portfolio's net income attributable to each class of Shares.

The Board also may determine if and to what extent dividends paid include realized capital gains and/or are paid out of capital attributable to the relevant class of Shares. To the extent the net income and net realized profits attributable to these Shares exceed the amount declared payable, the excess return will be reflected in the respective Net Asset Value of such Shares.

Management Company, Administrator, Depositary and Transfer Agent Fees

For class AT, A2, BNN, B2, CNN, C2, IT, I2, IRT and IR2 Shares (and corresponding H shares), the Management Company is paid an annual fee out of the assets of the Portfolio on the aggregate Net Asset Value attributable to the Shares equal to 0.03% of average daily Net Asset Value. The Management Company is paid an annual fee out of the assets of the Portfolio on the aggregate Net Asset Value attributable to the class S1T shares equal to the lesser of $50,000 or 0.01% of average daily Net Asset Value.

The Administrator fee, Depositary fee and Transfer Agent fee for the Portfolio are paid out of the assets of the Portfolio in accordance with the usual practice in Luxembourg and shall not exceed a fixed maximum specified under the section II of the prospectus under "Administrator, Depositary and Transfer Agent Fees". The fees effectively borne by the Portfolio may be lower or higher depending on the assets of the Portfolio, transaction volume or for other reasons. Such fees may benefit from the total expense rate caps disclosed in footnote 1 under "Share Class Fees and Charges" above.

Organizational Expenses

At the date of the inception of the Portfolio, provision was made on the accounts of the Portfolio for estimated organizational expenses of EUR 14,000 and such expenses will be amortized over the life of the Portfolio.

Historical Performance

Information on the historical performance of the Portfolio, once available, may be found in the KID of the Portfolio and at www.alliancebernstein.com.

History

The Portfolio was established as a portfolio of the Fund on 19 January 2023.

Section II: Core Information

The Fund

AB SICAV III is an open-ended investment company with variable capital (*société d'investissement à capital variable*) incorporated on 18 July 2006 with limited liability in the Grand Duchy of Luxembourg under the law of 10 August 1915, as amended, relating to commercial companies and is registered under Part I of the Law of 2010. The Fund is registered under Number B 117 904 at the *Registre de Commerce et des Sociétés* of Luxembourg. The Fund qualifies as a UCITS within the meaning of Article 1(2) of the EC Directive 2009/65 of 13 July 2009, as amended (the "Directive 2009/65/EC"). The Fund is managed in the interest of its Shareholders in accordance with the Fund's Articles, as amended from time to time. See "Additional Information—Articles."

The Fund is structured as an "umbrella fund" comprising separate pools of assets (each a "Portfolio"). The Fund offers various classes of Shares of each of its portfolios. In the future, the Fund may issue Shares of other classes of one or more portfolios or Shares of other classes related to newly established portfolios. All Shares of the same class have the same rights as to dividends and redemptions.

How to Purchase Shares

General

The Fund is offering through this document the classes of Shares indicated under "Summary Information" with respect to each Portfolio in Section I. "Summary Information" indicates the Offered Currency or Offered Currencies in which such Shares are offered for subscription and redemption.

Investors purchasing shares from the Management Company should place orders for purchases of Shares in the manner described below.

The Shares being offered hereby are not subject to sales charges or ongoing distribution and other fees in connection with a subscription for Shares, except as discussed under "Subscriptions in Kind" below.

The minimum initial investment is indicated under "Summary Information" in Section I. For certain classes of Shares and certain categories of investors the minimum initial investment may be waived by the Management Company in its sole discretion.

The Fund does not currently accept payment in any currency other than an Offered Currency. The offering price of each class of Shares will be available for inspection at the registered office of the Fund. The Fund may refuse any order to purchase Shares for any reason. In this regard, the Fund reserves the right to restrict purchases of Shares (including through exchanges) when they appear to evidence a pattern of frequent purchases and redemptions made in response to short-term considerations. See "Excessive and Short-Term Trading Policy and Procedures" in Appendix B.

The Fund may, at any time at its discretion, temporarily discontinue, cease indefinitely or limit the issue of Shares to investors resident or established in certain countries or territories. The Fund may also prohibit certain investors from acquiring Shares if necessary for the protection of the Shareholders as a whole and the Fund.

Anti-Money Laundering Compliance

Pursuant to (i) international rules comprising, but not limited to, applicable Financial Action Task Force (FATF) anti-money laundering/counter terrorism financing (“AML/CTF”) standards, (ii) Executive Orders administered by the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), and (iii) Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 on the fight against money laundering and financing of terrorism (the “Lux AML Law”), the Grand Ducal Regulation dated 1 February 2010 and the CSSF Regulation 12-02 of 14 December 2012, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes.

As a result of such provisions, the Management Company, or any delegate thereof, must amongst other obligations, ascertain the identity of the legal owner and of the beneficial owners of the Shares of the Fund. The documents and information required to make this verification will be communicated along the application form. The Management Company may require Shareholders to provide additional documents or information in case the gathered information is not satisfactory to the Management Company. In any case, the Management Company may require, at any time, additional documentation to comply with applicable legal and regulatory requirements.

Information provided to the Management Company is collected and processed for anti-money laundering and counter-terrorist financing compliance purposes only (please refer to the Data Protection section).

In case of delay or failure by a Shareholder to provide the documents required, no Shares will be issued to it or, if applicable, no distribution will be made to it. Neither the Management Company nor any of its appointed agents will have any liability for delays or failure to process issue or redemption of Shares as a result of the applicant providing no or incomplete documentation.

To the extent required by and subject to the conditions of the law of 13 January 2019 establishing a register of beneficial owners, the Shareholders shall provide the Management Company, or any delegate thereof, with any information necessary to identify beneficial owner(s) of the Fund within the meaning of Article 1(7) of the Lux AML Law. Such information may be reported and made available to general public through the Luxembourg beneficial owner register (the “RBO”). By executing an application form with respect to the Fund, each Shareholder acknowledges that failure by a Shareholder, or, as applicable, beneficial owner(s) thereof, to provide the Management Company, or any delegate thereof, with any relevant information and supporting documentation necessary for the Management Company to comply with the obligation to provide information and documentation to the RBO is subject to criminal fines in Luxembourg.

The Management Company shall ensure due diligence measures on the Fund’s investments are applied on a risk-based approach in accordance with Luxembourg applicable laws and regulations.

Purchases of Shares

Shares will be available for purchase in the Offered Currencies at their respective Net Asset Values on any Trade Date. The Net Asset Value will be calculated in the currency of the portfolio and additionally a Net Asset Value in another Offered Currency will be determined based upon the applicable conversion rate(s) on such Trade Date. The Net Asset Value is determined for each Trade Date as of its Valuation Point, which is 4:00 p.m. U.S. Eastern time on such Trade Date. Orders from investors will be accepted only upon receipt of cleared funds by the Depositary unless, in a particular case, an individual investor has provided a written undertaking acceptable to the Management Company or the Distributor obligating such investor to effect payment in full for shares within a customary period of time. Any such arrangement may be accepted by the Management Company or the Distributor in its or their sole discretion. Each order should specify the Offered Currency

in which the payment will be made. Payment for Shares purchased directly from the Fund are payable to the account of the Fund as indicated in the Application Form. In cases where the Fund consents to payments in a currency other than an Offered Currency, the order will be accepted only upon conversion in the currency of the portfolio of the amount received and the reconciliation thereof with the relevant Application Form.

Purchase orders for a given Trade Date may be accepted up to the Valuation Point for such Trade Date. Valid and complete orders received and accepted by the Fund or its agents within this time frame are processed as of such Trade Date, in the relevant Offered Currency, at the Net Asset Value per Share of the appropriate class determined as of the Valuation Point for such Trade Date. Orders received and accepted after the Order Cut-off Time are processed on the next Trade Date at the appropriate Net Asset Value determined as of the Valuation Point applicable to such subsequent Trade Date. At the discretion of the Fund, Trade Dates, Valuation Points or the foregoing cut-off times may be changed, and additional Trade Dates, Valuation Points and cut-off times may be designated. The Fund will notify Shareholders of any such changes. In the event the Fund has suspended or postponed the determination of Net Asset Values as set out in "Suspension of Issue, Redemption and Exchange of Shares and Calculation of Net Asset Value," the Net Asset Value determined at the next Valuation Point will be utilized.

Share Classes

The maximum sales charge, if any, with respect to the Shares offered is indicated under "Summary Information" in Section I. The Distributor may fully reallow the amount of the sales charge to dealers with whom it has agreements. If in any country in which shares are offered, local law or practice requires or permits a lower sales charge than that indicated under "Summary Information" for any individual purchase order, the Distributor may sell shares and may authorize or require dealers to sell shares within such country with a lower sales charge. The Distributor also receives, for certain classes of shares, a distribution fee, accrued daily and paid monthly in arrears, at the annual rates indicated under "Summary Information" on the Portfolio's aggregate average daily Net Asset Value attributable to the appropriate class of shares.

With respect to certain classes of shares (such as class B shares), the proceeds of these Shares redeemed by an investor within a certain number of years of the date such Shares were issued will be assessed a contingent deferred sales charge. Unless otherwise provided for in the relevant part of Section I relating to a specific portfolio, the charge will be calculated in the Currency of the Portfolio on the amount which is the lesser of the current Net Asset Value or original cost of the Shares being redeemed, and if applicable, thereafter, expressed in the Offered Currency at the applicable conversion rate on each Valuation Point. In addition, no charge will be assessed on Shares derived from reinvestment of dividends or capital gains distributions. In determining whether a contingent deferred sales charge is applicable to the proceeds of a redemption, the calculation will be determined in the manner that results in the lowest possible rate being charged, while taking into account that a request by an investor to redeem such class of Shares will be deemed to have been given for the Shares which have been held for the longest period by such investor.

Proceeds from the contingent deferred sales charge are paid to the Distributor and are used in whole or in part by the Distributor to defray its expenses in providing distribution-related services to the Fund with a contingent deferred sales charge and the furnishing of services to Shareholders by sales and marketing personnel of the Distributor. The combination of the contingent deferred sales charge and the distribution fee is designed to finance the distribution of such Shares through the Distributor and dealers without a sales charge being assessed at the time of purchase. The Management Company and the Distributor reserve the right to modify the contingent deferred sales charge schedule applicable in certain jurisdictions. Shares subject to a contingent deferred sales charge may not be held within omnibus account arrangements unless the Management Company and Distributor consent.

All Shares of a class convey, upon issue, the same rights as to redemption and distributions. The Net Asset Value per Share of the various classes of Shares in respect of a particular portfolio may differ as a result of the different fees assessed on each class of Shares.

The Fund currently offers, and in the future may offer in respect of each portfolio, various classes of Shares with differing fee structures and subscription requirements to meet the needs of certain classes of investors or to conform to market practice or requirements in certain jurisdictions. The Fund retains the right to offer only one or more class of Shares for purchase by investors in any particular jurisdiction. In addition, the Fund or the Distributor may adopt standards applicable to classes of investors or transactions which permit, or limit investment to, the purchase of a particular class of Shares. Prospective investors should consult their financial adviser to determine which classes of Shares may be available in their particular jurisdiction and best suit their investment needs.

The attention of Shareholders is drawn to the fact that the Fund is authorized, from time to time, to create and offer Share Classes in addition to those currently described within the present Prospectus to the extent the same type of shares already exists in the same Portfolio. Such newly created Share Classes will be reflected in the next update of the Prospectus.

A complete list of available Share Classes may be obtained from www.alliancebernstein.com or the registered office of the Management Company.

Currency Hedged Share Classes

One or more of a portfolio's share classes offered in a particular currency (each, an "Offered Currency") may be hedged to such Offered Currency. Any such share class will constitute a "Currency Hedged Share Class." Currency Hedged Share Classes aim to provide investors a return more closely correlated to the Portfolio's base currency return by reducing the effect of exchange rate fluctuations between the portfolio's base currency (e.g., US Dollars) and the relevant Offered Currency, taking into account practical

considerations such as transaction costs. The hedging strategy employed is designed to reduce, but may not eliminate, currency exposure between the portfolio's base currency and the Offered Currency.

The precise hedging strategy applied to a particular Hedge Share Class may vary from one portfolio offering Currency Hedged Share Class(es) to another. But, in general, the amount of net subscriptions/redemptions of a particular Currency Hedged Share Class will be converted into the portfolio's base currency at the applicable spot rate. At the same time, the Investment Manager will enter into a forward currency exchange contract for the same amount. Thereafter the hedge will be monitored and adjusted from time-to-time to take account of net subscriptions/redemptions attributable to investor flows as well as the net asset value of the relevant Currency Hedged Share Class. The degree of effectiveness provided by a particular hedge will depend, among other things, on the Investment Manager's ability to enter into corresponding forward currency exchange contracts in order to match the most recently available value of the portfolio's assets attributable to the Currency Hedged Share Class with corresponding forward currency exchange contracts. During the life of each foreign currency exchange contract, any gains or losses on the forward position is incorporated into the daily net asset value of the Currency Hedged Share Class and is realized on the settlement of the forward currency exchange contract in-question. These forward positions are then rolled from one forward currency exchange contract to another thereby continuing the hedge.

The returns of share classes denominated in a portfolio's base currency are intended to correlate significantly with the returns of Currency Hedged Share Classes denominated in the Offered Currencies. However, these returns will not correlate perfectly due to various factors, including short-term interest rate differentials, unrealized gains/losses on currency forward positions' not being invested until the gains/losses are realized, the target hedge ratio and deviation range employed by the Investment Manager (the deviation range is designed to avoid higher transaction costs associated with excessive minor hedge adjustments but results in minor over/under hedges), the timing of the market value hedge adjustments relative to the portfolio's Valuation Point, and transaction costs attributable to hedging activity.

These hedging transactions for the Currency Hedged Share Classes are intended to be entered into continuously whether the Offered Currency in which the Currency Hedged Share Class is denominated is declining or increasing in value relative to other currencies. Therefore such hedging will tend to protect investors in the relevant Currency Hedged Share Classes to the extent the value of the Currency Hedged Share Class's Offered Currency rises relative to the portfolio's base currency. Conversely, such hedging will tend to prevent investors from benefiting if the value of a Currency Hedged Share Class's Offered Currency decreases relative to the portfolio's base currency.

Currency Hedged Share Classes do not affect the investment management of the portfolio's underlying assets since it is only the net asset value of the Currency Hedged Share Classes which is hedged, not the portfolio's underlying assets.

In contrast to the rationale underlying Currency Hedged Share Classes, a particular portfolio's investment strategy may seek to fully or partially hedge currency exposures arising from some or all of the portfolio's underlying assets to the portfolio's base currency to the extent indicated in the description of a particular portfolio's investment strategy set out in Section I. This type of hedging activity (i.e., hedging the currency exposures of a portfolio's investments against the portfolio's base currency) is separate from – and unrelated to – the hedging activity discussed under this heading relating solely to Currency Hedged Share Classes.

To the extent a particular portfolio offers Currency Hedged Share Classes and seeks also to fully or partially hedge currency exposures relating to some or all of the portfolio's underlying assets to the portfolio's base currency, certain costs and inefficiencies could result.

Finally, shareholders should be aware that the level of leverage of Currency Hedged Share Classes will automatically be higher than the expected level of leverage disclosed for a specific portfolio. Indeed, such expected level of leverage does not take into account the hedging transactions used for the Currency Hedged Share Classes.

The attention of Shareholders is drawn to the fact that the Fund is authorized, from time to time, to create and offer Currency Hedged Share Classes in addition to those currently described within the present Prospectus. Such newly created Currency Hedged Share Classes will be reflected in the next update of the Prospectus.

A complete list of available Share Classes may be obtained from the registered office of the Management Company.

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A complete list of available Share Classes may be obtained from www.alliancebernstein.com or the registered office of the Management Company.

Issuance and Settlement

Payments for Shares subscribed for should accompany the investor's Application Form, since the application will be accepted only upon identification of the payment made in respect of the Shares to be purchased, or, if Shares are subscribed for and purchased from or through an authorized selling dealer or the Distributor, payment should be made within three Business Days of the relevant Trade Date, unless otherwise stated in the portfolio details of a Portfolio in Section I, and in accordance with such procedures as may be adopted by such dealer and approved by the Distributor and the Fund. Different settlement periods may apply in certain jurisdictions where the Shares are sold. Payment for Shares purchased directly from the Fund are payable to the account of the Fund as indicated in the Application Form. Upon receipt of payment by the Fund, the Management Company will issue

whole and fractional Shares and certificates, if requested. Confirmations will be delivered to the investor. Payment for Shares and the applicable sales charge, if any, must be made in an Offered Currency.

Confirmation Notes and Certificates

A confirmation note will be sent to investors purchasing Shares directly from the Fund on the Business Day following the issue of the Shares, providing full details of the transaction. All Shares are issued in registered form, and the Fund's Shareholder register in respect of the relevant portfolio maintained by the Transfer Agent is evidence of ownership. The Fund treats the registered owner of a Share as the absolute and beneficial owner thereof. Shares are issued in uncertificated form unless a certificate is specifically requested at the time of application.

AB Fund Accounts and Account Numbers

Upon acceptance of an Application Form, the Transfer Agent will establish in its Shareholder processing system an AB Fund Account in which the investor's Shares will be recorded. An AB Fund Account will be denominated in the Offered Currency in which the investor's first Fund subscription is made. An AB Fund Account can only be denominated in one currency and thus will only record holdings of Shares denominated in the same currency. Investors desiring to hold Shares in multiple Offered Currencies will therefore have more than one AB Fund Account and will receive separate statements with respect to each such account. Investors will be given an AB Fund Account number with respect to each AB Fund Account they establish, and this number, together with the investor's personal details, constitutes proof of identity. This AB Fund Account number should be used for all future dealings by the investor in respect of any Shares of such accounts. Any change to an investor's personal details, loss of AB Fund Account number(s) or loss of Share certificates must be notified immediately to the Transfer Agent in writing. The Fund reserves the right to require an indemnity or verification of identity countersigned by a bank, stockholder or other party acceptable to it before accepting such instructions.

Subscriptions in Kind

The Fund may accept securities as payment for Shares at its discretion provided that the contribution of such securities will not result in a breach of the relevant portfolio's investment objective and policies or the Fund's investment restrictions. In such case, an auditor's report will be necessary to value the contribution in kind. Expenses in connection with the establishment of such report will be borne by the subscriber that has chosen this method of payment.

How to Redeem Shares

Investors who have purchased Shares from the Management Company and wish to redeem such Shares should place orders for the redemption of Shares in the manner described below.

The Shares being offered hereby are not subject to charges or other fees in connection with a redemption of Shares, except as discussed under "Redemptions in Kind" below.

Shareholders may redeem their Shares on any Trade Date by transmitting an irrevocable redemption order by facsimile or mail to the Fund or its authorized agent. The redemption order must clearly state the name of the Fund and portfolio, the Share class, the number of Shares to be redeemed or the total value (in the Offered Currency in which the Shareholder has elected to purchase the Shares) of Shares to be redeemed, together with the Shareholder's name and AB Fund Account number (for that Offered Currency) as registered with the Fund. Payments of redemption proceeds will be made in the Offered Currency in which the Shareholder's AB Fund Account is denominated.

If, as a result of any redemption request, a Shareholder's AB Fund Account falls below $1,000 (or the equivalent amount in another Offered Currency depending on the currency in which the Shareholder's AB Fund Account is denominated), such redemption request may be deemed to apply to the Shareholder's entire AB Fund Account.

The redemption price will be equal to the Net Asset Value per Share in the relevant Offered Currency of the relevant Share class determined for the appropriate Trade Date as of the Valuation Point, which is 4:00 p.m. U.S. Eastern time on such Trade Date. Redemption requests for a given Trade Date may be accepted up to the Valuation Point for such Trade Date. Valid and complete redemption requests received within this time frame are normally processed as of such Trade Date at the redemption price as stated above. Redemption requests received after such Valuation Point will be processed on the next Trade Date at the appropriate Net Asset Value determined as of the Valuation Point on such subsequent Trade Date. Depending on the Net Asset Value calculated with respect to a given Trade Date, the redemption price of Shares may be higher or lower than the price paid for such Shares at the time of subscription.

Payment of the redemption proceeds will be made by the Depositary or its agents in the relevant Offered Currency, usually within three Business Days after the relevant Trade Date to the account of the registered Shareholder, provided that (i) a redemption order has been received by the Fund, or its authorized agent, in the appropriate form and (ii) the certificates (if issued) for the Shares to be redeemed have been received by the Fund or its authorized agent, prior to the Valuation Point with respect to such Trade Date.

Payments can be made only to the registered owner of the Shares; third party payments cannot be made. Payments will be made by wire transfer. Please note that payment of redemption proceeds may be delayed if the Fund, or its authorized agent, has not received all required original documentation from Shareholders via mail. Wire transfer instructions should be included in an investor's original Application Form, otherwise original wire transfer instructions must be received (and verified) by the Fund, or its authorized agent, via mail before wire transfers of redemption proceeds may be sent. If wire transfer instructions are not received by the Fund, Shareholders will receive redemption proceeds by check.

The Fund will endeavour to ensure, for any Trade Date, that an appropriate level of liquidity is maintained in respect of each portfolio so that redemption of Shares may, under normal circumstances, be made promptly on such date to Shareholders requesting redemption. However, the Fund may limit the redemption of Shares in the event the Fund receives as of any Trade Date requests to redeem more than 10% of the net assets of a Portfolio as of such date, in which case Shares of the portfolio may be redeemed on a pro rata basis. Any part of a redemption request to which effect is not given by reason of the exercise of this power by or on behalf of the Fund will be treated as if a request has been made in respect of the next Trade Date and all following Trade Dates (in relation to which the Fund has the same power) until the original request has been satisfied in full. Any such limitation will be notified to those Shareholders who have applied for redemption. In addition, under certain circumstances, the Fund may suspend the right of Shareholders to redeem Shares. See "Additional Information—Suspension of Issue, Redemption and Exchange of Shares and Calculation of Net Asset Value."

Transfers

Except as set out below and under "Additional Information—Restrictions on Ownership," the Shares are freely transferable. The Shares may not be transferred to U.S. Persons without the consent of the Management Company.

Redemptions in Kind

If requested by the Shareholder, redemptions may be made in kind at the discretion of the Fund. Expenses in connection with the redemption in kind (mainly costs relating to the drawing up of an auditor's report) will be borne by the Shareholder that has chosen this method of redemption. To the extent reasonably possible, such redemption in kind will normally be made on a pro rata basis of all investments held by the Fund (having always due regard to and/or protecting the interests of the Fund).

How to Exchange Shares

Exchange for Shares of Other Portfolios within the Fund

Shareholders have the option to exchange Shares for Shares of the same class of any other Portfolio of the Fund. Any such exchange will be subject to the minimum investment requirements and any other applicable terms set out in the Prospectus relating to the Shares of the Portfolio of the Fund to be acquired upon exchange. The Fund reserves the right, in its discretion, to waive any applicable minimum subscription amounts.

Investors who have purchased Shares from the Management Company and wish to exchange such Shares should place orders for the exchange of Shares in the manner described below.

Following receipt and acceptance by the Fund, or its agent, of a valid and complete exchange order, exchanges will be effected, in each case, at the Net Asset Value as next determined in accordance with the terms set out in "Additional Information—Determination of the Net Asset Value of the Shares" below.

The Fund reserves the right (i) to reject any order to acquire Shares through exchange at any time or (ii) otherwise modify, restrict or terminate the exchange privilege generally at any time on 60 days' notice to Shareholders.

Exchanges will be effected in a manner such that upon redemption of the Shares acquired in the exchange, the redemption price will be paid in the Offered Currency in which the Shareholder's AB Fund Account is denominated. In the event a Shareholder exchanges original Shares into Shares that are not available in the Offered Currency in which the Shareholder's AB Fund Account is denominated, a second AB Fund Account denominated in the second Offered Currency will be opened in order for such Shares to be recorded therein. Shareholders will be issued a second AB Fund Account number and receive separate account statements with respect to any such second account. Transaction costs, if any, incurred in respect of an exchange of Shares of the same class but involving different currencies will be reflected in the amount of Shares realised by the investor upon exchange.

Neither the Fund nor the Management Company currently charges any administrative or other fees in connection with exchanges.

In some jurisdictions, including the United Kingdom, an exchange of Shares of one portfolio for Shares in another portfolio may be a disposal of Shares in the original portfolio for the purposes of capital gains taxation.

Investment Types

The following chart displays the principal investment types in which each portfolio may invest, but does not purport to provide a complete explanation of all investment types in which each portfolio of the Fund may invest. This chart of investments types is merely illustrative and should not be construed as limiting a portfolio's ability to invest in other types of securities. Investment types not indicated for a particular portfolio may still be used to some extent by that portfolio at various times subject to the restrictions in such portfolio's stated investment objective and policies and the limitations contained in "Investment Restrictions" in Appendix A. Each of these investment types is described in detail on the following pages.

	Dynamic All Market Portfolio	Fixed Maturity Bond 2026 Portfolio
Equity Securities Types		
Equity Securities	•	
Depositary Receipts	•	
REITs	•	
Debt Securities Types		
Fixed-Income Securities	•	•
Convertible Securities	•	•
"Zero Coupon" Treasury Securities	•	•
Commercial Mortgage-Backed Securities (*)	•	•
Pass-Through Mortgage Related Securities (*)	•	•
Collateral Mortgage Obligations and Multi-Class Pass-Through Securities (*)	•	
Adjustable Rate Mortgage Securities (*)	•	•
Stripped Mortgage-Related Securities (*)	•	•
Asset-Backed Securities (*)	•	•
Structured Securities and Basket Securities	•	
Variable, Floating and Inverse Floating Rate Securities	•	•
Inflation-Protected Securities	•	•
Types of Credit Support	•	•
Other Investments Types		
Rights and Warrants	•	
Options on Securities	•	
Options on Securities Indices	•	
Futures Contracts and Options on Futures Contracts	•	
Forward Commitments	•	•
Repurchase Agreements/Reverse Repurchase Agreements	•	
Standby Commitment Agreements		
Options on Currencies	•	•
Forward Currency Exchange Contracts	•	•
Swaps, Caps, Floors	•	
Currency Swaps	•	•
Credit Default Swaps	•	
Loans of Portfolio Securities	•	
Lack of Liquidity of Certain Securities	•	•
Synthetic Equity Securities	•	
Temporary Defensive Position	•	
Future Developments	•	

(*) Unless otherwise provided for in the specific information relating to a particular portfolio contained in Section I of this Prospectus, investments in Asset and Mortgage Backed Securities are limited to 20% of the net assets of any portfolio.

** Investment Types include both direct and indirect exposure through Target Funds.

Portfolios of the Fund may invest in any of the following types of investments subject to the restrictions in the portfolio's stated investment objective and policies and the limitations contained in "Investment Restrictions" in Appendix A.

In the Investment Manager's sole discretion, a portfolio may, for the purpose of efficient portfolio management, to hedge against market risks or to provide exposure towards certain markets without direct purchase in the underlying assets, engage in various derivative strategies subject to the restrictions set out in the Fund's Investment Restrictions in Appendix A. Such transactions in which such portfolio may engage include swaps, including interest rate swaps, total rate of return swaps and credit default swaps, transactions in financial futures contracts and options thereon. A portfolio may also engage in transactions in options on portfolio securities. A portfolio may seek to hedge its investments against currency fluctuations which are adverse to the currency of the portfolio by utilizing currency options, futures contracts and forward currency exchange contracts. The use of these derivatives transactions involves certain risks and there can be no assurance that the objective sought to be obtained from the use of such instruments will be achieved. See "Risk Factors and Special Considerations" below.

Equity Securities Types

Equity Securities. The equity securities in which a portfolio may invest include common stock, preferred stock, securities convertible into common stock or preferred stock and equity interests in partnerships, trusts or other types of equity securities that qualify as transferable securities.

Depositary Receipts. In addition to directly purchasing securities of corporate issuers in various securities markets, a portfolio may invest in ADRs, EDRs, GDRs or other securities representing securities of companies based in countries other than the United States. Depositary receipts may not necessarily be denominated in the same currency as the underlying securities for which they may be exchanged. In addition, the issuers of the stock of unsponsored depositary receipts are not obligated to disclose material information in the United States and, therefore, there may not be a correlation between such information and the market value of the depositary receipts. ADRs are depositary receipts typically issued by a U.S. bank or trust company that evidence ownership of underlying securities issued by a non-U.S. corporation. EDRs, GDRs and other types of depositary receipts are typically issued by non-U.S. banks or trust companies and evidence ownership of underlying securities issued by either a non-U.S. or an U.S. company. Generally, ADRs, in registered form, are designed for use in the U.S. securities markets, and EDRs, in bearer form, are designed for use in non-U.S. securities markets. For purposes of determining the country of issuance, investments in depositary receipts of either type are deemed to be investments in the underlying securities.

REITs. A portfolio may invest in global real estate investment trusts ("REITs") and other global real estate industry companies which do not qualify as open-ended investment companies within the meaning of Luxembourg law and which are listed and publicly traded on stock exchanges in the United States or elsewhere. A "real estate industry company" is a company that derives at least 50% of its gross revenues or net profits from the ownership, development, construction, financing, management or sale of commercial, industrial or residential real estate or interests therein or from ownership and servicing of real estate related loans or interests. The equity securities in which a portfolio will invest for this purpose consist of common stock, Shares of beneficial interest of REITs and securities with common stock characteristics, such as preferred stock or convertible securities. REITs are pooled investment vehicles which invest primarily in income producing real estate or real estate related loans or interests. REITs are generally classified as equity REITs, mortgage REITs that invest in commercial mortgages or residential mortgages, or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realise capital gains by selling properties that have appreciated in value.

Unless otherwise stated in the Portfolio Details of a Portfolio in Section I, a Portfolio is prohibited to invest more than 5% of its net assets in this type of instrument.

Debt Securities Types

Fixed-Income Securities. The fixed-income obligations in which a portfolio will invest include fixed-income securities issued by governmental entities, supranational entities, companies and other entities. Some more esoteric types of fixed-income securities include:

*Catastrophe/CAT bonds***.** A type of debt security where the return of principal and payment of interest is dependent on the non-occurrence of a specific trigger event such as a hurricane, earthquake or other financial or economic failure/event.

If a trigger event occurs, the bonds may lose part or all of their value. The loss amount is defined in the terms of the bond and may be based on losses to a company or industry, modelled losses to a notional portfolio, industry indices, readings of scientific instruments or certain other parameters associated with a catastrophe rather than actual losses. The modelling used to calculate the probability of a trigger event may not be accurate or may underestimate the likelihood of the trigger event occurring which may increase the risk of loss.

Catastrophe bonds may provide for extensions of maturity which may increase volatility. Catastrophe bonds may be rated by credit ratings agencies on the basis of how likely it is that the trigger event will occur and are typically rated below investment grade (or considered equivalent if unrated).

Unless otherwise stated in the Portfolio Details of a Portfolio in Section I, a Portfolio is prohibited to invest more than 5% of its net assets in this type of instrument.

ESG-Labelled Bonds. Debt issued by corporate, sovereign and securitized issuers that is designed to encourage sustainability through the use of proceeds or an imbedded sustainability target, such as environmental-related initiatives. ESG structures include, inter alia, green bonds, social bonds, sustainability bonds, blue bonds, outcome bonds and Sustainability Linked Bonds (target-based debt linked to key performance indicators, KPIs).

Unless otherwise stated in the Portfolio Details of a Portfolio in Appendix A, a Portfolio is prohibited to invest more than 5% of its net assets in this type of instrument.

Perpetual Bonds. Perpetual bonds are typically fixed income securities with no maturity date and which pay a coupon in perpetuity (i.e. forever), making them inherently more sensitive to credit risk and interest rate risk. This may make them less attractive to investors in certain market circumstances, leading to increased liquidity risk. Certain perpetual bonds are callable meaning the issuer has the right to buy them back at a specified date and price in the future, which means investors may have to re-invest in bonds at less attractive valuations and/or worse market circumstances.

Unless otherwise stated in the Portfolio Details of a Portfolio in Appendix A, a Portfolio is prohibited to invest more than 5% of its net assets in this type of instrument.

Convertible Securities. Convertible securities include bonds, debentures, corporate notes and preferred stocks that are convertible at a stated exchange rate into common stock. Prior to conversion, convertible securities have the same general characteristics as nonconvertible debt securities, which provide a stable stream of income with generally higher yields than those of equity securities of the same or similar issuers. The price of a convertible security will normally vary with changes in the price of the underlying stock, although the higher yield tends to make the convertible security less volatile than the underlying common stock. As with debt securities, the market value of convertible securities tends to decline as interest rates increase and increase as interest rates decline. While convertible securities generally offer lower interest or dividend yields than nonconvertible debt securities of similar quality, they enable investors to benefit from increases in the market price of the underlying common stock.

"Zero Coupon" Treasury Securities. A portfolio may invest in "zero coupon" Treasury securities, which are U.S. Treasury bills issued without interest coupons, U.S. Treasury notes and bonds which have been stripped of their unmatured interest coupons, and receipts or certificates representing interests in such stripped debt obligations and coupons. A zero coupon security pays no interest to its holder during its life. Its value to an investor consists of the difference between its face value at the time of maturity and the price for which it was acquired, which is generally an amount significantly less than its face value (sometimes referred to as a "deep discount" price). Such securities usually trade at a deep discount from their face or par value and will be subject to greater fluctuations of market value in response to changing interest rates than debt obligations of comparable maturities which make current distributions of interest. On the other hand, because there are no periodic interest payments to be reinvested prior to maturity, zero coupon securities eliminate reinvestment risk and lock in a rate of return to maturity.

Currently the only U.S. Treasury security issued without coupons is the Treasury bill. Although the U.S. Treasury does not itself issue Treasury notes and bonds without coupons, under the U.S. Treasury Separate Trading of Registered Interest and Principal of Securities, or STRIPS, program interest and principal payments on certain long-term Treasury securities may be maintained separately in the Federal Reserve book entry system and may be separately traded and owned. In addition, in the last few years a number of banks and brokerage firms have separated ("stripped") the principal portions ("corpus") from the coupon portions of U.S. Treasury bonds and notes and sold them separately in the form of receipts or certificates representing interests in these instruments (which instruments are generally held by a bank in a custodial or trust account).

Commercial Mortgage-Backed Securities. Commercial mortgage-backed securities are securities that represent an interest in, or are secured by, mortgage loans secured by multifamily or commercial properties, such as industrial and warehouse properties, office buildings, retail space and shopping malls, and cooperative apartments, hotels and motels, nursing homes, hospitals and senior living centres. Commercial mortgage-backed securities have been issued in public and private transactions by a variety of public and private issuers using a variety of structures, some of which were developed in the residential mortgage context, including multi-class structures featuring senior and subordinated classes. Commercial mortgage-backed securities may pay fixed or floating-rates of interest. The commercial mortgage loans that underlie commercial mortgage-backed securities have certain distinct risk characteristics. Commercial mortgage loans generally lack standardized terms, which may complicate their structure, tend to have shorter maturities than residential mortgage loans and may not be fully amortizing. Commercial properties themselves tend to be unique and are more difficult to value than single-family residential properties. In addition, commercial properties, particularly industrial and warehouse properties, are subject to environmental risks and the burdens and costs of compliance with environmental laws and regulations.

Commercial mortgage-backed securities, like all fixed-income securities, generally decline in value as interest rates rise. Moreover, although generally the value of fixed-income securities increases during periods of falling interest rates, this inverse relationship may not be as marked in the case of single-family residential mortgage-backed securities due to the increased likelihood of prepayments during periods of falling interest rates, and may not be as marked in the case of commercial mortgage-backed securities. The process used to rate commercial mortgage-backed securities may focus on, among other factors, the structure of the security, the quality and adequacy of collateral and

insurance, and the creditworthiness of the originators, servicing companies and providers of credit support.

Pass-Through Mortgage-Related Securities. The mortgage-related securities in which a portfolio may invest provide funds for mortgage loans made to U.S. residential home buyers. These include securities which represent interests in pools of mortgage loans made by lenders such as savings and loan institutions, mortgage bankers and commercial banks. Pools of mortgage loans are assembled for sale to investors (such as a portfolio) by various U.S. governmental, government-related and private organizations.

Interests in pools of mortgage-related securities differ from other forms of traditional debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, mortgage-related securities provide a monthly payment which consists of both interest and principal. In effect, these payments are a "pass-through" of the monthly interest and principal payments made by the individual borrowers on their residential mortgage loans, net of any fees paid to the issuer, servicer or guarantor of such securities. Additional payments result from repayments of principal resulting from the sale of the underlying residential property, refinancing or foreclosure, net of fees or costs which may be incurred. Some mortgage-related securities, such as securities issued by the Government National Mortgage Association ("GNMA"), are described as "modified pass-through." These securities entitle the holder to receive all interest and principal payments owed on the mortgage pool, net of certain fees, regardless of whether or not the mortgagors actually make mortgage payments when due.

The investment characteristics of pass-through mortgage-related securities differ from those of traditional fixed-income securities. The major differences include the payment of interest and principal on the mortgage-related securities on a more frequent schedule, as described above, and the possibility that principal may be prepaid at any time due to prepayments on the underlying mortgage loans or other assets.

The occurrence of mortgage prepayments is affected by factors including the level of interest rates, general economic conditions, the location and age of the mortgage and other social and demographic conditions. Generally, prepayments on pass-through mortgage-related securities increase during periods of falling mortgage interest rates and decrease during periods of rising mortgage interest rates. Reinvestment of prepayments may occur at higher or lower interest rates than the original investment, thus affecting the yield of the portfolios.

The principal U.S. governmental (*i.e.*, backed by the full faith and credit of the U.S. Government) guarantor of mortgage-related securities is GNMA. GNMA is a wholly-owned U.S. Government corporation within the Department of Housing and Urban Development. GNMA is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA (such as savings and loan institutions, commercial banks and mortgage bankers) and backed by pools of Federal Housing Administration-insured or Veterans Administration-guaranteed mortgages.

U.S. Government-related (*i.e.*, not backed by the full faith and credit of the U.S. Government) guarantors include the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). FNMA is a government-sponsored corporation owned entirely by private stockholders. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA but are not backed by the full faith and credit of the U.S. Government. FHLMC is a corporate instrumentality of the U.S. Government. Participation certificates issued by FHLMC are guaranteed as to the timely payment of interest and ultimate (or, in some cases, timely) collection of principal but are not backed by the full faith and credit of the U.S. Government.

Commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers also create pass-through pools of conventional residential mortgage loans. Such issuers may also be the originators of the underlying mortgage loans as well as the guarantors of the mortgage-related securities. Pools created by such non-governmental issuers generally offer a higher rate of interest than government and government-related pools because there are no direct or indirect government guarantees of payments in the former pools. However, timely payment of interest and principal of these pools is generally supported by various forms of insurance or guarantees, including individual loan, title, pool and hazard insurance. The insurance and guarantees are issued by government entities, private insurers and the mortgage poolers. Such insurance and guarantees and the creditworthiness of the issuers thereof will be considered in determining whether a mortgage-related security meets a portfolio's investment quality standards. There can be no assurance that the private insurers can meet their obligations under the policies. A portfolio may buy mortgage-related securities without insurance or guarantees if through an examination of the loan experience and practices of the poolers the Investment Manager determines that the securities meet the portfolio's quality standards. Although the market for such securities is becoming increasingly liquid, securities issued by certain private organizations may not be readily marketable.

Collateralized Mortgage Obligations and Multi-Class Pass-Through Securities. Mortgage-related securities in which a portfolio may invest may also include collateralized mortgage obligations ("CMOs") and multi-class pass-through securities. CMOs are debt obligations issued by special purpose entities that are secured by mortgage-backed certificates, including, in many cases, certificates issued by governmental or government-related guarantors, including GNMA, FNMA and FHLMC, together with certain funds and other collateral. Multi-class pass-through securities are equity interests in a trust composed of mortgage loans or other mortgage-related securities. Payments of principal and interest on underlying collateral provide the funds to pay debt service on the CMO or make scheduled distributions on the multi-class pass-through

security. CMOs and multi-class pass-through securities (collectively CMOs unless the context indicates otherwise) may be issued by agencies or instrumentalities of the U.S. Government or by private organizations. The issuer of a CMO may elect to be treated as a Real Estate Mortgage Investment Conduit ("REMIC").

In a CMO, a series of bonds or certificates is issued in multiple classes. Each class of CMOs, often referred to as a "tranche," is issued at a specific coupon rate and has a stated maturity or final distribution date. Principal prepayments on collateral underlying a CMO may cause it to be retired substantially earlier than the stated maturities or final distribution dates. The principal and interest on the underlying mortgages may be allocated among the several classes of a series of a CMO in many ways. In a common structure, payments of principal, including any principal prepayments, on the underlying mortgages are applied to the classes of the series of a CMO in a specified order, so that no payment of principal will be made on certain classes of a CMO until certain other classes have been paid in full.

One or more tranches of a CMO may have coupon rates which reset periodically at a specified increment over an index such as SOFR (as defined below). These adjustable rate tranches known as "floating rate CMOs" will be considered as ARMS (as defined below) by a portfolio. Floating rate CMOs are typically issued with lifetime caps on the coupon rate thereon. These caps, similar to the caps on adjustable rate mortgages described in "Adjustable Rate Mortgage Securities" below represent a ceiling beyond which the coupon rate on a floating rate CMO may not be increased regardless of increases in the interest rate index to which the floating rate CMO is tied.

Adjustable Rate Mortgage Securities. Adjustable rate mortgage securities ("ARMS") in which a portfolio may invest include (i) pass-through securities backed by adjustable rate mortgages and issued by GNMA, FNMA, FHLMC and by private organizations and (ii) floating rate CMOs. The coupon rates on ARMS are reset at periodic intervals to an increment over some predetermined interest rate index. There are three main categories of indices: (i) those based on U.S. Treasury securities, (ii) those derived from a calculated measure such as a cost of funds index or a moving average of mortgage rates and (iii) those based on short-term rates such as the Secured Overnight Financing Rate (“SOFR”), Certificates of Deposit ("CDs") or the prime rate. Many issuers have selected as indices the yields of one-, three- and five-year U.S. Treasury notes, the discount rate of six-month U.S. Treasury bills as reported in two Federal Reserve statistical releases, the monthly G.13 (415) and the weekly H.15 (519), the CD composite, the prime rate, SOFR and other indices. Additional indices may be developed in the future. In selecting a type of ARMS for investment, the Investment Manager will also consider the liquidity of the market for such ARMS.

The underlying adjustable rate mortgages which back ARMS in which a portfolio may invest will frequently have caps and floors which limit the maximum amount by which the loan rate to the residential borrower may change up or down (i) per reset or adjustment interval and (ii) over the life of the loan. Some residential adjustable rate mortgage loans limit periodic adjustments by limiting changes in the borrower's monthly principal and interest payments rather than limiting interest rate changes. These payment caps may result in negative amortization, *i.e.*, an increase in the balance of the mortgage loan. ARMS in which a portfolio may invest may also be backed by fixed-rate mortgages. Such ARMS, known as floating rate CMOs (as described above), generally have lifetime caps on the coupon rate thereon.

The ARMS in which a portfolio may invest include pass-through mortgage-related securities backed by adjustable rate mortgages and floating rate CMOs. As described above, adjustable rate mortgages typically have caps, which limit the maximum amount by which the coupon rate may be increased or decreased at periodic intervals or over the life of the loan. Floating rate CMOs have similar lifetime caps. To the extent that interest rates rise faster than the allowable caps on ARMS, such ARMS will behave more like securities backed by fixed-rate mortgages than by adjustable rate mortgage loans. Consequently, interest rate increases in excess of caps can be expected to cause ARMS to behave more like traditional debt securities than adjustable rate securities and, accordingly, to decline in value to a greater extent than would be the case in the absence of such caps.

As noted above, because the coupon rates on ARMS are adjusted in response to changing interest rates, fluctuations in prices of ARMS due to changes in interest rates will be less than in the case of traditional debt securities. The adjustable rate feature of ARMS will not, however, eliminate such price fluctuations, particularly during periods of extreme fluctuations in interest rates. Also, since many adjustable rate mortgages only reset on an annual basis, it can be expected that the prices of ARMS will fluctuate to the extent that changes in prevailing interest rates are not immediately reflected in the coupon rates payable on the underlying adjustable rate mortgages.

Stripped Mortgage-Related Securities. Stripped mortgage-related securities ("SMRS") are derivative multi-class mortgage-related securities. SMRS may be issued by the U.S. Government, its agencies or instrumentalities, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing.

SMRS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of GNMA, FNMA or FHLMC certificates, whole loans or private pass-through mortgage-related securities ("Mortgage Assets"). A common type of SMRS will have one class receiving some of the interest and most of the principal from the Mortgage Assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the interest-only or "IO" class), while the other class will receive all of the principal (the principal-only or "PO" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the related underlying Mortgage Assets, and a rapid rate of principal prepayments may have a material adverse effect on the yield to maturity of the IO class. The rate of principal

prepayment will change as the general level of interest rates fluctuates. If the underlying Mortgage Assets experience greater than anticipated principal prepayments, a portfolio may fail to fully recoup its initial investment in these securities, even if the securities are rated AAA by S&P or Aaa by Moody's or the equivalent thereof by another NRSRO. Due to their structure and underlying cash flows, SMRS may be more volatile than mortgage-related securities that are not stripped.

Asset-Backed Securities. A portfolio may invest in certain high quality asset-backed securities. The securitization techniques used to develop mortgage-related securities are now being applied to a broad range of assets. Through the use of trusts, special purpose corporations and other vehicles, various types of assets, including automobile and credit card receivables, home equity loans and equipment leases, are being securitized in pass-through structures similar to the mortgage pass-through structures described above or in a pay-through structure similar to the CMO structure. The collateral behind asset-backed securities tends to have a controlled or limited prepayment rate. In addition, the short-term nature of asset-backed loans reduces the impact of any change in prepayment level. Due to amortization, the average life for asset-backed securities is also the conventional proxy for maturity.

Because of the possibility that prepayments (on mortgage loans, automobile loans or other collateral) will alter the cash flow on asset-backed securities, it is not possible to determine in advance the actual final maturity date or average life. Faster prepayment will shorten the average life and slower prepayments will lengthen it. However, it is possible to determine what the range of the movement could be and to calculate the effect that it will have on the price of the security.

Structured Securities and Basket Securities. A portfolio may invest in various types of structured securities and basket securities. Structured securities in which a portfolio invests may represent, for example, interests in entities organized and operated solely for the purpose of restructuring the investment characteristics of particular debt obligations. This type of restructuring involves the deposit with or purchase by an entity, such as a corporation or trust, of specified instruments and the issuance by that entity of one or more classes of structured securities backed by, or representing interests in, the underlying instruments. The cash flow on the underlying instruments may be apportioned among the newly issued structured securities to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to structured securities is dependent on the extent of the cash flow from the underlying instruments. Structured securities of a given class may be either subordinated or unsubordinated to the right of payment of another class. Subordinated structured securities typically have higher yields and present greater risks than unsubordinated structured securities.

Basket securities in which a portfolio invests may consist of entities organized and operated for the purpose of holding a basket of debt obligations of various issuers or a basket of other securities. Baskets involving debt obligations may be designed to represent the characteristics of some portion of the debt securities market or the entire debt securities market.

Subject to the Fund's Investment Restrictions set out in Appendix A, a portfolio may invest in structured securities and basket securities.

Variable, Floating and Inverse Floating Rate Securities. Fixed-income securities may have fixed, variable or floating rates of interest. Variable and floating rate securities pay interest at rates that are adjusted periodically, according to a specified formula. A "variable" interest rate adjusts at predetermined intervals (*e.g.*, daily, weekly or monthly), while a "floating" interest rate adjusts whenever a specified benchmark rate (such as the bank prime lending rate) changes.

A portfolio may invest in fixed-income securities that pay interest at a coupon rate equal to a base rate, plus additional interest for a certain period of time if short-term interest rates rise above a predetermined level or "cap." The amount of such an additional interest payment typically is calculated under a formula based on a short-term interest rate index multiple by a designated factor.

Leveraged inverse floating rate fixed-income securities are sometimes known as inverse floaters. The interest rate on an inverse floater resets in the opposite direction from the market rate of interest to which the inverse floater is indexed. An inverse floater may be considered to be leveraged to the extent that its interest rate varies by a magnitude that exceeds the magnitude of the change in the index rate of interest. The higher degree of leverage inherent in inverse floaters is associated with greater volatility in market value, such that, during periods of rising interest rates, the market values of inverse floaters will tend to decrease more rapidly than those of fixed rate securities.

Inflation-Protected Securities. A portfolio may invest in certain types of government-issued inflation-protected securities, including U.S. Treasury Inflation Protected Securities ("U.S. TIPS") and inflation-protected securities issued by the governments of other nations. U.S. TIPS are fixed-income securities issued by the U.S. Department of the Treasury, the principal amounts of which are adjusted daily based upon changes in the rate of inflation (currently represented by the non-seasonally adjusted Consumer Price Index for All Urban Consumers, calculated with a three-month lag). The U.S. Treasury currently issues U.S. TIPS in only ten-year maturities, although it is possible that U.S. TIPS with other maturities will be issued in the future. U.S. TIPS have previously been issued with maturities of five, ten or thirty years. U.S. TIPS pay interest on a semi-annual basis, equal to a fixed percentage of the inflation-adjusted principal amount. The interest rate on these bonds is fixed at issuance, but over the life of the bond, this interest may be paid on an increasing or decreasing principal value that has been adjusted for inflation. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed even during a period of deflation. However, if a portfolio purchases U.S. TIPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, a portfolio may experience a loss if there is a subsequent period of

deflation. In addition, the current market value of the bonds is not guaranteed, and will fluctuate. If inflation is lower than expected during the period a portfolio holds a U.S. TIPS, a portfolio may earn less on this type of security than on a conventional bond. Inflation-protected securities of other governments may be subject to additional or different issues and risks depending on their structure and local markets.

Types of Credit Support. To lessen the effect of failures by obligors on underlying assets to make payments, non-GNMA, -FNMA or -FHLMC mortgage-related securities are likely to contain cash flow support. Such cash flow support falls into two categories: (i) liquidity protection and (ii) credit protection against losses resulting from ultimate default by an obligor on underlying assets. Liquidity protection refers to the provision of advances to cover delinquent (*e.g.*, 30-60 days late) payments, generally by the entity administering the pool of assets, to ensure that the pass-through of payments due on the underlying pool occurs in a timely fashion. Credit protection against losses resulting from ultimate default enhances the likelihood of ultimate payment of the obligations on at least a portion of the assets in the pool. These protections may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor from third parties, through various means of structuring the transaction, as described below, or through a combination of these approaches.

The ratings of securities for which third-party credit enhancement provides liquidity protection or protection against losses from default are generally dependent upon the continued creditworthiness of the enhancement provider. The ratings of such securities could be subject to reduction in the event of deterioration in the creditworthiness of the enhancement provider even in cases where the delinquency and loss experience on the underlying pool of assets is better than expected.

Examples of credit support arising out of the structure of the transaction include "senior-subordinated securities" (multiple class securities with one or more classes subordinate to other classes as to the payment of principal thereof and interest thereon, with the result that defaults on the underlying assets are borne first by the holders of the subordinated class), creation of "reserve funds" (where cash or investments, sometimes funded from a portion of the payments on the underlying assets, are held in reserve against future losses) and "over collateralization" (where the scheduled payments on, or the principal amount of, the underlying assets exceed those expected to be required to make payment on the securities and pay any servicing or other fees). The degree of credit support provided for each issue is generally based on historical information with respect to the level of credit risk associated with the underlying assets. Other information which may be considered includes demographic factors, loan underwriting practices and general market and economic conditions. Delinquency or loss in excess of that which is anticipated could adversely affect the return on an investment in such a security.

Distressed Securities. A portfolio may invest in securities that may become distressed when the issuer of such securities enters into default or is in high risk of default or meets certain price and credit spread thresholds[1]. An issuer of securities may experience a risk of default for a number of reasons, including weak financial condition, poor operating results, substantial capital needs, negative cash flow or net worth, and changes in market or competitive conditions which adversely affect the issuer's business, among other factors. A portfolio may invest in distressed securities where the Investment Manager believes that the market valuation of such securities is below their fair value.

Following identification by the Investment Manager of a security becoming distressed, the Investment Manager will promptly reassess the relevant security and determine, in its discretion, whether the Portfolio should continue to hold such security.

Unless otherwise provided for a specific Portfolio, any Portfolio will not be required to dispose of any such distressed security unless and until the Investment Manager determines, in its discretion, that it would be in the best interests of the Portfolio to do so. However, until such time as a Portfolio's aggregate holdings in distressed securities returns to the prescribed minimum percentage of the Portfolio's net assets, the Investment Manager will not purchase any additional distressed securities.

Unless otherwise stated in the Portfolio Details of a Portfolio in Section I, a Portfolio is prohibited to invest more than 5% of its net assets in this type of instrument.

Other Investments Types

Rights and Warrants*.* A portfolio may invest in rights or warrants only if the underlying equity securities themselves are deemed appropriate by the Investment Manager for inclusion in the relevant portfolio. Rights and warrants entitle the holder to buy equity securities at a specific price for a specific period of time. Rights are generally issued to existing Shareholders of an issuer and in some countries are referred to as "preferential subscription rights." Rights are similar to warrants except that they have a substantially shorter duration. Rights and warrants may be considered more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights with respect to the underlying securities nor do they represent any rights in the assets of the issuing company. The value of a right or warrant does not necessarily change with the value of the underlying security, although the value of a right or warrant may decline because of a decrease in the value of the underlying security, the passage of time or a change in perception as to the potential of the underlying security, or any combination of these factors. If the market price of the underlying security is below the exercise price set out in the warrant on the expiration date, the warrant will expire worthless. Moreover, a right or warrant ceases to have value if it is not exercised prior to the expiration date.

Options on Securities*.* An option gives the purchaser of the option, upon payment of a premium, the right to deliver to (in the case of a put) or receive from (in the case of a

[1] all information in "Portfolio Descriptions" labelled " with respect to any ratings, or in the context of distressed securities, should be read as "at time of purchase" unless specified otherwise.

call) the writer of such option a specified amount of a security on or before a fixed date at a predetermined price. A call option written by a portfolio is "covered" if the portfolio owns the underlying security, has an absolute and immediate right to acquire that security upon conversion or exchange of another security it holds, or holds a call option on the underlying security with an exercise price equal to or less than that of the call option it has written. A put option written by a portfolio is covered if the portfolio holds a put option on the underlying securities with an exercise price equal to or greater than that of the put option it has written.

A call option is for cross-hedging purposes if a portfolio does not own the underlying security but seeks to provide a hedge against a decline in value of another security that the portfolio owns or has the right to acquire. A portfolio would write a call option for cross-hedging purposes, instead of writing a covered call option, when the premium to be received from the cross-hedge transaction would exceed that which would be received from writing a covered call option, while at the same time achieving the desired hedge.

Options on Securities Indices. An option on a securities index is similar to an option on a security except that, rather than the right to take or make delivery of a security at a specified price, an option on a securities index gives the holder the right to receive, upon exercise of the option, an amount of cash if the closing level of the chosen index is greater than (in the case of a call) or less than (in the case of a put) the exercise price of the option.

Futures Contracts and Options on Futures Contracts. A "sale" of a futures contract means the acquisition of a contractual obligation to deliver the securities or currencies or commodity indices called for by the contract at a specified price on a specified date. A "purchase" of a futures contract means the incurring of an obligation to acquire the securities, various currencies or commodity indices called for by the contract at a specified price on a specified date. The purchaser of a futures contract on an index agrees to take or make delivery of an amount of cash equal to the differences between a specified multiple of the value of the index on the expiration date of the contract ("current contract value") and the price at which the contract was originally struck. No physical delivery of the securities underlying the index is made. Options on futures contracts are options that call for the delivery of futures contracts upon exercise. Options on futures contracts written or purchased by a portfolio will be traded on an exchange or OTC and will be used only for efficient management of its securities portfolio.

Forward Commitments. Forward commitments for the purchase or sale of securities may include purchases on a "when-issued" basis or purchases or sales on a "delayed delivery" basis. In some cases, a forward commitment may be conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, corporate reorganization or debt restructuring (*i.e.*, a "when, as and if issued" trade).

When forward commitment transactions are negotiated, the price is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. Normally, the settlement date occurs within two months after the transaction, but settlements beyond two months may be negotiated. Securities purchased or sold under a forward commitment are subject to market fluctuations, and no interest or dividends accrue to the purchaser prior to the settlement date.

The use of forward commitments enables a portfolio to protect against anticipated changes in interest rates and prices. For instance, in periods of rising interest rates and falling bond prices, a portfolio might sell securities held by it on a forward commitment basis to limit its exposure to falling prices. In periods of falling interest rates and rising bond prices, a portfolio might sell a security held by it and purchase the same or a similar security on a when-issued or forward commitment basis, thereby obtaining the benefit of currently higher cash yields. However, if the Investment Manager were to forecast incorrectly the direction of interest rate movements, the portfolio concerned might be required to complete such when-issued or forward transactions at a price inferior to the then current market values. When-issued securities and forward commitments may be sold prior to the settlement date, but a portfolio will enter into when-issued and forward commitments only with the intention of actually receiving securities or delivering them, as the case may be. If a portfolio chooses to dispose of the right to acquire a when-issued security prior to its acquisition or dispose of its right to deliver or receive against a forward commitment, it may incur a gain or loss. Any significant commitment of a portfolio's assets to the purchase of securities on a "when, as and if issued" basis may increase the volatility of such portfolio's Net Asset Value. In the event the other party to a forward commitment transaction were to default, the portfolio might lose the opportunity to invest money at favourable rates or to dispose of securities at favourable prices.

Repurchase and Reverse Repurchase Agreements. A portfolio may enter into repurchase and reverse repurchase agreements provided it complies with the following rules:

(i) the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law;

(ii) securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be compliant with the relevant CSSF circulars and the portfolio's investment policy and must together with the other securities that the portfolio holds, comply with the portfolio's investment restrictions;

(iii) the risk exposure to a counterparty generated through such transactions or other efficient portfolio management techniques and OTC financial derivative instruments may not exceed 10% of the portfolio's assets when the counterparty is a credit institution referred to in article 41(1) (f) of the Law of 2010 or 5% of the portfolio's assets in other cases.

A portfolio may only enter into (i) a repurchase agreement provided that it shall be able at any time to recall any securities or to terminate the agreement and (ii) a reverse repurchase agreement provided that it shall be able at any time to recall the full amount of cash or to terminate the agreement on either an accrued basis or a mark-to-market basis, it being understood that when the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value.

Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days are considered as arrangements on terms that allow the assets to be recalled at any time by the portfolio.

As of the date of this Prospectus, the Management Company has not appointed any agent carrying out these transactions. Should the Management Company decide to appoint any agent, the name and remuneration of such agent(s) will be disclosed in the Fund's annual report.

Standby Commitment Agreements. Standby commitment agreements commit a portfolio, for a stated period of time, to purchase a stated amount of a security that may be issued and sold to a portfolio at the option of the issuer. The price and coupon of the security are fixed at the time of the commitment. At the time of entering into the agreement, a portfolio is paid a commitment fee, regardless of whether the security ultimately is issued, typically equal to approximately 0.5% of the aggregate purchase price of the security the portfolio has committed to purchase. A portfolio will not enter into a standby commitment with a remaining term in excess of 45 days.

There is no guarantee that a security subject to a standby commitment will be issued, and the value of the security, if issued, on the delivery date may be more or less than its purchase price. Since the issuance of the security underlying the commitment is at the option of the issuer, a portfolio will bear the risk of capital loss in the event the value of the security declines and may not benefit from an appreciation in the value of the security during the commitment period if the issuer decides not to issue and sell the security to the portfolio.

Options on Currencies. As in the case of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received, and the portfolio concerned could be required to purchase or sell currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on a currency may constitute an effective hedge against fluctuations in exchange rates although, in the event of rate movements adverse to the portfolio's position, it may forfeit the entire amount of the premium plus related transaction costs.

Forward Currency Exchange Contracts. A portfolio may purchase or sell forward currency exchange contracts to minimize the risk to it from adverse changes in the relationship between the currency of the portfolio and other currencies. A forward currency exchange contract is an obligation to purchase or sell a specific currency for an agreed price at a future date, and is individually negotiated and privately traded.

A portfolio may enter into a forward currency exchange contract, for example, when it enters into a contract for the purchase or sale of a security denominated in a currency in order to "lock in" the price, in the currency of the portfolio, of the security ("transaction hedge"). A portfolio may engage in transaction hedges with respect to the currency of a particular country to an amount equal to the aggregate amount of the portfolio's transactions in that currency, or such greater or lesser amount as may be required to accommodate for unrealized gains or losses in a portfolio or to adjust for subscription and redemption activity giving rise to the purchase or sale of underlying portfolio securities. Such outstanding currency positions opened for the purpose of a transaction hedge are not required to be adjusted unless any excess of the amount of such a transaction hedge over the aggregate market value from time-to-time of portfolio securities denominated or quoted in such currency exceeds 0.50% of the portfolio's net assets. When a portfolio believes that a currency in which its investments are denominated may suffer a substantial decline against the currency of the portfolio, it may enter into a forward sale contract to sell an amount of that other currency approximating the value of some or all of its investments denominated in such currency, or when a portfolio believes that the currency of a portfolio may suffer a substantial decline against another currency it may enter into a forward purchase contract to buy that other currency for a fixed amount in the currency of the portfolio ("position hedge"). A portfolio generally may position hedge with respect to a particular currency to an amount equal to the aggregate market value (at the time of making such sale) of the securities held in its portfolio denominated or quoted in that currency, or such greater or lesser amount as may be required to accommodate for unrealized gains or losses in a portfolio or to adjust for subscription and redemption activity giving rise to the purchase or sale of underlying portfolio securities. Such outstanding currency positions opened for the purpose of a position hedge are not required to be adjusted unless any excess of the amount of such a position hedge over the aggregate market value from time-to-time of portfolio securities denominated or quoted in such currency exceeds 0.50% of the portfolio's net assets. As an alternative to a position hedge, a portfolio may enter into a forward contract to sell a different currency for a fixed amount, in the currency of the portfolio, where such portfolio believes that the value in the currency of the portfolio of the currency to be sold pursuant to the forward contract will fall whenever there is a decline in the value, in the currency of the portfolio, of the currency in which securities of such portfolio are denominated ("cross-hedge"). Unanticipated changes in currency prices may result in poorer overall performance for a portfolio than if had not entered into such forward currency exchange contracts. Hedging against a decline in the value of a currency does not eliminate fluctuations in the prices of portfolio securities or prevent losses if the prices of such securities decline. Such transactions also preclude the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for a portfolio to hedge against a devaluation that is so generally

anticipated that the portfolio is not able to contract to sell the currency at a price above the devaluation level it anticipates.

Swaps, Caps, Floors. A portfolio may enter into swaps (including interest rate swaps) and may purchase and sell interest rate caps, may purchase or sell floors and may buy and sell options on all the aforementioned transactions. Portfolios expect to enter into these transactions to preserve a return or spread on a particular investment or portion of a portfolio or for other hedging purposes. A portfolio may also enter into these transactions to protect against any increase in the price of securities the portfolio anticipates purchasing at a later date or to manage the duration of a portfolio. Interest rate swaps involve the exchange by a portfolio with another party of their respective commitments to pay or receive interest (*e.g.*, an exchange of floating-rate payments for fixed-rate payments). The purchase of an interest rate cap would entitle a portfolio, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a contractually based notional amount from the party selling the interest rate cap. The purchase of an interest rate floor would entitle a portfolio to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a contractually based notional amount from the party selling the interest rate floor. The sale of an interest rate cap would require that portfolio, to the extent that a specified index rises above a predetermined interest rate, to make payments of interest on a contractually based notional amount to the party purchasing the cap in exchange for receipt of a premium by the portfolio. The sale of an interest rate floor would require that a portfolio, to the extent that a specified index falls below a predetermined interest rate, to make payments of interest on a contractually based notional amount to the party purchasing the interest rate floor.

A portfolio may enter into swaps, caps and floors on either an asset-based or liability-based basis, depending on whether it is hedging its assets or its liabilities, and will usually enter into swaps on a net basis (*i.e.*, the two payment streams are netted out, with the portfolio receiving or paying, as the case may be, only the net amount of the two payments). The net amount of the excess, if any, of the relevant portfolio's obligations over its entitlements with respect to each swap will be accrued on a daily basis. If a portfolio enters into a swap on other than a net basis, the portfolio will maintain a segregated account in the full amount accrued on a daily basis of the portfolio's obligations with respect to the swap. The Investment Manager will monitor the creditworthiness of counterparties to its swap, cap and floor transactions on an ongoing basis. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and agents utilizing standardized swap documentation. The Investment Manager has determined that, as a result, the swap market has become relatively liquid.

The use of swaps (including caps and floors) involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Investment Manager is incorrect in its forecasts of the market values, interest rates and other applicable factors, the investment performance of the portfolio would diminish compared with what it would have been if these investment techniques were not used. Moreover, even if the Investment Manager is correct in its forecasts, there is a risk that the swap position may correlate imperfectly with the price of the asset or liability being hedged.

Currency Swaps. Currency swaps involve the individually negotiated exchange by a portfolio with another party of a series of payments in specified currencies. A currency swap may involve the delivery at the end of the exchange period of a substantial amount of one designated currency in exchange for the other designated currency. Therefore the entire principal of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations. The net amount of the excess, if any, of the portfolio's obligations over its entitlements with respect to each currency swap will be accrued on a daily basis. If there is a default by the other party to such a transaction, the portfolio will have contractual remedies pursuant to the agreements related to the transactions.

Credit Default Swaps. A portfolio may enter into a credit default swap, or CDS, with institutions subject to prudential supervision, and belonging to the categories approved by the CSSF referencing any of the aforementioned eligible investments for hedging purposes or speculation. When used for hedging purposes, the portfolio will be the buyer of a CDS contract. In this case, a portfolio will pay to the counterparty a periodic stream of payments over the term of the CDS, in return for a right to exchange the debt obligation or cash settlement in lieu thereof for par value (or other agreed-upon value) upon the occurrence of a "credit event" on the issuer of the specified debt obligation. If a credit event does not occur, a portfolio will have spent the stream of payments received on the CDS without having received any benefit. Conversely, when a portfolio is the seller of a CDS, it receives the stream of payments and is obligated to pay to the counterparty par value (or other agreed-upon value) of the referenced debt obligation in exchange for the debt obligation or cash settlement in lieu thereof upon the occurrence of such a credit event. As the seller, a portfolio will be subject to the credit risk of the issuer since it will have to look to the issuer in order to be made whole. A portfolio may invest in single name, index, tranche, basket or bespoke CDS transaction.

Total Return Swaps and Other Financial Derivative Instruments with Similar Characteristics. In case where a portfolio enters into a total return swap or invests in other financial derivative instrument with similar characteristics, the assets held by the portfolio must comply with the diversification limits set out in Articles 43, 44, 45, 46 and 48 of the Law of 2010. At the same time, pursuant to Article 42(3) of the Law of 2010 and Article 48(5) of CSSF Regulation 10-4, the Management Company must ensure that the underlying exposures of the total return swap or of the other financial derivative instruments with similar characteristics are taken into account to calculate the portfolio investment limits laid down in accordance with Article 43 of the Law of 2010.

In addition, where a portfolio enters into a total return swap or invests in other financial derivative instrument with similar characteristics, the underlying exposure gained directly or via a recognized index, is in line with the relevant portfolio's investment objective and policy set out in section I of this prospectus.

The counterparties to such type of transaction actions must be highly rated financial institutions specialized in this type of transaction and are selected from a list of authorized counterparties established by the investment manager.

Unless otherwise provided for in the relevant part of Section I relating to a specific portfolio, the counterparty has no discretion over the composition or management of the portfolio's investments or of the underlying assets or reference index of the financial derivative instrument. If, for a specific portfolio, the counterparty that has any discretion over the composition or management of the portfolio's investments or of the underlying assets of the financial derivative instruments, the agreement between the portfolio and the counterparty should be considered as an investment management delegation arrangement and should comply with the UCITS requirements on delegation. In such case, the part of Section I relating to the relevant portfolio will describe the details of the agreement.

A portfolio that enters into a total return swap or invests in other financial derivative instrument with similar characteristics is subject to the risk of counterparty default which may affect the return of the shareholders of this portfolio. For more information on this risk and other risks applicable to such type of transactions, investors should refer to "Risk Factors and Special Considerations" below and more specifically to the "Derivatives Risk" provisions thereof.

Delta One Securities. These are transferable securities that have no optionality and as such have a one-to-one relationship (or delta of one) with their reference asset. This means that for a given move in the price of the reference asset there is expected to be an identical move in the price of the security. Importantly delta one securities must not embed derivatives. Unless otherwise stated in the Portfolio Details of a Portfolio in Section I, a Portfolio is prohibited to invest more than 5% of its net assets in this type of instrument.

Loans of Portfolio Securities. A portfolio may make secured loans of its securities. The risks in lending securities, as with other extensions of credit, consist of possible loss of rights in the collateral should the borrower fail financially. In addition, a portfolio will be exposed to the risk that the sale of any collateral realised upon the borrower's default will not yield proceeds sufficient to replace the loaned securities. In determining whether to lend securities to a particular borrower, the Investment Manager will consider all relevant facts and circumstances, including the creditworthiness of the borrower. While securities are on loan, the borrower may pay the portfolio concerned any income from the securities. A portfolio may invest any cash collateral in money market instruments, thereby earning additional income, or receive an agreed upon amount of income from a borrower who has delivered equivalent collateral. A portfolio may have the right to regain record ownership of loaned securities or equivalent securities in order to exercise ownership rights such as voting rights, subscription rights and rights to dividends, interest or distributions. A portfolio may pay reasonable finders,' administrative and other fees in connection with a loan.

Lack of Liquidity of Certain Securities. Each portfolio will maintain no more than 10% of its total net assets in securities which have a lack of liquidity. For this purpose, such securities include, among others (a) direct placements or other securities which are subject to legal or contractual restrictions on resale or for which there is no readily available market (*e.g.*, trading in the security is suspended or, in the case of unlisted securities, market makers do not exist or will not entertain bids or offers), including many currency swaps and any assets used to cover currency swaps, (b) OTC options and assets used to cover written OTC options, and (c) repurchase agreements not terminable within seven days. Securities that have legal or contractual restrictions on resale but have a readily available market are not deemed illiquid. The Investment Manager will monitor the liquidity of the portfolio securities of each portfolio. If a portfolio invests in securities having a lack of liquidity, it may not be able to sell such securities and may not be able to realise their full value upon sale.

See paragraph (5) of "Investment Restrictions" in Appendix A for a discussion of securities having a lack of liquidity in which a portfolio may invest.

Synthetic Equity Securities. The portfolios may invest in synthetic equity securities, referred to as "local access products" or "participation notes" or "low exercise price warrants". These instruments are typically issued by banks or other financial institutions, and may or may not be traded on an exchange. These instruments are a form of derivative security that may give holders the right to buy or sell an underlying security or a basket of securities representing an index, in accordance with Article 41 (1) of the Law of 2010, from or to the issuer for a particular price or may entitle holders to receive a cash payment relating to the value of the underlying security or index. These instruments are similar to options in that they are exercisable by the holder for an underlying security or the value of that security, but are generally exercisable over a longer term than typical options. These instruments typically have an exercise price, which is fixed at the time of issuance.

These instruments entitle the holder to purchase from the issuer common stock of a company or receive a cash payment. The cash payment is calculated according to a predetermined formula. The instruments typically have an exercise price that is very low relative to the market price of the underlying instrument at the time of issue (*e.g.* one U.S. cent). The buyer of a low exercise price warrant effectively pays the full value of the underlying common stock at the outset. In the case of any exercise of warrants, there may be a time delay between the time a holder of warrants gives instructions to exercise and the time the price of the common stock relating to exercise or the settlement date is determined, during which time the price of the underlying security could change significantly. In addition, the exercise or settlement date of the warrants may be affected by certain market disruption events, such as the imposition of

capital controls by a local jurisdiction or changes in the laws relating to investors in other jurisdictions. These events could lead to a change in the exercise date or settlement currency of the warrants, or postponement of the settlement date. In some cases, if the market disruption events continue for a certain period of time, the warrants may become worthless resulting in a total loss of the purchase price of the warrants.

The portfolios will acquire such instruments issued by entities deemed to be creditworthy by the Investment Manager, who will monitor the creditworthiness of the issuers on an on-going basis. Investments in these instruments involve the risk that the issuer of the instrument may default on its obligation to deliver the underlying security or cash in lieu thereof. These instruments may also be subject to liquidity risk because there may be a limited secondary market for trading the warrants.

The portfolios may also invest in long-term options of, or relating to, certain issuers. Long-term options are call options created by an issuer, typically a financial institution, entitling the holder to purchase from the issuer outstanding securities of another issuer. Long-term options have an initial period of one year or more, but generally have terms between three and five years. Long-term options do not settle through a clearing corporation that guarantees the performance of the counterparty. Instead, they are traded on an exchange and subject to the exchange's trading regulations.

Temporary Defensive Position. Under extraordinary circumstances and for a limited period, the Investment Manager may take temporary defensive measures, varying the investment policy of any portfolio during periods in which conditions in securities markets or other economic or political conditions warrant. The Fund may reduce a portfolio's position in equity securities or long-term debt securities, as appropriate, and increase its position in other debt securities, which may include short-term fixed-income securities issued or guaranteed by the US Government or by a governmental entity of any member state of the OECD, or by European, U.S. or multinational companies or supranational organizations rated AA or better by S&P or Aa or better by Moody's, or the equivalent thereof by at least one IRSO, or if not so rated, determined by the Investment Manager to be of equivalent investment quality. Such securities may be denominated in a portfolio's base currency or in a non-base currency. A portfolio may also hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets. On a temporary basis and if justified by exceptionally unfavourable market conditions, each portfolio may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets up to 100% of its net assets. While a portfolio invests for temporary defensive purposes, it may not be meeting its investment objective.

Future Developments. On an ancillary basis, each portfolio may take advantage of other investment practices that are not currently contemplated for use by the portfolio, to the extent such investment practices are consistent with the portfolio's investment objective and legally permissible. Such investment practices, if they arise, may involve risks that exceed those involved in the practices described herein.

Risk Factors and Special Considerations

The following chart displays the principal risks of each portfolio, but does not purport to provide a complete explanation of the risks associated with acquiring and holding Shares in each portfolio of the Fund. Risks not indicated for a particular portfolio may, however, still apply to some extent to that portfolio at various times, and not every risk applicable to an investment in a portfolio may be shown. Each of these risk factors and special considerations is described in detail on the following pages.

Risk Factors

	Dynamic All Market Portfolio	Fixed Maturity Bond 2026 Portfolio
General Risks		
Country Risk—General	•	•
Country Risk—Emerging Markets	•	
Country Risk – China	•	
Currency Risk	•	•
Currency Hedged Share Class Risk	•	•
Liquidity Risk	•	•
Focused Portfolio Risk		
Allocation Risk	•	
Turnover Risk	•	
Management Risk	•	•
Lack of Operating History Risk	•	•
Smaller Capitalization Companies Risk	•	
Industry/Sector Risk		
Derivatives Risk	•	•
OTC Derivatives Transaction Risk	•	•
Borrowing Risk		
Taxation Risk	•	•
Equity Securities Risks		
Equity Securities Risk	•	
Debt Securities Risks		
Fixed-Income Securities Risk—General	•	•
Fixed-Income Securities Risk—Interest Rates	•	•
Fixed-Income Securities Risk—Lower-Rated and Unrated Instruments	•	•
Fixed-Income Securities Risk—Prepayment	•	•
Credit Risk—Sovereign Debt Obligations	•	•
Credit Risk—Corporate Debt Obligations	•	•
Securities Lending Risk	•	
Systematic/Quantitative Model Risk	•	
Sector Risks		
Real Estate Industries Risk	•	
REITs Risk	•	•
Sustainability Risk	•	•

Each portfolio engages in a business involving special considerations and risks, including some or all of those discussed below. There can be no assurance that the portfolio's investment objective will be achieved or that there will be any return of capital, and investment results may vary substantially on a monthly, quarterly or annual basis. An investment in a portfolio does not represent a complete investment program.

General Risks

Country Risks—General. A portfolio may invest in securities of issuers located in various countries and geographic regions. The economies of individual countries may differ favourably or unfavourably from each other in such respects as growth of gross domestic product or gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Issuers in general are subject to varying degrees of regulation with respect to such matters as insider trading rules, restrictions on market manipulation, Shareholder proxy requirements and timely disclosure of information. The reporting, accounting and auditing standards of issuers may differ, in some cases significantly, from country to country in important respects and less information from country to country may be available to investors in securities or other assets. Nationalization, expropriation or confiscatory taxation, currency blockage, political changes, government regulation, political or social instability or diplomatic developments could affect adversely the economy of a country or a portfolio's investments in such country. In the event of expropriation, nationalization or other confiscation, a portfolio could lose its entire investment in the country involved. In addition, laws in countries governing business organizations, bankruptcy and insolvency may provide limited protection to security holders such as a portfolio.

Portfolios which invest essentially in securities whose issuers are domiciled in only one country will have greater exposure to market, political and economic risks of that country than Portfolios that have more geographically diversified investments. Portfolios which invest in securities whose issuers are domiciled in multiple countries will have less exposure to the risks of any one country, but will be exposed to a larger number of countries.

A portfolio may trade its securities in a variety of markets with many different brokers and dealers. The failure of a broker or dealer may result in the complete loss of a portfolio's assets on deposit with such broker or dealer depending on the regulatory rules governing such broker or dealer. In addition, brokerage commissions in certain countries may be higher than in others, and securities markets in certain countries may be less liquid, more volatile and less subject to governmental supervision than in others.

The securities markets of many countries are also relatively small, with the majority of market capitalization and trading volume concentrated in a limited number of companies representing a small number of industries. Consequently, a portfolio invested in equity securities of companies in such countries may experience greater price volatility and significantly lower liquidity than a portfolio invested solely in equity securities of companies in countries with relatively larger securities markets. These smaller markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities. Securities settlements may in some instances be subject to delays and related administrative uncertainties.

Certain countries require governmental approval prior to investments by foreign persons or limit investment by foreign persons to only a specified percentage of an issuer's outstanding securities or a specific class of securities that may have less advantageous terms (including price) than securities of the company available for purchase by nationals. These restrictions or controls may at times limit or preclude investment in certain securities and may increase the costs and expenses of a portfolio. In addition, the repatriation of investment income, capital, or the proceeds of sales of securities from certain countries is controlled under regulations, including in some cases the need for certain advance government notification or authority. If deterioration occurs in a country's balance of payments, the country could impose temporary restrictions on foreign capital remittances. A portfolio also could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation, as well as by the application of other restrictions on investment. Investing in local markets may require a portfolio to adopt special procedures that may involve additional costs to the portfolios. These factors may affect the liquidity of the portfolio's investments in any country and the Investment Manager will monitor the effect of any such factor or factors on the portfolio's investments.

Country Risks—Emerging Markets. A portfolio may be permitted to invest in securities of emerging market issuers. A portfolio consequently may experience greater price volatility and significantly lower liquidity than a portfolio invested solely in equity securities of issuers located in more developed markets. Investments in securities of emerging market issuers entail significant risks in addition to those customarily associated with investing in securities of issuers in more developed markets, such as (i) low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets, (ii) uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavourable diplomatic developments, (iii) possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other laws or restrictions applicable to such investments, (iv) national policies which may limit a portfolio's investment opportunities such as restrictions on investment in issuers or industries deemed sensitive to national interests, and (v) the lack or relatively early development of legal structures governing private and foreign investments and private property.

Other risks relating to investments in emerging market issuers include: the availability of less public information on issuers of securities; settlement practices that differ from those in more developed markets and may result in delays or may not fully protect a portfolio against loss or theft of

assets; the possibility of nationalization of a company or industry and expropriation or confiscatory taxation; and the imposition of foreign taxes. Investments in emerging markets securities will also result in generally higher expenses due to: the costs of currency exchange; higher brokerage commissions in certain emerging markets; and the expense of maintaining securities with custodians in multiple countries.

Issuers in emerging markets may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which companies in developed markets are subject. In certain emerging market countries, reporting standards vary widely. As a result, traditional investment measurements used in developed markets, such as price/earnings ratios, may not be applicable in certain emerging markets.

In addition to the above risks generic to all emerging markets, there are specific risks linked to investing in Russia. Investors should be aware that the Russian market presents specific risks in relation to the settlement and safekeeping of securities as well as in the registration of assets, where registrars are not always subject to effective government supervision. Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered to be performing a physical safekeeping or custody function in the traditional sense. The Depositary's liability only extends to its own negligence and wilful default and to negligence and wilful misconduct of its local agents in Russia and does not extend to losses due to the liquidation, bankruptcy, negligence and wilful default of any registrar. In the event of such losses, the Fund will have to pursue its rights against the issuer and/or its appointed registrar.

Country Risks – China. The legal rights of investors in China are uncertain, government intervention is common and unpredictable, investors from outside China are subject to holding limits and reporting requirements (which could change at any time without notice), and some major trading and custody systems are unproven. Investments in China are also subject to emerging/frontier markets risks.

In China, it is uncertain whether a court would protect the portfolio's rights to securities it may purchase, including the right to take legal action, via the QFI scheme, the China Connect Scheme (defined below), or other methods whose regulations are untested and subject to change.

The China regulatory, legal and tax framework for capital markets may not be as well developed as developed countries and changes to law, regulations and tax legislation could affect a portfolio's investment in China. Additionally, there may be less publicly available information of Chinese companies and such information may be less reliable as Chinese companies are subject to accounting standard that differ in significant respect to those companies established in developed countries. As such, the lower levels of disclosure and transparency may impact the value of investments in China.

In China, the government maintains two forms of its currency, the renminbi (RMB). Internal renminbi (CNY) is used inside China only, is not freely convertible and is subject to exchange controls. External renminbi (CNH) is used outside China, can be owned by anyone and is freely tradeable outside of China but still subject to control, limits and availability. Currently, the exchange rate between CNY and CNH is based on market supply and demand but with an element of government management and control as well as the potential for the government to impose or modify restrictions on conversion of CNY to CNH. Thus the portfolio's investments in China are subject to an additional layer of currency risk (between CNH and CNY), which will be affected by market forces as well as government policies and actions and can result in significant volatility and liquidity risk.

China Connect. A portfolio may invest directly or indirectly in eligible China A shares ("China Connect Securities") through the China Connect Scheme, including investment in financial instruments and other market access products linked to China Connect Securities. The China Connect Scheme is a securities trading and clearing linked program developed by, amongst others, The Stock Exchange of Hong Kong Limited (SEHK), Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE) (together with SSE, each a China Connect Market), Hong Kong Securities Clearing Company Limited (HKSCC) and China Securities Depository and Clearing Corporation Limited (ChinaClear), with an aim to achieve mutual stock market access between mainland China and Hong Kong. Under the China Connect Scheme, the Shanghai Connect and the Shenzhen Connect operate independently from each other although subject to substantially similar regulatory framework and the SEHK is subject to potential suspension of trading to ensure an orderly and fair market.

As the China Connect Scheme is relatively new, it remains not fully developed, the rules governing it and trading are subject to changes, and the availability of securities and products may fluctuate. Accordingly, trading on the China Connect Scheme has additional risks such as liquidity, counterparty and best execution. Additionally, the various rights of the portfolio associated with investing in China Connect Securities are still undefined and may differ from more developed markets.

A portfolio may invest in China Connect Securities through a "Northbound Trading Link" offered by China Connect Scheme, subject to applicable rules and regulations issued from time to time. Under the Northbound Trading Link, a portfolio, through its Hong Kong brokers and a securities trading service company established by SEHK respectively in Shanghai (for trading under the Shanghai Connect) and Shenzhen (for trading under the Shenzhen Connect), place orders to trade China Connect Securities listed on each relevant China Connect Market by routing orders to that relevant China Connect Market.

Under the China Connect Scheme, HKSCC, also a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEx), will be responsible for the clearing and settlement and for the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. China Connect Securities held in broker and custody account at the Central Clearing

and Settlement System (CCASS) operated by HKSCC may be vulnerable to default or bankruptcy of HKSCC/CCASS.

China Connect Securities eligible for trading on the Northbound Trading Link include certain shares listed on the SSE and SZSE and are subject to change and to various conditions for eligibility.

All trading in China Connect Securities is made in RMB which may not be the base currency of a portfolio.

Trading on the China Connect Scheme is subject to a daily quota that limits the maximum net buy value of cross-border trades via the Northbound Trading Link and such quota may change and affect the availability of buy orders.

China Connect Securities are held in ChinaClear. HKSCC is a direct participant in ChinaClear and China Connect Securities acquired by investors through Northbound Trading will be recorded in the name of HKSCC in the nominee securities account opened by HKSCC with ChinaClear, with HKSCC the nominee holder of such China Connect Securities, and will be held under the depository of ChinaClear and registered in the name of HKSCC in the shareholders' register of the listed companies on the relevant China Connect Market.

HKSCC will record interests in such China Connect Securities in the CCASS stock account of the relevant CCASS clearing participant. HKSCC will be deemed the legal owner of such securities holding their beneficial entitlement on behalf of the clearing participant who has a direct or indirect custody arrangement with the portfolio's custodian. Such China Connect Securities will be recorded in a nominee account opened by HKSCC with ChinaClear, and Northbound investors retain rights and interest in such securities according to applicable law.

A portfolio investing through the Northbound Trading Link will be recognised as ultimate owner of China Connect Securities. A portfolio may exercise its rights through HKSCC as nominee holder and retain actual control of voting rights for China Connect Securities. HKSCC, as nominee, does not guarantee the title to China Connect Securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners (such as the portfolio). As such, the precise nature and rights of a portfolio, investing through the Northbound Trading Link, as beneficial owner is not fully defined and subject to additional risks.

Should a portfolio suffer losses resulting from the performance or insolvency of HKSCC, the portfolio would have no direct legal recourse against HKSCC, because applicable law does not recognize any direct legal relationship between HKSCC and either the portfolio or the depositary. Should ChinaClear default, HKSCC's contractual liabilities will be limited to assisting participants with claims. A portfolio's attempts to recover lost assets could involve considerable delays and expenses and may not be successful.

Some China Connect Securities, predominantly shares of innovative growth enterprises, are traded on ChiNext. ChiNext is part of the SZSE's multitiered capital market. Investing on ChiNext may contain different risks from that investing China Connect Securities on other markets.

QFI scheme. A portfolio may invest in mainland China securities via the QFI scheme. Investing through a FII license involves its own risks. A portfolio's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the People's Republic of China ("PRC", which are subject to change and such change may have potential retrospective effect. A portfolio may suffer substantial losses if the approval of QFI status ie being revoked / terminated or otherwise invalidated as such portfolio may be prohibited from trading of relevant securities and repatriation of such portfolio's monies, or if any of the key operators or parties (including QFI custodian / brokers) is bankrupt / in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

Investing through the QFI scheme involves repatriation and liquidity risks as the market is regulated by the State Administration of Foreign Exchange (SAFE) and the People's Bank of China ("PBOC"), which may take actions outside the investment manager's control. Although the relevant QFI regulations have been revised to relax certain regulatory restrictions on the onshore investment and capital management by QFIs (including but not limited to removing investment quota limit and simplifying process for repatriation of investment proceeds), it is subject to uncertainties as to how well it will be implemented in practice. On the other hand, the amended QFI regulations are also enhancing ongoing supervision on QFIs in terms of information disclosure among other aspects. In particular, QFIs are required to procure their underlying clients (such as the portfolio investing in mainland China securities via the QFI scheme) to comply with PRC disclosure of interests rules and make the required disclosure on behalf of such underlying clients. In addition, the China Securities Regulatory Commission (CSRC) may also require QFIs to report the offshore hedging positions related to their domestic investment. The information reported may include information on the portfolio as applicable.

In addition, the nature of enforcement actions and future regulatory changes cannot be predicted.

AllianceBernstein Hong Kong Limited, a subsidiary of the investment manager, has obtained the QFI status.

CIBM. A portfolio may invest directly or indirectly in debt instruments through the China Interbank Bond Market (CIBM). The CIBM is an over-the-counter market outside the two main stock exchanges in China and generally amounts to over 90% of total trading volume by bond value in China. The CIBM is regulated and supervised by PBOC.

Trading on the CIBM is subject to relevant rules promulgated by the PBOC including, but not limited to, the Announcement (2016) No. 3 and other rules for listing, trading and operations (CIBM Rules). A portfolio is permitted to invest in the CIBM as a foreign institutional investor in accordance with CIBM Rules such as the

Announcement (2016) No. 3 (Foreign Access Regime) or the Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017]) (Bond Connect).

The main debt instruments traded on the CIBM include government bonds, corporate bonds, bond repurchase transactions, bond loans, PBOC bills and other financial debt instruments. The CIBM is in early stages of development, and therefore the market capitalisation and trading volume may be lower than those of more developed markets. The PBOC is responsible for establishing rules for listing, trading and functioning rules of the CIBM, and for supervising the market operators of the CIBM. While there are no quota restrictions under the current CIBM, the repatriation of funds from the PRC may be subject to the restrictions in the futures if such restrictions are promulgated by the PBOC. Any future restrictions on repatriation of funds from the PRC may impact a portfolio's ability to meet redemptions.

Trading through the CIBM involves liquidity risk. Bid/offer spreads of CIBM-traded securities may be large, and for securities with low trading volumes may fluctuate significantly. A portfolio may incur significant trading and realization costs and may even suffer losses when selling such securities.

Although delivery-versus-payment (DVP) settlement is the dominant method used by the China Central Depository & Clearing Co., Ltd. (CCDC) and the Shanghai Clearing House Co., Ltd. (SCH) for all CIBM bond transactions, settlement risk still exists. DVP practices in the PRC may differ from those in developed markets. For example, settlement may be subject to a delay of several hours or longer rather than being instantaneous. Where the counterparty does not perform its obligations under a transaction or there is otherwise a failure due to CCDC or SCH, a portfolio may sustain losses.

Investments in the CIBM are subject to regulatory and tax risks, as the CIBM is relatively new and has a short operating history. As the applicable CIBM laws, regulations and legal requirements are equally new, they are subject to change, including tax exemptions relating to CIBM purchases, and their interpretation and enforcement involve significant uncertainty. Any change in existing law, regulations, policies and practices in the PRC, including potentially retroactive changes, may also impact Chinese companies and transactions in their securities. PRC laws governing business organisations, bankruptcy and insolvency may provide substantially less protection to security holders than the laws of more developed countries. These factors (individually or combined) could adversely affect a portfolio.

A portfolio may invest in the CIBM as a foreign institutional investor (see "Foreign Access Regime" and "Bond Connect" below). Although there is no quota limitation under CIBM Rules for either of these methods, a portfolio's onshore settlement agent or registration agent must file information with the PBOC about the portfolio's investments and must update the filings for any significant changes. The PBOC supervises the onshore settlement agent and the Fund's trading, and may take administrative actions such as suspension of trading and mandatory exit against the Fund and/or the investment manager in the event of non-compliance with CIBM Rules. CIBM securities may be held directly or indirectly by an entity trading on CIBM.

As a most recent regulatory development, in September 2020, PBOC, CSRC and SAFE jointly released a consultation draft regarding investment in China's bond markets by foreign institutional investors, which, if formally promulgated, will bring changes to access filing, custody model and other aspects of foreign investor's investment in CIBM.

Foreign Access Regime. Under this method, a foreign institutional investor that wishes to invest directly in the CIBM can do so via an onshore settlement agent, who is responsible for making the relevant filings and account openings with the relevant authorities. Once an account is established, securities may be traded via bilateral negotiation or via click-and-deal. Bilateral negotiation is applied to all inter-bank products and uses the China Foreign Exchange Trading System & National Interbank Funding Centre (CFETS), a unified trading platform for the CIBM. One-click trading is only applied to cash bonds and interest rate derivatives.

A market-maker mechanism by which a third party entity ensures bilateral quotations for bonds was introduced in 2001 and can provide lower trading and settlement costs. Bond transactions must be conducted by way of bilateral trading through independent negotiations on a transaction-by-transaction basis. Bid and ask prices for primary bond transactions and repurchase interest rates must be determined independently by the parties to the transaction. Both parties typically send instructions for delivery of bonds and funds and provide for delivery on the agreed date. Depending on the type of bonds traded on the CIBM, the clearing and settlement institution will be CCDC or SCH. When trading via the Foreign Access Regime, CIBM securities are held in the name of portfolio in one of its local accounts (currently either CCDC or SCH).

CIBM Direct RFQ Trading. In September 2020, CIBM direct RFQ trading service was launched by CFETS. Under such service, foreign investors under Foreign Access Regime may solicit cash bond trading with domestic market makers by requesting for quotation (RFQ) and confirm the trades in CFETS system. As a novel arrangement under Foreign Access Regime, CIBM direct RFQ trading may be subject to further adjustments and uncertainties in implementation, which may have an adverse impact on the portfolio's investment to the extent the portfolio transacts via CIBM direct RFQ trading mechanism.

Under Foreign Access Regime, as all filings, registrations and account openings must be carried out by third parties, a portfolio may be exposed to counterparty and operational risks.

Bond Connect. In 2017, a second northbound trading link, Bond Connect, became available to foreign investors. Bond Connect is the common name for the Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017]). Governed by the authorities of

mainland China, Bond Connect allows mutual bond market access between Hong Kong and mainland China established by CFETS, CCDC, SCH, HKEx and Central Moneymarkets Unit (CMU). All bonds traded by eligible foreign investors will be registered in the name of the CMU, which holds the bonds as nominee.

Under Bond Connect, eligible foreign investors must appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC. An offshore custody agent recognised by the Hong Kong Monetary Authority (currently, CMU) must open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, CCDC and SCH).

Credit Ratings. A portfolio may invest in securities the credit ratings of which are assigned by the Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

Urban Investment Bonds. Risks of Urban Investment Bonds, which are issued by Local Government Financing Vehicles (LGFVs), include the risk of financial difficulties of the underlying operations.

China Taxation. Investments in mainland China securities are subject to additional tax regimes. For example, certain investment in PRC resident enterprise may be subject to a withholding income tax.

Although the investment manager intends to operate the portfolio to minimise the impact of PRC taxation and to take action to address any tax impacts, such as income tax on capital gains arising from the disposal of PRC bonds, it is possible the PRC could consider the portfolio subject to PRC Corporate Income Tax. This would have various impacts, such as taxes on interest, dividends and capital gains.

Currency Risk. Underlying investments of a portfolio may be denominated in one or more currencies different than that in which such portfolio is denominated. This means currency movements in such underlying investments may significantly affect the Net Asset Value in respect of such portfolio's Shares. Investments by the portfolios that are denominated in a particular currency are subject to the risk that the value of such currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The portfolios are not limited in the percentage of its assets that may be denominated in currencies other than the currency of the portfolio.

The Investment Manager will take into account, and may hedge to reduce the risk of, such risks by investing in one or more currencies, futures contracts on multiple currencies and options thereon, forward currency exchange contracts on multiple currencies, or any combination thereof. The Investment Manager is not obligated to engage in such currency hedging transactions and may elect to do so in its sole discretion. No assurance can be made that such currency hedging strategies will be effective. In addition, a portfolio may seek active speculative investment opportunities by taking long or short positions in currencies through use of currency-related derivatives such as currency options and forward contracts, subject to certain limitations in such portfolio's investment objective and policies. Such currency transactions involve a significant degree of risk and the markets in which currency exchange transactions are effected may be highly volatile.

In addition, because the Shares of certain portfolios are offered in more than one currency, such portfolio and holders of the Shares are subject to certain additional currency risks. For example, such portfolio may be subject to the risk of an unfavourable change in the Dollar/Euro rate of exchange in respect of Euro subscriptions accepted on a particular Trade Date but for which actual Euro subscription amounts are not received by the Depositary until a subsequent Trade Date. Also, a portfolio may be subject to the risk of a decline in the value of the Dollar relative to the Euro subsequent to a Euro redemption and prior to the payment of Euro redemption amounts to the redeeming Shareholder.

Additionally, when a portfolio quotes its Shares' Net Asset Values in a currency other than the currency of the portfolio, such values are derived from the spot currency exchange rate of the other Offered Currency on each Valuation Point. Accordingly, the total return ultimately realised by a Shareholder upon redemption in respect of an investment in Shares made in such other Offered Currency will be directly affected, either positively or negatively, by changes in the exchange rate between such other Offered Currency and the currency of the portfolio from the date of subscription to the date of redemption. All expenses related to converting subscription and redemption amounts into and out of the currency of the portfolio and other Offered Currencies are borne by the portfolio concerned and attributed to the Shares of such portfolio.

The Fund occasionally may arrange for currency exchange facilities that allow investors to use certain currencies other than the Offered Currencies of a portfolio for subscription and redemption of Shares. Such transactions are conducted outside of the Fund and at the investor's own risk and expense. Investors utilizing such facilities may be subject to currency exchange risks related to timing of settlement upon subscription and changes in exchange rates during the period of investment in the Fund.

Currency Hedged Share Class Risk. The precise hedging strategy applied to a particular Currency Hedged Share Class will vary from one portfolio offering Currency Hedged Share Class(es) to another, as set out in Section I. Each such portfolio will apply a hedging strategy which aims to mitigate currency risk between the base currency Net Asset Value (NAV) of the Portfolio and the Offered Currency in which the Currency Hedged Share Class is denominated, while taking account of various practical considerations including transaction costs. The hedging strategy employed is designed to reduce, but may not

eliminate, currency exposure between the Portfolio's base currency and the Offered Currency.

Hedging strategies in connection with Currency Hedged Share Classes may be entered into whether the portfolio's base currency is declining or increasing in value relative to the relevant Offered Currency in which the Currency Hedged Share Class in question is denominated and so, where such hedging is undertaken it may substantially protect investors in the relevant Currency Hedged Share Class against a decrease in the value of the portfolio's base currency relative to the Offered Currency in which such Currency Hedged Share Class is denominated, but at the same time it may also prevent investors from benefiting from an increase in the value of the portfolio's base currency relative to the Offered Currency.

Given that there is no segregation of liabilities between the various share classes within a portfolio, there is a remote risk that, under certain circumstances, currency hedging transactions in relation to a Currency Hedged Share Class could result in liabilities which might affect the Net Asset Value of the other share classes of the same Portfolio, in which case assets of the other share classes of the Portfolio may be used to cover the liabilities incurred by such Currency Hedged Share Class.

Liquidity Risk. A security or position of a Portfolio could become hard to value, sell, or sell at the at the desired time or price and as such may impact the Portfolio's ability to meet redemption requests.

Overview
Liquidity risk can occur due to various factors including the types of securities, restrictions on selling, and market conditions.
Some securities are less liquid such as, *inter alia*, below Investment Grade debt securities, small-capitalization equities, securities from emerging market issuers, 144A issuances and securities that represent a small issue, trade infrequently or are traded on markets that are comparatively small or have long settlement times.

Hard to sell securities often require more time and higher costs, including brokerage and other transaction fees, than the sale of more liquid securities.

Liquidity risk may be increased during extreme market conditions such as, *inter alia*, economic, market or political events, adverse investor perceptions, or the sudden change, possibly without warning, to the market of particular issuers, industries, or investment category.

Liquidity risk and impacts on specific asset classes may change overtime and unexpectedly as markets, trading, and instruments evolve.

Impact to the Portfolios

In extreme market conditions, due to, *inter alia*, the lack of willing buyers, it may be impossible or more expensive for a Portfolio to liquidate its positions or holdings. Consequently, the Portfolio may be obliged to accept a lower price or may not be able to sell the investments at all.

An inability to sell securities may adversely affect a Portfolio's value or prevent such Portfolio from being able to take advantage of new investment opportunities.

Liquidity risk may also impact the Portfolio's ability to meet redemption requests, raise cash, and/or pay out proceeds holdings within the necessary time period.

Large redemption requests may also cause liquidity risk. In order to meet large redemption requests, the Portfolio will typically have to sell the most liquid securities first or sell less liquid securities at a potentially discounted price.

Liquidity risk management tools

In order to mitigate liquidity risks the Fund has implemented liquidity risk management tools to help manage the liquidity of the Portfolios in various ways, such as:

- redemption gates
- swing pricing
- temporary borrowing in order to meet redemption request
- the ability to suspend redemptions in certain situations

Shareholders should be aware that the implementation of such liquidity risk management tools may, in certain circumstances, affect their redemption rights or the redemption price of their Shares.

For more information on the liquidity risk management tools, please refer to the following sections of the Prospectus: "How to Redeem Shares", "Determination of the Net Asset Value" and "Borrowing risk".

Market risk. Prices and yields of many securities can change frequently, sometimes with significant volatility, and can fall, based on a wide variety of factors. Examples of these factors include:

- political and economic news;
- government policy;
- changes in technology and business practices;
- changes in demographics, cultures and populations;
- health crises (i.e. pandemic and epidemic diseases);
- natural or human-caused disasters;
- weather and climate patterns;
- scientific or investigative discoveries; and
- costs and availability of energy, commodities and natural resources.

The public's fear and/or response to the above-mentioned diseases or events may have now, or in the future, adverse effects on a Fund's investments and NAV and may lead to increased market volatility. The occurrence and duration of such diseases or events may also adversely affect the economies and financial markets in specific countries or worldwide. The effects of market risk can be immediate or gradual, short-term or long-term, or narrow or broad.

Focused Portfolio Risk. Because they may invest in a more limited number of companies than many other funds, certain portfolios may have more risk because changes in

the value of a single security could have a more significant effect, either negative or positive, on such a portfolio's Net Asset Value.

Dynamic Asset Allocation Risk. The allocation of investments among different global asset classes may have a significant effect on a portfolio's performance when one of these asset classes is performing more poorly than others. As both the direct investments and derivative positions may be periodically rebalanced to reflect the Investment Manager's view of market and economic conditions, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a portfolio may incur significant losses.

Allocation Risk. This is the risk that the allocation of investments between growth and value companies may have a more significant effect on a portfolio's Net Asset Value when one of these styles is performing more poorly than the other. Also, the transaction costs of rebalancing a portfolio's investments may be, over time, significant.

Turnover Risk. A portfolio may be actively managed and, in some cases in response to market conditions, the portfolio's turnover may exceed 100%. A higher rate of portfolio turnover increases brokerage and other expenses, which must be borne by a portfolio and its Shareholders. High portfolio turnover also may result in the realisation of substantial net short term capital gains, which, when distributed, may be taxable to Shareholders.

In addition, a portfolio may experience relatively higher turnover attributable to investors in a particular country where such portfolio is available for purchase. This activity may adversely affect such portfolio's performance and the interests of long-term investors. Volatility resulting from excessive purchases and redemptions or exchanges of Shares, especially involving large dollar amounts, may disrupt efficient portfolio management. In particular, a portfolio may have difficulty implementing long-term investment strategies if it is unable to anticipate what portion of assets it should retain in cash to provide liquidity to Shareholders. Also, excessive purchases and redemptions or exchanges of Shares may force a portfolio to maintain a disadvantageously large cash position to accommodate short duration trading activity. Further, excessive purchases and redemptions or exchanges of a portfolio's Shares may force a portfolio to sell portfolio securities at inopportune times to raise cash to accommodate short duration trading activity. Additionally, portfolios may incur increased expenses if one or more Shareholders engage in excessive purchase and redemption or exchange activity. For example, a portfolio that is forced to liquidate investments due to short duration trading activity may incur increased brokerage and tax costs without attaining any investment advantage. Similarly, a portfolio may bear increased administrative costs as a result of the asset level and investment volatility that accompanies patterns of short duration trading activity.

Management Risk. A portfolio may be subject to management risk because it is an actively managed investment fund. The Investment Manager will apply its investment techniques and risk analyses in making investment decisions for the portfolio, but there can be no guarantee that its decisions will produce the desired results. In some cases, derivative and other investment techniques may be unavailable or the Investment Manager may determine not to use them, possibly even under market conditions where their use could benefit the Portfolio.

Lack of Operating History Risk. Certain portfolios of the Fund may be recently formed and have no operating history.

Smaller Capitalization Companies Risk. A Portfolio may invest in securities of companies with relatively small market capitalizations. Securities of these smaller capitalization companies may be subject to more abrupt or erratic market movements than the securities of larger, more established companies, both because the securities are typically traded in lower volume and because the companies are subject to greater business risk. Also, in certain emerging market countries, volatility may be heightened by actions of a few major investors. For example, substantial increases or decreases in cash flows of mutual funds investing in these markets could significantly affect local stock prices and, therefore, Share prices of a portfolio.

Industry/Sector Risk. A portfolio may invest in particular industries or sectors. Market or economic factors affecting one of those industries or sectors or group of related industries could have a major effect on the value of the portfolio's investments.

Derivatives Risk. A portfolio may use derivatives, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate, or index. The Investment Manager will sometimes use derivatives as part of a strategy designed to reduce other risks. Generally, however, a portfolio may use derivatives as direct investments to earn income, enhance yield and broaden portfolio diversification. In addition to other risks such as the credit risk of the counterparty, derivatives involve the risk of difficulties in pricing and valuation and the risk that changes in the value of the derivative may not correlate perfectly with relevant underlying assets, rates, or indices.

While the judicious use of derivatives by experienced investment advisers such as the Investment Manager may promote portfolio management efficiencies, mitigate certain risks, and increase exposure towards certain markets without direct purchase in the underlying assets, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a portfolio.

- *Market Risk*. This is the general risk attendant to all investments that the value of a particular investment will change in a way detrimental to the portfolio's interest.
- *Management Risk*. Derivative products are highly specialized instruments that require investment

techniques and risk analyses different from those associated with stocks and bonds. The success of a strategy's derivative transactions will be subject to the Investment Manager's ability to correctly predict price movements, interest rates, or currency exchange rate movements. Should prices, interest rates, or exchange rates move unexpectedly, a portfolio may not achieve the anticipated benefits of the transactions or may realise losses and thus be in a worse position than if such strategies had not been used. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a portfolio and the ability to forecast price, interest rate or currency exchange rate movements correctly.

- *Credit Risk*. This is the risk that a loss may be sustained by a portfolio as a result of the failure of another party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract. The credit risk for exchange-traded derivatives is generally less than for privately negotiated derivatives, since the clearing house, which is the issuer or counterparty to each exchange-traded derivative, provides a guarantee of performance. This guarantee is supported by a daily payment system (*i.e.*, margin requirements) operated by the clearing house in order to reduce overall credit risk. For privately negotiated derivatives, there is no similar clearing agency guarantee. Therefore, the Investment Manager will consider the creditworthiness of each counterparty to a privately negotiated derivative in evaluating potential credit risk.

- *Liquidity Risk*. Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

- *Leverage Risk*. Since warrants, options and many derivatives (to the extent utilized) have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the warrant, option or derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Certain Portfolios may be highly leveraged due to their use of financial derivative instruments. Such Portfolios could therefore be subject to the risk that any decrease in the value of the assets to which the Portfolio is exposed under the financial derivative instruments may lead to an accelerated decrease of the net asset value of the Portfolio.

- *Other Risks*. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the portfolio concerned. Derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track. Consequently, a portfolio's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the portfolio's investment objective.

Securities lending Risk. If a Portfolio lends securities, it takes on counterparty risk with respect to the borrower as well as the risk that any collateral from the counterparty may prove insufficient to cover all costs and liabilities incurred.

Repurchase/reverse repurchase agreement Risk. If a Portfolio uses repurchase and reverse repurchase agreements, it takes on counterparty risks such as the counterparty defaulting on its obligations. A default by a counterparty could result in the Portfolio suffering a loss to the extent that the proceeds from the sale of securities are insufficient to replace the cash owed by the counterparty or to the extent that cash received by the Portfolio as part of the transaction is insufficient to replace the securities to be returned by the counterparty.

OTC Derivatives Transaction Risk. In addition to the general risks of derivatives discussed above, transactions in the OTC derivatives markets may involve the following particular risks.

- *Regulatory uncertainty of in derivatives markets.* In general, there are is significant changes uncertainty in the regulatory environment for derivatives. since the "group of twenty" or G-20 met in 2009. The G-20 agreed in 2009 that standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties. They also agreed that OTC derivative contracts should be reported to trade repositories and that non-centrally cleared contracts should be subject to higher capital requirements. Further, they agreed to improve transparency in the derivatives markets, mitigate systemic risk, and protect against market abuse. Consequently, since 2009, many countries have implemented regulatory obligations that impact a Portfolio's use of derivatives, such as recordkeeping, reporting, portfolio reconciliation, documentation standards and certain margin requirements. Requirements such as these will raise the costs of entering into derivative transactions for a Portfolio, and these increased costs will likely be passed on to a Portfolio. The new regulatory requirements rules also add additional operational and technological burdens on the Fund and the Investment Manager. These compliance obligations require certain training of employees and technology, and there are operational

and legal risks as a Fund and the Investment Manager implements procedures to comply with many of these additional obligations. Certain swap transactions have become (or will become) subject to mandatory trading on exchanges or electronic trading platforms and through central counterparties, which will require the Fund to be subject itself to regulation by these venues and subject a Portfolio to the jurisdiction of such venues. It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive to obtain tailored derivative products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of the new regulations. Overall, new regulations may also render certain strategies in which a Portfolio might otherwise engage impossible or so costly that they will no longer be economical to implement. The impact of new regulations is uncertain, and it is unclear how the derivatives markets will adapt to this new regulatory regime or any additional regulation in the future.

- *Liquidity; requirement to perform*. From time to time, the counterparties with which the Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Fund might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Adviser with the possibility to offset the Fund's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Fund may be required, and must be able, to perform its obligations under the contracts.

- *Necessity for counterparty trading relationships*. As noted above, participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Fund and the Investment Adviser believe that the Fund will be able to establish multiple counterparty business relationships to permit the Fund to effect transactions in the OTC market and other counterparty markets (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Fund's counterparty credit risk, limit its operations and could require the Fund to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to the Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion

Commodity Related Risk. Investing in commodity-linked derivative instruments may subject a portfolio to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Structured Instruments Risk. Structured instruments are potentially more volatile and carry greater market risks than traditional debt instruments. Depending on the structure of the particular structured instrument, changes in a benchmark may be magnified by the terms of the structured instrument and have an even more dramatic and substantial effect upon the value of the structured instrument. The prices of the structured instrument and the benchmark or underlying asset may not move in the same direction or at the same time.

Borrowing Risk. A portfolio may borrow from a bank or other entity in a privately arranged transaction for temporary purposes, which includes for purposes of redeeming Shares, in an amount not exceeding 10% of the value of the Portfolio's total assets. Borrowing creates an opportunity for a portfolio to finance the limited activities described above without the requirement that portfolio securities be liquidated at a time when it would be disadvantageous to do so. Any investment income or gains on, or savings in transaction costs made through the retention of, portfolio securities in excess of the interest paid on and the other costs of the borrowings will cause the net income or Net Asset Value per Share of the Shares to be greater than would otherwise be the case. On the other hand, if the income or gain, if any, on the securities retained fails to cover the interest paid on and the other costs of the borrowing, the net income or Net Asset Value per Share of the Shares will be less than would otherwise be the case.

Taxation Risk. A portfolio may be subject to taxation resulting, for example, from income or realised capital gains attributable to certain portfolio securities. For example, a portfolio may invest in equity securities of U.S. issuers. Dividends on the equity securities of U.S. corporations and certain "dividend equivalent payments" generally will be subject to a 30% U.S. withholding tax. Interest payments on certain debt obligations of U.S. obligors similarly may be subject to a 30% U.S. withholding tax. Distributions on the non-U.S. securities in which the Portfolio invests, including ADRs, EDRs and GDRs, may be subject to taxes withheld by the country of residence of the issuer of the underlying securities. In general, these taxes will be neither refundable nor subject to reduction under an income tax treaty between the country of source and the country of residence of the Fund. No assurance can be given that applicable tax laws and interpretations thereof will not be changed or amended in the future in a manner that will adversely affect the Net Asset Value of the Shares.

Certain Withholding Risk—Identity of Beneficial Ownership and Withholding on Certain Payments. In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the portfolio and/or the Fund generally will be required to timely register with the IRS and agree to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equityholders). Luxembourg has signed a Model 1A (reciprocal) inter-governmental agreement with the United States (the "US IGA") to give effect to the foregoing withholding and reporting rules. So long as the Fund complies with the US IGA and the Luxembourg enabling legislation, the Investment Manager anticipates that the Fund will not be subject to the related U.S. withholding tax.

A non-U.S. investor in the Fund will generally be required to provide to the Fund (or in certain cases, a distributor, intermediary or certain other entities through which a non-U.S. investor invests (each, an "Intermediary")) information which identifies its direct and indirect U.S. ownership. Under the US IGA, any such information provided to the Fund and certain financial information related to such investor's investment in the Fund will be shared with the Luxembourg Minister of Finance or its delegate (the "Luxembourg MOF"). The Luxembourg MOF will provide the information reported to it with the IRS annually on an automatic basis. A non-U.S. investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the IRC will generally be required to timely register with the IRS, and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Fund (or, if applicable, an Intermediary) or timely register and agree to identify, and report information with respect to, such account holders (as applicable) may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund, and the Fund may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding, subject to applicable laws and regulations and provided that the Management Company acts in good faith and on reasonable grounds. Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Fund.

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that:

(i) the Fund (or its agent or an Intermediary) may be required to disclose to the Luxembourg MOF certain confidential information in relation to the investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;

(ii) the Luxembourg MOF may provide information as outlined above with the IRS, the Luxembourg Minister of Finance and other foreign fiscal authorities;

(iii) the Fund (or its agent or an Intermediary) may disclose to the IRS, the Luxembourg Minister of Finance and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;

(iv) the Fund or an Intermediary may require the investor to provide additional information and/or documentation which the Fund or an Intermediary may be required to disclose to the Luxembourg MOF;

(v) in the event an investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements, the Fund reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, action to ensure that any withholding imposed in respect of such investor's Shares or redemption proceeds is economically borne by such investor and compulsory redemption of the investor concerned; and

(vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with FATCA, any of the US IGA or any future IGAs, or any of the relevant underlying legislation and regulations.

Sustainability risks. Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Consequent impacts to the occurrence of sustainability risk can be many and varied according to a specific risk, region or asset class. Generally, when sustainability risk occurs for an asset, there will be a negative impact and potentially a loss of its value and therefore an impact on the net asset value of the concerned Portfolio.

Equity Securities Risks

Equity Securities Risk. The value of underlying equity investments of a portfolio may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions and changes in currency exchange rates. The value of a portfolio's investments may decline over short- or long-term periods.

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without

limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of a portfolio's shares.

Equity Securities Risks

Equity Securities Risk. The value of underlying equity investments of a portfolio may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions and changes in currency exchange rates. The value of a portfolio's investments may decline over short- or long-term periods.

Debt Securities Risks

Fixed-Income Securities Risk—General. The Net Asset Value of a portfolio invested in fixed-income securities will change in response to fluctuations in interest rates and currency exchange rates, as well as changes in credit quality of the issuer. Some portfolios may invest in high yielding fixed-income securities where the risk of depreciation and realisation of capital losses on some of the fixed- income securities held will be unavoidable. In addition, medium- and lower-rated and unrated fixed-income securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated fixed-income securities.

Fixed-Income Securities Risk—Interest Rates. The value of a portfolio's Shares will fluctuate with the value of its investments. The value of a portfolio's investments in fixed-income securities will change as the general level of interest rates fluctuates. During periods of falling interest rates, the values of fixed-income securities generally rise, although if falling interest rates are viewed as a precursor to a recession, the values of a portfolio's securities may fall along with interest rates. Conversely, during periods of rising interest rates, the values of fixed-income securities generally decline. Changes in interest rates have a greater effect on fixed-income securities with longer maturities and durations than those with shorter maturities and durations.

Contingent convertible bonds (CoCos) risk. CoCos are comparatively untested, their income payments may be cancelled or suspended, they are more vulnerable to losses than equities, they carry extension risk and liquidity risk and they can be highly volatile.

CoCos are a form of contingent securities primarily issued by global financial institutions as an efficient means of raising capital. Cocos may be issued as Additional Tier 1 securities, as a perpetual instrument, with discretionary coupons (AT1 CoCos), or as Tier 2 instruments with a stated maturity and with fixed coupons (T2 CoCos). CoCos are usually subordinated and behave like debt securities in normal circumstances but either convert to equity securities and/or have a write-down (either full or partial) on the occurrence of a particular trigger event.

CoCos may be exposed to further risks depending on their features and structure:

Call extension.

AT1 CoCos are a form of permanent capital for the issuing financial institution callable at pre-defined levels only with the approval of the issuer's regulatory supervisor. Therefore, it cannot be assumed that AT1 CoCos (which are otherwise perpetual) will be called on the call date. For this and other reasons, there is no guarantee that a Portfolio will receive return of principal paid for these types of CoCos.

Capital structure inversion.

CoCos are typically subordinated to traditional convertible bonds in the issuer's capital structure. In certain scenarios, investors in CoCos may suffer a loss of capital when the issuer's equity holders suffer little or loss of capital.

Conversions.

Whereas traditional convertible bonds are convertible at the option of the investor and the investor of such bonds will generally convert when the issuer's share price is higher than the strike price, CoCos do not convert at the option of the investor; instead, CoCos tend to convert when the issuer is in crisis. Additionally, CoCos may be convertible at the discretion of regulatory bodies or mandatorily upon the occurrence of a particular trigger event. CoCos may experience a sudden drop in value should a pre-defined trigger be breached. Any conversion on such trigger event may occur when the share price of the issuer's equity is less than when the CoCo was issued or purchased. In case of conversion to the issuer's equity securities, the Investment Manager might have to sell some or all of these equities in order to ensure compliance with the investment policy of a relevant Portfolio.

Coupon cancellation.

While CoCos (both AT1 and T2) are subject to conversion and write-down when the issuing financial institution reaches the trigger level, for AT1 CoCos there is an additional source of risk for the investor in the form of coupon cancellation in a going concern situation. Coupon payments on AT1 CoCos are entirely discretionary and may be cancelled or postponed by the issuer at any point, for any reason and for any length of time. The cancellation of coupon payments on AT1 CoCos does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. This significantly increases

uncertainty in the valuation of AT1 CoCos and may lead to mispricing of risk. In addition, among other things, investors in AT1 CoCos may see their coupons cancelled or postponed while the issuer continues to pay dividends on its common equity and/or coupons on other debt higher in the issuer's capital structure.

Financial sector concentration.

CoCos are primarily issued by global financial institutions, in particular banks, subject to the supervision of a wide array of national and potentially supranational regulatory bodies. These global financial institutions may be adversely affected by market events and could be forced into restructurings, mergers with other financial institutions, full or partial nationalisation, be subject to government intervention or become bankrupt or insolvent. Each of these events may affect securities issued by any such financial institution, especially CoCos and result in the disruption or complete cancellation of payments to investors, conversion of debt and/or loss of capital.

Liquidity.

CoCos are a relatively new instrument and are only issued by a limited number of financial institutions. Additionally, as CoCos are an innovative instrument, the secondary market for CoCos is limited to investors with sufficient knowledge and experience to invest in CoCos. As such, the market prices and overall liquidity of CoCos is subject to change which may result in a loss of value of CoCos as well as a Portfolio's inability to sell CoCos within a reasonable time.

Trigger events.

CoCos may convert following a trigger event. Trigger events leading to conversion are disclosed in the Prospectus or other offering document relating to each CoCo issuance. Trigger events may be of various types, such as mechanical (for example, based on the issuer's regulatory capital ratios) or subject to a regulatory supervisor's discretionary determination. For example, a trigger event may occur if a banking regulator determines that a particular CoCo issuer is no longer viable — that is, the bonds are "bail-in-able" at the "point of nonviability" (PONV). Trigger Events may differ among individual CoCos and the same or different issuers. Therefore, the actual occurrence of a trigger event based on an issuer's regulatory capital ratios, for example, is a function of the distance at any time between such ratios and a CoCo's pre-defined trigger. For this reason, the Investment Manager, on behalf of the relevant Portfolio investing in CoCos, needs to understand and monitor the amount of regulatory capital the issuer has in place relative to the trigger. Due to these and other uncertainties, it may be difficult for the Investment Manager to assess at any time whether a trigger event will occur and what exactly such trigger event will entail, including how a particular CoCo will behave on conversion.

Unknown/Innovation.

CoCos are innovative and not completely tested in various market scenarios including times of crisis for the financial credit sector. In a stressed environment, when the underlying features of CoCos will be put to the test, it is uncertain how they will perform. Initially, singular or isolated conversions of CoCos upon trigger events may result in volatility to the asset class as a whole, leading to downward pressures on prices, valuation issues and illiquidity.

Write-downs.

Some or all of the principal amount of a CoCo may be written down as a loss-absorbing measure by the issuer.

Yields/valuations.

Attractive yields have led to the growth of the CoCo market since its inception, which may be viewed as a complexity premium. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, CoCos tend to compare favorably from a yield standpoint. Yet it remains unclear whether investors have fully considered the underlying risks associated with CoCos, such as the risk of conversion upon trigger events, or, for AT1 CoCos, coupon cancellation.

Unless otherwise stated in the Portfolio Details of a Portfolio in Section I, a Portfolio is prohibited to invest more than 5% of its net assets in this type of instruments.

Fixed-Income Securities Risk—Lower-Rated and Unrated Instruments. A portfolio's assets may be invested, in whole or in part, in high yield, high risk debt securities that are rated in the lower rating categories (*i.e.*, below Investment Grade) or which are unrated but are of comparable quality as determined by the Investment Manager. Debt securities rated below Investment Grade are commonly referred to as "junk bonds" and are considered to be subject to greater risk of loss of principal and interest than higher-rated securities and are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, which may in any case decline during sustained periods of deteriorating economic conditions or rising interest rates. Lower-rated securities generally are considered to be subject to greater market risk than higher-rated securities in times of deteriorating economic conditions. In addition, lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than Investment Grade securities, although the market values of lower-rated securities tend to react less to fluctuations in interest rate levels than do those of higher-rated securities. The market for lower-rated securities may be thinner and less active than that for higher-quality securities, which can adversely affect the prices at which these securities can be

sold. To the extent that there is no regular secondary market trading for certain lower-rated securities, the Investment Manager may experience difficulty in valuing such securities and, in turn, a portfolio's assets. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may tend to decrease the market value and liquidity of such lower-rated securities. Transaction costs with respect to lower-rated securities may be higher, and in some cases information may be less available, than is the case with Investment Grade securities.

Since the risk of default is higher for lower-rated securities, the Investment Manager's research and credit analysis are a correspondingly important aspect of its program for managing a portfolio's securities. In considering investments for a portfolio, the Investment Manager will attempt to identify those high-yielding securities the financial condition of which is adequate to meet future obligations or has improved, or is expected to improve in the future. The Investment Manager's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects, and the experience and managerial strength of the issuer.

Unless otherwise stated in the relevant Portfolio Details, a Portfolio may hold or be exposed to unrated bonds and money market instruments. Such securities will be considered for investment by a portfolio when the Investment Manager believes that the financial condition of the issuers of such securities, or the protection afforded by the terms of the securities themselves, limits the risk to the portfolio to a degree comparable to that of rated securities which are consistent with the portfolio's objectives and policies.

For the avoidance of doubt, the Investment Manager does not rely solely or mechanistically on credit ratings issued by credit agencies when evaluating the credit worthiness of a security or issuer or when making an investment decision.

In seeking to achieve a portfolio's primary objective, there will be times, such as during periods of rising interest rates, when depreciation and realisation of capital losses on securities in the portfolio will be unavoidable. Moreover, medium- and lower-rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated securities under certain market conditions. Such fluctuations after a security is acquired do not affect the cash income received from that security but are reflected in the Net Asset Value of a portfolio.

Distressed Securities. Certain securities may become distressed when the issuer of such securities enters into default or is in high risk of default or meets certain price and credit spread thresholds[2]. An issuer of securities may experience a risk of default for a number of reasons, including weak financial condition, poor operating results, substantial capital needs, negative cash flow or net worth, and changes in market or competitive conditions which adversely affect the issuer’s business, among other factors. A portfolio may invest in distressed securities where the Investment Manager believes that the market valuation of such securities is below their fair value. While higher in risk, distressed securities generally offer a correspondingly greater potential for higher returns. Distressed securities may be difficult to value due to legal and market uncertainties, and the level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is high. Accordingly, there can be no assurance that investments in such securities will generate returns to compensate Shareholders adequately for the risks assumed and without experiencing a loss. Distressed securities may also be affected by laws concerning issuer reorganization, bankruptcy, and creditor and shareholder rights, and such laws may vary considerably in various jurisdictions, leading to uncertainty as to the enforceability of claims by investors and lenders and delay in the recoupment of an investment.

Fixed-Income Securities Risk—Prepayment. Many fixed-income securities, especially those issued at high interest rates, provide that the issuer may repay them early. Issuers often exercise this right when interest rates decline. Accordingly, holders of securities that may be called or prepaid may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, in such a scenario a portfolio may reinvest the proceeds of the payoff at then-current yields, which would be lower than those paid by the security that was paid off. Prepayments may cause losses on securities purchased at a premium, and unscheduled prepayments, which will be made at par, will cause a portfolio to experience a loss equal to any unamortized premium.

Credit Risk—Sovereign Debt Obligations. By investing in debt obligations of governmental entities, a portfolio will be exposed to the direct or indirect consequences of political, social and economic changes in various countries. Political changes in a particular country may affect the willingness of a particular government to make or provide for timely payments of its debt obligations. The country's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the government's ability to honour its obligations.

The ability of governments to make timely payments on their debt obligations is likely to be influenced strongly by the issuer's balance of payments, including export performance, and its access to international credits and investments. To the extent that a particular country receives payment for its exports in currencies other than the currency of the portfolio, such country's ability to make debt payments denominated in the currency of the portfolio could be adversely affected. To the extent that a particular country develops a trade deficit, such country will need to depend on continuing loans from foreign governments, supranational entities or private commercial banks, aid payments from foreign governments and on inflows of foreign investment. The access of a particular country to these forms of external funding may not be certain, and a

[2] all information in “Portfolio Descriptions” labelled “ with respect to any ratings, or in the context of distressed securities, should be read as “at time of purchase” unless specified otherwise.

withdrawal of external funding could adversely affect the capacity of such country to make payments on its debt obligations. In addition, the cost of servicing debt obligations can be affected by a change in global interest rates since the majority of these debt obligations carry interest rates that are adjusted periodically based upon global rates.

A portfolio may invest in debt obligations of governmental entities and supranational entities, for which a limited or no established secondary markets may exist. Reduced secondary market liquidity may have an adverse effect on the market price and a portfolio's ability to dispose of particular instruments when necessary to meet its liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for such debt obligations may also make it more difficult for a portfolio to obtain accurate market quotations for the purpose of valuing its portfolio. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

A portfolio may have limited legal recourse in the event of a default with respect to certain sovereign debt obligations it holds. For example, remedies from defaults on certain debt obligations of governmental entities, unlike those on private debt, must, in some cases, be pursued in the courts of the defaulting party itself. Legal recourse therefore may be significantly diminished. Bankruptcy, moratorium and other similar laws applicable to issuers of sovereign debt obligations may be substantially different from those applicable to issuers of private debt obligations. The political context, expressed as the willingness of an issuer of sovereign debt obligations to meet the terms of the debt obligation, for example, is of considerable importance. In addition, no assurance can be given that the holders of commercial bank debt will not contest payments to the holders of securities issued by foreign governments in the event of default under commercial bank loan agreements.

In addition, a portfolio's investment in debt obligations of supranational entities is subject to the additional risk that one or more member governments may fail to make required capital contributions to a particular supranational entity and, as a result, such supranational entity may be unable to meet its obligations with respect to its debt obligations held by the portfolio.

Credit Risk—Corporate Debt Obligations. By investing in debt obligations issued by companies and other entities, a portfolio will be subject to the risk that a particular issuer may not fulfil its payment or other obligations in respect of such debt obligations. Additionally, an issuer may experience an adverse change in its financial condition which may in turn result in a decrease in the credit rating assigned by an IRSO to such issuer and its debt obligations, possibly below Investment Grade. Such adverse change in financial condition or decrease in credit rating(s) may result in increased volatility in the price of an issuer's debt obligations and negatively affect liquidity, making any such debt obligation more difficult to sell.

Systematic/Quantitative Model Risk. Proprietary quantitative models may be used for the purposes of selection, weighting and allocation of assets in certain Portfolios. The research and modelling process is complex and may contain design flaws or erroneous assumptions. The model may not work as intended and may not enable a Portfolio to achieve its investment objective. It is possible that the design of the model may not result in the selection of the best performing assets. In addition, certain models may be constructed using data from external data providers, and these inputs may be incorrect or incomplete, thus potentially limiting the effectiveness of the models. In extremely volatile or illiquid market conditions it may be difficult to implement recommendations generated by the model. Finally, the Investment Manager may change, enhance and update its models and its usage of existing models at its discretion.

Sector Risks

Real Estate Industry Risk. Although no portfolio may invest directly in real estate, it may invest in Real Estate Equity Securities. Therefore, an investment in such a portfolio is subject to certain risks associated with the direct ownership of real estate and with the real estate industry in general. These risks include, among others: possible declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; uninsured damages from floods, earthquakes or other natural disasters; limitations on and variations in rents; and changes in interest rates. To the extent that assets underlying such a portfolio’s investments are concentrated geographically, by property type or in certain other respects, a portfolio may be subject to certain of the foregoing risks to a greater extent. Investments by the Portfolio in securities of companies providing mortgage servicing will be subject to the risks associated with refinancings and their impact on servicing rights.

REITs Risk. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of any credit extended. REITs are dependent upon management skills, are not diversified, are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs are also subject to the possibilities of failing to qualify for tax free pass-through of income under the Code and failing to maintain their exemptions from registration under the Investment Company Act.

REITs (especially mortgage REITs) are also subject to interest rate risks. When interest rates decline, the value of a REIT’s investment in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT’s investment in fixed rate obligations can be expected to decline. In contrast, as interest rates on adjustable rate mortgage loans are reset periodically, yields

on a REIT's investments in such loans will gradually align themselves to reflect changes in market interest rates, causing the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations.

Investing in REITs may involve risks similar to those associated with investing in small capitalization companies. REITs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Historically, small capitalization stocks, such as REITs, have been more volatile in price than the larger capitalization stocks included in the S&P Index of 500 Common Stocks.

Risk Management

The Management Company will employ, or will ensure that the Investment Manager will employ, a risk management process with respect to the Fund that enables the Management Company to monitor and measure at any time the risk of the positions in the portfolios and their contribution to the overall risk profile of the portfolios.

In relation to financial derivative instruments, the risk management process is designed to ensure accurate and independent assessment of the value of OTC derivatives and to ensure that each portfolio's global risk exposure relating to financial derivative instruments does not exceed the limits specified in the prospectus, the Law of 2010 and the relevant circulars of the Luxembourg *Commission de Surveillance du Secteur Financier*.

The global risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time necessary to liquidate the positions.

Each portfolio also may invest according to its investment objectives and policies and within the limitations contained in "Investment Restrictions" in Appendix A in financial derivative instruments. When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with such limitations.

Special Considerations

No Payment of Additional Taxes or Assessments. Each Shareholder will assume and be responsible to the proper governmental or regulatory authority for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessments or charges that may be applicable to any payment in respect of the Shares made by the Fund or the Administrator. Neither the Fund nor the Administrator will pay any additional amounts to Shareholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments on the Shares by the Fund or the Administrator. Neither the Fund nor the Administrator will be responsible for the payment of any additional amount of withholding tax which may become payable due to an increase in any applicable withholding tax rates.

Conflicts of Interest. Potential investors should also be aware that the Fund is subject to a number of actual and potential conflicts of interest involving the AB Group. While conflicts of interest are inherent to the relationships among the AB Group, merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the Fund. The Investment Manager will, in such event, have regard to its obligations under the Investment Management Agreement and, in particular, to its obligations to act in the best interests of the Fund, so far as practicable having regard to its obligations to other clients, when undertaking any investments where potential conflicts of interest may arise. Should a conflict of interest arise, the Investment Manager will endeavour to ensure that it is resolved fairly. Without limitation, these conflicts may include the following:

- *Other Funds*. An Interested Party may make investments for other clients without making the same available to the Fund. In the event any investment is made in funds already managed or advised by the Investment Manager, they will be effected only on terms which either avoid or make appropriate provision for double charging of investment management or advisory fees. To the extent that the Investment Manager deems it advisable to seek investments for the Fund and for its other client accounts in the same security at the same time, the Fund may not be able to acquire as large an allocation of such security as it desires, or it may have to pay a higher price or obtain a lower yield for such security. Allocation will be made in a manner deemed equitable by the Investment Manager, taking into account size of account, amount purchased or sold and any other factor it may deem relevant.

  The Management Company Agreement does not impose any specific obligations or requirements concerning the allocation of investment opportunities, time, or effort to the Fund, or any restrictions on the nature or timing of investments for the account of the Fund or for other accounts which AB or its affiliates may manage (other than any restrictions and requirements discussed herein). Accordingly, the Investment Manager is not obligated to devote any specific amount of time to the affairs of the Fund and is not required to accord exclusivity or priority to the Fund in the event of limited investment opportunities, provided that the Trading Advisor will act in a manner that it considers fair and reasonable in allocating investment opportunities.

- *Services to Other Clients*. An Interested Party may enter into financial, banking, currency, advisory (including corporate finance advice) or other transactions on an arm's-length basis with the Fund or any company in the investment portfolio of the Fund for which it may receive and retain fees.

- *Board of Directors*. The Directors of the Fund spend substantial time and attention on other business activities for other clients and management of other investment vehicles and may act for or manage other clients with overlapping investment objectives with those of the Fund.

- *Cross Trades*. To the extent permitted by applicable law, an Interested Party may engage in cross trades of securities between its clients, as well cross trades between its clients and brokerage clients of its affiliates for whom the Investment Manager does not provide asset management services. In the event that the Investment Manager effects a cross trade to which the Fund is a party, the Investment Manager will act on behalf of both the Fund and the other party to the cross trade, and thus may have a potentially conflicting division of loyalty to such parties. In order to address such potentially conflicting divisions of loyalty, the Investment Manager has established policies and procedures with respect to cross trades so that neither party to a cross trade is unfairly advantaged or disadvantaged relative to the other party. All cross trades will be executed on an agency basis at the current fair market value and otherwise consistent with the Investment Manager's fiduciary obligations. None of the foregoing activities should interfere substantially with the commitment of time necessary for the Investment Manager or its principals to perform their responsibilities to the Fund.

- *Sales to and from the Fund*. An Interested Party may sell or purchase investments to or from the Fund, provided that (i) the sale or purchase is effected on an official stock exchange or other organized market where the purchaser or vendor is undisclosed at the time of the sale or purchase or in other circumstances where the vendor and purchaser are not identified to each other; or (ii) the terms and conditions of any such sale or purchase are effected on an arm's-length basis and approved by the Board before such sale or purchase is effected.

- *Transactions with Affiliated Broker/Dealers*. The Investment Manager may, in the normal course of business, utilize the brokerage services of affiliated broker/dealers including, but not limited to, Sanford C. Bernstein & Co., LLC and Sanford C. Bernstein Limited subject to the Investment Manager's obligation to execute transactions on behalf of the Fund consisted with best execution standards.

- *Soft-Dollar Arrangements*. Although currently the Management Company does not receive or enter into soft-dollar commissions/arrangements, the Investment Manager does receive and has entered into soft-dollar commissions/arrangements with brokers relating to portfolios of the Fund that invest in equity securities, in respect of which certain goods and services used to support the investment decision making process were received. The soft commission arrangements were entered into on the basis that the execution of transactions on behalf of the Fund will be consistent with best execution standards and brokerage rates will not be in excess of customary institutional full-service brokerage rates. Additionally, due to the nature of the investment strategy of certain Portfolios, all costs associated with soft commission arrangements may be "unbundled," if required by applicable law, and borne by the Investment Manager or an Interested Party. The goods and services received include specialist industry, company and consumer research, portfolio and market analysis and computer software used for the delivery of such services. The nature of the goods and services received is such that the benefits provided under the arrangement must be those which assist in the provision of investment services to the Fund and may contribute to an improvement in the Fund's performance. For the avoidance of doubt, such goods and services do not include travel, accommodations, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments. Disclosure of soft commission arrangements will be made in the periodic reports of the Fund.

- *Research*. The principal portfolio themes for the Fund may take into account forecast information provided by equity, credit, quantitative, economic, and structured asset fixed-income research analysts employed by an Interested Party and other research firms. Accordingly, estimates of earnings and dividends related to investments of the Fund may differ from estimates of the Interested Party's institutional research analysts. Further, the Investment Manager's buy-sell actions for the Fund may differ from those recommended by the Interested Party's institutional research analysts.

- *No Independent Legal Counsel*. The Fund is represented by Dechert LLP with respect to U.S. law. The Fund is represented by Elvinger Hoss Prussen, société anonyme with respect to Luxembourg law. Dechert LLP and Elvinger Hoss Prussen, société anonyme have been selected to act as independent legal counsel to the Interested Parties and the Fund, as applicable, by the AB Group. Dechert LLP and Elvinger Hoss Prussen, société anonyme each also acts as legal counsel to certain other investment funds, accounts, and vehicles managed by the AB Group and its affiliates. Conflicts could arise due to these multiple legal representations. Prospective and existing investors in the Fund have not been, and will not be, represented by Dechert LLP or Elvinger Hoss Prussen, société anonyme and are encouraged to seek the advice of their own legal counsel in evaluating the merits and risks of this offering and the operations of the Fund.

- **Certain Legal and Regulatory Risks**. The legal, tax and regulatory environment worldwide for investment funds (such as the Fund) and their managers is evolving, and changes in the regulation of investment funds, their managers, and their trading and investment activities may have an adverse effect on the ability of the Fund to pursue its investment program and on the value of investments held by the Fund. There has been an increase in scrutiny of the investment industry by governmental agencies and self-regulatory organizations in multiple jurisdictions in which the Fund operates.

Management and Administration

Board of Directors of the Fund

The Directors of the Fund are:

Bertrand Reimmel, *Administrateur Délégué* of the Fund and Managing Director and Senior Vice President, AllianceBernstein (Luxembourg) S.à r.l., 2-4, rue Eugène Ruppert L-2453, Luxembourg;

Silvio D. Cruz, *Administrateur Délégué* of the Fund, Senior Vice President and Managing Director, AllianceBernstein L.P., One Nashville Place, 150 Fourth Avenue, 21st Floor, Nashville TN 37219, U.S.A.;

Vincent Noto, Non-Executive Director, 7 Peters Ln.,Verona NJ 07044, U.S.A.;

Stuart Corrigall, Executive Director and Vice President, AllianceBernstein Limited, 60 London Wall, London EC2M 5SJ, United Kingdom;

Olivia Moessner, *Avocat*, Independent Non-Executive Director, Elvinger Hoss Prussen, *société anonyme*, 2, Place Winston Churchill, B.P. 425, L-2014 Luxembourg; and

Susanne van Dootingh, Independent Director, Poenaardlaan 17, 3090 Overijse, Belgium.

The Directors of the Fund serve until the end of their term, resignation, or revocation, in accordance with the Articles. Any additional directors will be appointed in accordance with the Articles and Luxembourg law. Directors who are not employees of any AB Group entity are entitled to receive compensation for their service on the Board. Such compensation is approved at the Annual General Meeting of Shareholders and will be prorated in cases where a Director does not meet the conditions to receive compensation for the full year. All Directors are entitled to the reimbursement for expenses incurred in connection with their duties as directors.

The Management Company

The Board has appointed AllianceBernstein (Luxembourg) S.à r.l. as the Management Company of the Fund to be responsible on a day-to-day basis, under supervision of the Board, for providing administration, marketing, investment management and advisory services in respect of all portfolios.

AllianceBernstein (Luxembourg) S.à r.l. (formerly AllianceBernstein (Luxembourg) S.A.), the principal Shareholder of which is AllianceBernstein Holdings Limited, a wholly owned subsidiary of the Investment Manager, was organized as a *société anonyme* under the laws of the Grand Duchy of Luxembourg by notarial deed dated 31 July 1990, and published in the *Mémorial* on 9 November 1990. It has been incorporated for an undetermined period and its registered and principal office is at 2-4, rue Eugène Ruppert L-2453, Luxembourg. Effective as of April 11th, 2011, AllianceBernstein (Luxembourg) S.A. has changed its corporate form from a “société anonyme” (public limited company) to a “société à responsabilité limitée” (private limited company). It therefore changed its name from AllianceBernstein (Luxembourg) S.A. to AllianceBernstein (Luxembourg) S.à r.l. It constitutes the same legal entity and will continue to operate as a UCITS-compliant Management Company subject to the supervision of the Commission de Surveillance du Secteur Financier, the Luxembourg financial supervisory authority. Its articles of incorporation were amended for the last time on 1 February 2019. It is registered with the *Registre de Commerce et des Sociétés* in Luxembourg under No. B 34.405. The issued capital of the Management Company is €16,300,000, divided into 163,000 registered shares with no par value, all of which are fully paid. The Management Company is (i) a management company authorized under chapter 15 of the Law of 2010 and (ii) an alternative investment fund manager in Luxembourg authorized under chapter 2 of the law of 12 July 2013 on alternative investment fund managers.

In respect of all portfolios, the Management Company has delegated its investment management and advisory functions to AllianceBernstein L.P.

The Management Company has delegated the administration functions to Brown Brothers Harriman (Luxembourg) S.C.A.

The Management Company shall also ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Fund's strategies and investment policies.

The object of the Management Company is the creation and management of collective investment undertakings on behalf of their respective Shareholders.

The Management Company can delegate to qualified third parties certain functions, including portfolio management, administration and marketing, subject to the applicable laws and regulations, and provided that the Management Company retains the responsibility and oversight over such delegates.

The Management Company may also be appointed to act as management company for other investment funds, the list of which will be available, upon request, at the registered office of the Fund and the Management Company.

In relation to central administration functions, the Management Company retains the registrar and transfer agency functions (as described in the “Registrar and Transfer Agent” section) and the client communication functions and delegates the calculation of the Net Asset Value of the Shares and the maintenance of accounting records to the Administrator (as described in the “Administrator” section).

Remuneration Policy. The Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the

Management Company or the Fund, that:

- are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Fund or with its Articles;
- are in line with the business strategy, objective values and interests of the Management Company and the Fund and of the shareholders of the Fund, and includes measures to avoid conflict of interest;
- include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the shareholders of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period; and
- fixed and variable components of total remuneration are appropriately balanced and the fixed components represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

In particular, based on established remuneration policies, no employee of the Management Company is paid based on the investment performance of the Fund. Moreover, variable remuneration of employees is based on function-specific objectives and company-wide performance criteria and it does not usually exceed 40% of the total compensation.

In accordance with ESMA Guidelines on sound remuneration policies under the UCITS directive and AIFMD, the Management Company has not established a remuneration committee separated from the remuneration committee established at the AB Group level.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, are available at www.alliancebernstein.com/go/renumeration_policy. A paper copy is available free of charge upon request at the Management Company's registered office.

The managers of the Management Company are:

Silvio D. Cruz, Senior Vice President and Managing Director, AllianceBernstein L.P., 501 Commerce Street, Nashville, TN 37203 U.S.A.;

Bertrand Reimmel, Managing Director and Senior Vice President, AllianceBernstein (Luxembourg) S.à r.l., 2-4, rue Eugène Ruppert, L-2453 Luxembourg;

Steven M. Eisenberg, Senior Vice President and Senior Managing Director, AllianceBernstein L.P., 66 Hudson Boulevard E, New York, New York 10101, U.S.A.;

John Schiavetta, Senior Vice President, Chief Risk Officer, AllianceBernstein L.P., 501 Commerce Street, Nashville, TN 37203 U.S.A.;

Carolyn Buccerone, Senior Vice President and Associate General Counsel, AllianceBernstein L.P., One Nashville Place, 150 Fourth Avenue, 21st Floor, Nashville TN 37219, U.S.A.

Investment Management

AllianceBernstein L.P., a Delaware limited partnership with principal offices at 501 Commerce Street, Nashville TN 37203, U.S.A., a leading global investment manager providing diversified services to institutions and individuals through a broad line of investments, has been appointed as the investment manager for the Fund pursuant to the terms of an Investment Management Agreement. The Investment Management Agreement may be terminated by the Management Company or by the Investment Manager upon sixty days' written notice to the other.

The Investment Manager is registered with the U.S. Securities and Exchange Commission (the "SEC") as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended. Additional information about the Investment Manager is available on the SEC's website at www.adviserinfo.sec.gov. Registration with the SEC or with any U.S. state securities authority does not imply a certain level of skill or training.

In providing discretionary investment management services to the Fund, the Investment Manager may sub-delegate some of its investment management services to one or more of its wholly owned subsidiaries (the "Affiliated Sub-Investment Managers"). The Affiliated Sub-Investment Managers may, under the Investment Manager's responsibility and oversight, take investment decisions on a discretionary basis as well as acquire and dispose of securities and assets of the Portfolios to which they provide such sub-delegated services. All Affiliated Sub-Investment Managers are authorised, registered, or approved to provide investment management services and are subject to prudential supervision by their supervisory authority.

The Affiliated Sub-Investment Manager involved in the management of the Fund is:

- **AllianceBernstein Limited**, whose principal office is situated at 60 London Wall, London EC2M 5SJ, United Kingdom

Further details on the Affiliated Sub-Investment Managers involved in the management of the Fund, including the portfolios of the Fund in scope are provided on www.alliancebernstein.com/go/Sub-Inv-Manager-Affiliates.

The Investment Manager and the Affiliated Sub-Investment Managers provide their investment managements services (i) under the supervision of the Management Company, (ii) in accordance with instructions received from and investment allocation criteria laid down by the Management Company from time to time, and (iii) in compliance with the

stated investment objectives and restrictions of the relevant Portfolios.

Administrator

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed as the administrator of the Fund pursuant to the terms of the Administration Agreement. In such capacity it is responsible for the general administrative functions of the Fund required by Luxembourg law, such as the calculation of the Net Asset Value of the Shares and the maintenance of accounting records. Brown Brothers Harriman (Luxembourg) S.C.A. also acts as paying agent of the Fund. Either the Administrator or the Management Company may terminate the Administrator's appointment at any time on giving ninety days' written notice.

Depositary

Brown Brothers Harriman (Luxembourg) S.C.A. (the "Depositary") has been appointed as depositary of the Fund for (i) the safekeeping of the assets of the Fund (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as agreed from time to time and reflected in the Depositary Agreement.

The Depositary is a credit institution established in Luxembourg, whose registered office is situated at 80, route d'Esch, L-1470 Luxembourg, and which is registered with the Luxembourg register of commerce and companies under number B29923. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended.

Duties of the Depositary. The Depositary is entrusted with the safekeeping of the Fund's assets. For the financial instruments which can be held in custody, they may be held either directly by the Depositary or, to the extent permitted by applicable laws and regulations, through every third-party custodian/sub-custodian providing, in principle, the same guarantees as the Depositary itself, i.e. for Luxembourg institutions to be a credit institution within the meaning of the law of 5 April 1993 on the financial sector or for foreign institutions, to be a financial institution subject to the rules of prudential supervision considered as equivalent to those provided by EU legislation. The Depositary also ensures that the Fund's cash flows are properly monitored, and in particular that the subscription monies have been received and all cash of the Fund has been booked in the cash account in the name of (i) the Fund, (ii) the Management Company on behalf of the Fund or (iii) the Depositary on behalf of the Fund.

In addition, the Depositary shall also ensure:

(i) that the sale, issue, repurchase, redemption and cancellation of the Shares of the Fund are carried out in accordance with Luxembourg law and the Articles;

(ii) that the value of the Shares of the Fund is calculated in accordance with Luxembourg law and the Articles;

(iii) to carry out the instructions of the Fund and the Management Company acting on behalf of the Fund, unless they conflict with Luxembourg law or the Articles;

(iv) that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits;

(v) that the Fund's incomes are applied in accordance with Luxembourg law and the Articles.

The Depositary regularly provides the Fund and its Management Company with a complete inventory of all assets of the Fund.

Delegation of functions. Pursuant to the provisions of Article 34bis of the Law of 2010 and of the Depositary Agreement, the Depositary may, subject to certain conditions and in order to more efficiently conduct its duties, delegate part or all of its safekeeping duties over the Fund's assets set out in Article 34(3) of the Law of 2010, including but not limited to holding assets in custody or, where assets are of such a nature that they cannot be held in custody, verification of the ownership of those assets as well as record-keeping for those assets, to one or more third-party delegates appointed by the Depositary from time to time (the "Correspondents").

In relation to the Correspondents, the Depositary has a process in place designed to select high quality third-party provider(s) in each market. The Depositary shall exercise due care and diligence in choosing and appointing each Correspondent so as to ensure that each Correspondent has and maintains the required expertise and competence. The Depositary shall also periodically assess whether Correspondents fulfill applicable legal and regulatory requirements and shall exercise ongoing supervision over each Correspondent to ensure that the obligations of the Correspondents continue to be appropriately discharged. The fees of any Correspondents appointed by the Depositary shall be paid by the Fund.

The liability of the Depositary shall not be affected by the fact that it has entrusted all or some of the Fund's assets in its safekeeping to such Correspondents.

In the case of a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay, except if such loss results from an external event beyond the Depositary's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Conflicts of interests. In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the Shareholders of the Fund.

The Depositary maintains comprehensive and detailed corporate policies and procedures requiring the Depositary to comply with applicable laws and regulations.

The Depositary has policies and procedures governing the management of conflicts of interest ("CoI"). These policies and procedures address CoIs that may arise through the provision of services to the Fund.

The Depositary's policies require that all material CoIs involving internal or external parties are promptly disclosed, escalated to senior management, registered, mitigated and/or prevented, as appropriate. In the event a conflict of interest may not be avoided, the Depositary shall maintain and operate effective organizational and administrative arrangements in order to take all reasonable steps to properly (i) disclosing conflicts of interest to the Fund and to Shareholders (ii) managing and monitoring such conflicts.

The Depositary ensures that employees are informed, trained and advised of CoI policies and procedures and that duties and responsibilities are segregated appropriately to prevent CoI issues.

Compliance with CoI policies and procedures is supervised and monitored by the Board of Managers as general partner of the Depositary and by the Depositary's Authorized Management, as well as the Depositary's compliance, internal audit and risk management functions.

The Depositary shall take all reasonable steps to identify and mitigate potential CoIs. This includes implementing its CoI policies that are appropriate for the scale, complexity and nature of its business. This policy identifies the circumstances that give rise or may give rise to a CoI and includes the procedures to be followed and measures to be adopted in order to manage CoIs. A CoI register is maintained and monitored by the Depositary.

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Fund, the Management Company and/or other parties. Depositary's affiliates may also be appointed as third-party delegates of the Depositary. Potential conflicts of interest which have been identified between the Depositary and its affiliates may include mainly fraud (unreported irregularities to the competent authorities to avoid bad reputation), legal recourse risk (reluctance or avoidance to take legal steps against the Depositary), selection bias (the choice of the Depositary not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the Depositary's solvency) or single group exposure risk (intragroup investments).

The Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary (or any of its affiliates) acts. For example, the Depositary and/or its affiliates may act as the depositary, custodian and/or administrator of other funds.

The Depositary also acts as administrator pursuant to the terms of the Administration Agreements between the Depositary and the Fund. The Depositary has implemented appropriate segregation of activities between the Depositary and the administration services, including escalation processes and governance. In addition, the depositary function is hierarchically and functionally segregated from the administration services business unit. A potential risk of conflicts of interest may occur in situations where the Correspondents may enter into or have a separate commercial and/or business relationship with the Depositary in parallel to the safekeeping delegation relationship. In the conduct of its business, conflicts of interest may arise between the Depositary and the Correspondent. Where a Correspondent shall have a group link with the Depositary, the Depositary undertakes to identify potential conflicts of interests arising from that link, if any, and to take all reasonable steps to mitigate those conflicts of interest.

The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to any Correspondent. The Depositary will notify the Fund and the Management Company of any such conflict should it so arise.

To the extent that any other potential conflicts of interest exist pertaining to the Depositary, they have been identified, mitigated and addressed in accordance with the Depositary's policies and procedures.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Fund and will treat the Fund and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are based on objective pre-defined criteria and meet the sole interest of the Fund and the Shareholders of the Fund.

Information. Information about the safekeeping functions which have been delegated and the list of the Correspondents are available at https://www.bbh.com/en-us/investor-services/custody-and-fund-services/depositary-and-trustee. This list may be updated from time to time and is available from the Depositary upon written request.

Updated information regarding the description of the Depositary's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation, may be obtained, free of charge and upon written request, from the Depositary.

Miscellaneous. The Depositary or the Management Company may terminate the Depositary Agreement at any time upon ninety (90) calendar days' written notice (or earlier in case of certain breaches of the Depositary Agreement, including the insolvency of any party), provided that the Depositary Agreement shall not be terminated until a replacement depositary is appointed.

Registrar and Transfer Agent

AllianceBernstein Investor Services, a unit of the Management Company, acts as registrar and transfer agent of the Fund. In such capacity, the Transfer Agent is responsible for processing purchases, redemptions, exchanges and transfers of Shares of the Fund.

Distributor

Pursuant to a Distribution Agreement, the Fund has delegated distribution of the Shares on a best efforts basis to the Management Company. Each Distribution Agreement possesses an unlimited duration and may be terminated by either party thereto upon sixty days' notice. The Distributor has contracted with dealers for the distribution of Shares outside the United States.

Taxation

The following summaries do not purport to be complete in all respects and do not constitute investment or tax advice and investors should consult their own professional advisers as to the tax implications under the laws of the countries of their nationality, residence, domicile or incorporation of an investment in the portfolios.

The taxation of income and capital gains of the Fund and Shareholders is subject to the fiscal law and practice of Luxembourg, any jurisdiction in which the Fund makes investments and of the jurisdictions in which Shareholders are resident or otherwise subject to tax. The following general summary of the anticipated tax treatment in Luxembourg, the United States and the United Kingdom does not constitute legal or tax advice and applies only to Shareholders holding Shares as an investment.

Prospective Shareholders should inform themselves of, and where appropriate take advice on, the laws and regulations (such as taxation and exchange controls) applicable to the subscription, purchase, redemption, exchange, holding and realisation of Shares and the receipt of distributions (whether or not on redemption) in the place of their citizenship, residence, domicile or incorporation.

The information below is based on current law and interpretations thereof on the date of this document. No assurance can be given that applicable tax law and interpretations thereof will not be changed in the future. The following tax summary is not a guarantee to any Shareholder of the tax results of investing in the Fund.

Luxembourg Taxation. The following is a general summary of the anticipated tax treatment in Luxembourg.

The Fund. The Fund is subject to Luxembourg law in respect of its tax status. Under legislation and regulations currently prevailing in Luxembourg, each portfolio is subject to an annual tax on their Net Asset Value attributable to the Shares at the annual rate indicated under "Summary Information" in Section I, accrued daily and calculated and payable quarterly. No such tax is applicable in respect of assets invested in Luxembourg undertakings for collective investment which are themselves subject to such tax. Under present law the Fund is not subject to any Luxembourg tax on income or capital gains nor to any estate tax. The Fund may however be subject to taxation, including withholding tax, on income and/or gains in countries where the assets are located (including Luxembourg).

Shareholders. Under current legislation Shareholders for holding Shares of the Fund are not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg except for those, resident or having permanent establishment in Luxembourg.

Automatic Exchange of Information. The Organisation for Economic Co-operation and Development (“OECD”) has developed a Common Reporting Standard (“CRS”) to achieve a comprehensive and multilateral Automatic Exchange Of Information (“AEOI”) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the “Euro-CRS Directive”) was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017, i.e. Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments will apply one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund may require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding an investor and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. The Fund shall communicate any information to the investor according to which (i) the Fund is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will only be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to CRS-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS Law. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors in the Fund may therefore be reported to the Luxembourg and other relevant tax authorities in accordance with applicable rules and regulations.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS Law.

United States Taxation.

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE SHAREHOLDERS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

The Fund has not sought a ruling from the IRS or any other U.S. federal, state or local agency with respect to any of the tax issues affecting the Fund, nor has it obtained an opinion of counsel with respect to any tax issues.

The following is a summary of certain potential U.S. federal tax consequences which may be relevant to prospective shareholders. The discussion contained herein is not a full description of the complex tax rules involved and is based upon existing laws, judicial decisions and administrative regulations, rulings and practices, all of which are subject to change, retroactively as well as prospectively. A decision to invest in the Fund should be based upon an evaluation of the merits of the trading program, and not upon any anticipated U.S. tax benefits.

The U.S. federal tax classification of a non-U.S. entity such as the Fund is not entirely clear. The Fund intends to take the position that each portfolio of the Fund is a separate entity for U.S. federal tax purposes [due to the segregation of a portfolio's assets and liabilities under the laws of Luxembourg. The remainder of the U.S. tax discussion herein assumes that each portfolio will be treated as a separate corporation for U.S. federal tax purposes. The references to "the Fund" below shall be read to apply to each Portfolio, unless otherwise indicated.

U.S. Trade or Business. Section 864(b)(2) of the IRC provides a safe harbor (the "Safe Harbor") applicable to a non-U.S. corporation (other than a dealer in securities) that engages in the U.S. in trading securities (including contracts or options to buy or sell securities) for its own account pursuant to which such non-U.S. corporation will not be deemed to be engaged in a U.S. trade or business. The Safe Harbor also provides that a non-U.S. corporation (other than a dealer in commodities) that engages in the U.S. in trading commodities for its own account is not deemed to be engaged in a U.S. trade or business if "the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place." Pursuant to proposed regulations, a non-U.S. taxpayer (other than a dealer in stocks, securities, commodities or derivatives) that effects transactions in the United States in derivatives (including (i) derivatives based upon stocks, securities, and certain commodities and currencies, and (ii) certain notional principal contracts based upon an interest rate, equity, or certain commodities and currencies) for its own account is not deemed to be engaged in a United States trade or business. Although the proposed regulations are not final, the IRS has indicated in the preamble to the proposed regulations that for periods prior to the effective date of the proposed regulations, taxpayers may take any reasonable position with respect to the application of Section 864(b)(2) of the IRC to derivatives, and that a position consistent with the proposed regulations will be considered a reasonable position.

The Fund intends to conduct its business in a manner so as to meet the requirements of the Safe Harbor. Thus, based on the foregoing, the Fund's securities and commodities trading activities are not expected to constitute a U.S. trade or business and, except in the limited circumstances discussed below, the Fund does not expect to be subject to the regular U.S. income tax on any of its trading profits. However, if certain of the Fund's activities were determined not to be of the type described in the Safe Harbor, the Fund's activities may constitute a U.S. trade or business, in which case the Fund would be subject to U.S. income and branch profits tax on the income and gain from those activities.

Even if the Fund's securities trading activity does not constitute a U.S. trade or business, gains realized from the sale or disposition of stock or securities (other than debt instruments with no equity component) of U.S. Real Property Holding Corporations (as defined in Section 897 of the IRC) ("USRPHCs"), including stock or securities of certain Real Estate Investment Trusts ("REITs"), will be generally subject to U.S. income tax on a net basis. However, a principal exception to this rule of taxation may apply if such USRPHC has a class of stock which is regularly traded on an established securities market and the Fund generally did not hold (and was not deemed to hold under certain attribution rules) more than 5% of the value of a regularly traded class of stock or securities of such USRPHC at any time during the five year period ending on the date of disposition.[3] Moreover, if the Fund were

[3] The Fund will also be exempt from tax on dispositions of REIT shares, whether or not those shares are regularly traded, if less than 50% of the value of such shares is held, directly or indirectly, by non-U.S. persons at all times during the five-year period ending on the date of disposition. However, even if the disposition of REIT shares would be exempt from tax on a net basis, distributions from a REIT (whether or not such REIT is a USRPHC), to the extent attributable to the REIT's disposition of interests in U.S. real property, are subject to tax on a net basis when received by the Fund and may be subject to the branch profits tax. Distributions from certain publicly traded REITs to non-U.S. shareholders owning 5% or less of the shares are subject

deemed to be engaged in a U.S. trade or business as a result of owning a limited partnership interest in a U.S. business partnership or a similar ownership interest, income and gain realized from that investment would be subject to U.S. income and branch profits tax.

U.S. Withholding Tax. In general, under Section 881 of the IRC, a non-U.S. corporation which does not conduct a U.S. trade or business is nonetheless subject to tax at a flat rate of 30% (or lower tax treaty rate) on the gross amount of certain U.S. source income which is not effectively connected with a U.S. trade or business, generally payable through withholding. Income subject to such a flat tax rate is of a fixed or determinable annual or periodic nature, including dividends, certain "dividend equivalent payments" and certain interest income. In some cases, dividend income subject to the 30% (or lower tax treaty rate), can be imputed to holders of certain equity interests or equity derivative instruments, such as options or convertible debt, as a result of an adjustment by the issuing corporation to the exercise or conversion ratio, or as a result of other corporate action which has the effect of increasing a holder's interest in the earnings and profits, or assets of the issuing corporation.

Certain types of income are specifically exempted from the 30% tax and thus withholding is not required on payments of such income to a non-U.S. corporation. The 30% tax does not apply to U.S. source capital gains (whether long or short-term) or to interest paid to a non-U.S. corporation on its deposits with U.S. banks. The 30% tax also does not apply to interest which qualifies as portfolio interest. The term "portfolio interest" generally includes interest (including original issue discount) on an obligation in registered form which has been issued after July 18, 1984 and with respect to which the person who would otherwise be required to deduct and withhold the 30% tax receives the required statement that the beneficial owner of the obligation is not a U.S. person within the meaning of the IRC. In addition, if any credit default swap is characterized as a contract of insurance or a guarantee, payments received under such credit default swap may be subject to an excise tax or a withholding tax.

Special U.S. Withholding Tax Considerations Relating to Investment in REITs. The Fund may invest in REIT securities. A non-U.S. person that receives a distribution from a REIT that is not attributable to gain from the sale or exchange of U.S. real property interests and that is not designated as a capital gain dividend amount will recognize ordinary income to the extent that the distribution is made out of current or accumulated earnings and profits and will be subject to a 30% U.S. withholding tax.

In general, short-term capital gain and interest income (to the extent it qualifies as "portfolio interest") would not be subject to U.S. withholding tax if earned directly by a non-U.S. person. However, earning that same income through a REIT may have the effect of converting income that could have been earned free of U.S. tax into income that is subject to a 30% U.S. withholding tax. Thus, investments in a REIT may result in U.S. withholding taxes that would not have been incurred with a direct investment in the underlying assets.

Redemption of Shares. Gain realized by shareholders who are not U.S. persons within the meaning of the IRC ("non-U.S. shareholders") upon the sale, exchange or redemption of Shares held as a capital asset should generally not be subject to U.S. federal income tax provided that the gain is not effectively connected with the conduct of a trade or business in the U.S. However, in the case of nonresident alien individuals, such gain will be subject to the 30% (or lower tax treaty rate) U.S. tax if (i) such person is present in the U.S. for 183 days or more during the taxable year (on a calendar year basis unless the nonresident alien individual has previously established a different taxable year) and (ii) such gain is derived from U.S. sources.

Generally, the source of gain upon the sale, exchange or redemption of Shares is determined by the place of residence of the shareholder. For purposes of determining the source of gain, the IRC defines residency in a manner that may result in an individual who is otherwise a nonresident alien with respect to the U.S. being treated as a U.S. resident only for purposes of determining the source of income. Each potential individual shareholder who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his tax advisor with respect to the possible application of this rule.

Gain realized by a non-U.S. shareholder engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax upon the sale, exchange or redemption of Shares if such gain is effectively connected with its U.S. trade or business.

Estate and Gift Taxes. Individual holders of Shares who are neither present nor former U.S. citizens or U.S. residents (as determined for U.S. estate and gift tax purposes) are not subject to U.S. estate and gift taxes with respect to their ownership of such Shares.

Identity and Reporting of Beneficial Ownership; Withholding on Certain Payments

United States. In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the portfolio and/or the Fund generally will be required to timely register with the IRS, and agree to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equityholders). Luxembourg has signed a Model 1A (reciprocal) inter-governmental agreement with the United States (the "US IGA") to give effect to the foregoing withholding and reporting rules. So long as the Fund complies with the US IGA and the Luxembourg enabling legislation, the Investment Manager anticipates that the Fund will not be subject to the related U.S. withholding tax.

A non-U.S. investor in the Fund will generally be required to provide to the Fund (or in certain cases, a distributor, intermediary or certain other entities through which a non-U.S. investor invests (each, an "Intermediary")) information which identifies its direct and indirect U.S. ownership.

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to a 30% gross withholding tax on those distributions and are not subject to tax on a net basis.

Under the US IGA, any such information provided to the Fund and certain financial information related to such investor's investment in the Fund will be shared with the Luxembourg Minister of Finance or its delegate (the "Luxembourg MOF"). The Luxembourg MOF will provide the information reported to it with the IRS annually on an automatic basis. A non-U.S. investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the IRC will generally be required to timely register with the IRS, and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Fund (or, if applicable, an Intermediary) or timely register and agree to identify, and report information with respect to, such account holders (as applicable) may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund, and the Fund may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding, subject to applicable laws and regulations and provided that the Management Company acts in good faith and on reasonable grounds. Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Fund.

Non-U.S. shareholders may also be required to make certain certifications to the Fund as to the beneficial ownership of the Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on a redemption of Shares.

In General. It is possible that further inter-governmental agreements ("future IGAs") similar to the US IGA may be entered into with other third countries by the Luxembourg Government to introduce similar regimes for reporting to such third countries' fiscal authorities ("foreign fiscal authorities").

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that:

(i) the Fund (or its agent or an Intermediary) may be required to disclose to the Luxembourg MOF certain confidential information in relation to the investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;

(ii) the Luxembourg MOF may provide information as outlined above with the IRS, the Luxembourg Minister of Finance and other foreign fiscal authorities;

(iii) the Fund (or its agent or an Intermediary) may disclose to the IRS, the Luxembourg Minister of Finance and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;

(iv) the Fund or an Intermediary may require the investor to provide additional information and/or documentation which the Fund or an Intermediary may be required to disclose to the Luxembourg MOF;

(v) in the event an investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements, the Fund reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, action to ensure that any withholding imposed in respect of such investor's Shares or redemption proceeds is economically borne by such investor and compulsory redemption of the investor concerned; and

(vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with FATCA, any of the US IGA or any future IGAs, or any of the relevant underlying legislation and regulations.

Additional Information

Accounting Year

The Fund's financial year ends on the last Business Day of December of each year and for the first time on 31 December 2006. The Fund's annual report incorporating audited financial statements is published no later than 120 days after the end of the fiscal year and at least 14 days before the Annual General Meeting of Shareholders and the Fund's semi-annual report incorporating unaudited financial statements is published no later than 60 days after the end of the first six months of the fiscal year. The accounts of the Fund are closed each year on the last Business Day of December. The consolidated accounts of the Fund are kept in Dollars.

Shareholders' Information and Meetings

The Annual General Meeting of Shareholders will be held in Luxembourg at 9:30 a.m. (Luxembourg time) on the last Friday in May of each year or at any date and time decided by the Board but no later than within six months from the end of the Fund's previous financial year.

Notices of such meetings and of all other meetings of Shareholders will be mailed to Shareholders at their respective addresses as shown in the register of Shareholders. All notices of meeting will specify the time, place and agenda of the meeting and the quorum and voting requirements. In addition, notices will be published in accordance with Luxembourg law and the Articles. In addition, notice may be published in any newspaper of general circulation in such countries as the Board may from time to time determine.

Any notice or other document to be served on any Shareholder, if served by post, shall be deemed to have been served 96 hours after the time when the letter containing the same is posted and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and duly posted. Such notice may be given by advertisement and a notice so given will be published in any newspaper as the Fund may determine from time to time and will be deemed to have been served at noon on the date on which the advertisement appears.

The Management Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in general Shareholders' meetings, if the investor is registered himself and in his own name in the Shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund, or to be indemnified in case of Net Asset Value calculation errors and/or non-compliance with investment rules and/or other errors at the level of the Fund. Investors are advised to take advice on their rights.

General

The Fund has not since its incorporation been engaged in and is not currently engaged in, any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Board to be pending or threatened by or against the Fund.

The Fund does not have, nor has it had since incorporation, any employees.

Save as disclosed above, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Fund in connection with the issue or sale of any capital of the Fund.

The Board shall not be required to hold any qualification shares. There is no age limit for the retirement of Directors.

Fees and Expenses

The Fund and each portfolio are also subject to the following ongoing fees and expenses.

Management Fee. The Management Company is entitled to a management fee with respect to each portfolio, accrued daily and payable monthly, at the annual rate, based on the average daily Net Asset Value of the Shares, indicated under "Summary Information" in Section I.

From the management fee paid to the Management Company by a portfolio, the Investment Manager is entitled to the payment of an investment management fee with respect to such portfolio, accrued daily and payable monthly, at the annual rate, based on the average daily Net Asset Value of the Shares of such portfolio. Classes S shares are reserved for institutional investors that have entered into an agreement with the Management Company and are being charged an investment management fee separately. With respect to certain share classes, the management fee may also include a component that is paid to distributors or other financial intermediaries and service providers to cover shareholder servicing and other administrative expenses. Such amounts paid in respect of a particular class will not be used to subsidize the sale of shares of any other class. In the event that the Investment Manager does not act as investment manager for a complete month, the management fee payable by such portfolio for such month will be prorated to reflect the portion of such month in which the Investment Manager acted as such under the Investment Management Agreement.

The Management Company or the Investment Manager, or an affiliate thereof, may make cash payments from time to time from such entity's own resources to distributors, dealers or other entities in connection with the sale of Shares of a portfolio. Such payments may include payments to reimburse directly or indirectly the costs associated with these firms' marketing, educational and training efforts and other support activities. If one fund sponsor makes greater distribution assistance payments than another, a financial advisor in such arrangements and his or her firm may have an incentive to recommend one

fund complex over another. Similarly, if such a financial advisor or his or her firm receives more distribution assistance for one share class versus another, then they may have an incentive to recommend that class. Those considering an investment in the Fund should speak with their financial advisor to learn more about the total amounts paid to the financial advisor and his or her firm by the Management Company, the Investment Manager and their affiliates and by sponsors of other funds he or she may recommend and should also consult disclosures made by their financial advisor at the time of purchase.

Under certain circumstances, an investor in Shares may receive payments from the Management Company or the Investment Manager, or an affiliate thereof, out of such entity's own resources. In addition, where an investor, as a private client of AB, invests an amount in the Fund which exceed certain levels, such investor may qualify for a credit to be applied either against fees payable in respect of such relationship or, to the extent the credit exceeds such fees, to its account.

Management Company Fee. The Management Company is entitled to receive out of the assets of the portfolios a fee that is intended to cover the expenses of the services it provides in connection with the operation and central administration of the portfolios in Luxembourg. The amount of the fee payable with respect to each share class of a portfolio is set forth in Section I with respect to each portfolio. The Management Company fee is accrued daily and paid monthly.

Administrator, Depositary and Transfer Agent Fees. Each of the Administrator and Depositary is entitled to receive out of the assets of each portfolio a fee in accordance with the usual practice in the Grand Duchy of Luxembourg. Such fees are a combination of asset-based fees and transaction fees as described in "Other Portfolio Information—Management Company, Administrator, Depositary and Transfer Agent Fees" in Section I with regard to each portfolio.

Unless otherwise provided for in the relevant part of Section I relating to a specific portfolio, the Administrator, Depositary and Transfer Agent fees will generally be of a maximum of 1.00% per year, calculated on the basis of the Net Asset Value of a portfolio. The Depositary fees do not comprise the costs of correspondent banks, certain other taxes, brokerage (if applicable) and interest on borrowings which will be charged separately. The Administrator, Depositary and Transfer Agent fees are eligible for the total expense ratio caps disclosed in the relevant part of Section I relating to a specific portfolio. The actual amounts of such fees are detailed in the annual report of the Fund.

Other Expenses. Each portfolio bears all of its other expenses, including, but not limited to (a) all taxes which may be due on the assets and the income of the portfolio and any entity-level taxes, (b) the reasonable disbursements and out-of-pocket expenses (including, without limitation, telephone, telex, cable and postage expenses) incurred by the Depositary and any custody charges of banks and financial institutions to which custody of assets of the portfolio is entrusted, (c) usual banking fees due on transactions involving securities held in the portfolio (such fees to be included in the acquisition price and to be deducted from the selling price), (d) the remuneration and out-of-pocket expenses of the Transfer Agent which will be determined on a graduated basis as a percentage of net assets, but not less than a stated amount, and will be payable monthly, (e) legal expenses incurred by the Management Company or the Depositary while acting in the interest of the Shareholders, and (f) the cost of printing certificates, the cost in relation with annual, ordinary and extraordinary general meetings, the cost of preparing and/or filing the Articles and all other documents concerning the portfolio, including registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the portfolio and any other costs of qualifying or registering the Shares of the portfolio for offer or sale in any jurisdiction, the cost of preparing, in such languages as are necessary for the benefit of the Shareholders, including the beneficial holders of the

Shares, and distributing annual and semi-annual reports and such other reports or documents as may be required under the applicable laws or regulations of the above-cited authorities; the cost of accounting, bookkeeping and calculating the daily Net Asset Value; the cost of preparing and distributing public notices to the Shareholders; lawyers' and auditor's fees; the costs incurred with the admission and the maintenance of the Shares on the stock exchanges on which they are listed; annual Luxembourg registration fees; and all similar administrative charges, including, unless otherwise decided by the Management Company, all other expenses directly incurred in offering or distributing the Shares, including the printing costs of copies of the above-mentioned documents or reports, which are utilized by the distributors or dealers of the Shares in the course of their business activities.

All recurring charges will be charged first against income, then against capital gains and then against assets. Expenses attributable to a particular portfolio are charged to that portfolio, while expenses not attributable to a specific portfolio will be allocated among the Fund's portfolios on such basis as the Board of Managers of the Management Company determines is fair and equitable. Different classes of Shares within a portfolio will bear all expenses attributable to that class of Shares, and if expenses of a portfolio are not attributable to a specific class of Shares of such portfolio, such expenses will be allocated among the classes of Shares of such portfolio on such basis as the Board of Managers of the Management Company determines is fair and equitable.

The Management Company expects the annual expense ratio of each portfolio to be comparable to that of other collective investment undertakings with similar investment objectives.

Co-Management of Assets

For the purpose of effective management, where the investment policies of a portfolio so permit, the Management Company may choose to co-manage assets of certain strategies or portfolios within or outside the Fund. In such cases, assets of different strategies or portfolios will

be managed in common. The assets which are co-managed shall be referred to as a "pool". These pooling arrangements are an administrative device designed to reduce operational and other expenses and do not change the legal rights and obligations of Shareholders. The pools do not constitute separate entities and are not directly accessible to investors. Each of the co-managed strategies or portfolios shall remain entitled to its specific assets.

Where the assets of more than one strategy or portfolio are pooled, the assets attributable to each participating strategy or portfolio will initially be determined by reference to its initial allocation of assets to such a pool and will change in the event of additional allocations or withdrawals. The entitlements of each participating strategy or portfolio to the co-managed assets apply to each and every line of investments of such pool. Additional investments made on behalf of the co-managed strategies or portfolios shall be allotted to such strategies or portfolios in accordance with their respective entitlement, whereas assets sold shall be levied similarly on the assets attributable to each participating strategy or portfolio.

A review of the tax impact of the pooling arrangements has been undertaken in Luxembourg. It is not anticipated that any material Luxembourg taxes will arise due to the implementation of the pooling arrangements as described in this Prospectus. There may be a risk of taxation impacts in other jurisdictions where securities located in those countries are pooled as described in this Prospectus, though any additional taxes arising are not anticipated to be material.

Determination of the Net Asset Value of Shares

The Net Asset Value per Share of each class of Shares, expressed in the currency of the portfolio and any other Offered Currency, will be determined by the Fund as of 4:00 p.m. U.S. Eastern time on each Trade Date. To the extent feasible, investment income, interest payable, fees and other liabilities, including any management fees, will be accrued daily.

In all cases, the Net Asset Value per Share of each class of Shares is determined by dividing the value of the total assets of each portfolio properly allocable to such class of Shares less the liabilities of such portfolio properly allocable to such class of Shares by the total number of Shares of such class outstanding on each Trade Date. The Net Asset Value per Share of each class of Shares of a portfolio may differ as a result of the different fees assessed on each class of Shares of such portfolio.

With respect to securities for which market quotations are readily available, the market value of a security held by a portfolio will be determined as follows:

(a) securities listed on an exchange are valued at the last sale price reflected on the consolidated tape at the close of the exchange on the Business Day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day, then the security is valued in good faith at fair value by, or in accordance with procedures established by, the Management Company;

(b) securities traded on more than one exchange are valued in accordance with paragraph (a) above by reference to the principal exchange on which the securities are traded;

(c) securities traded in the over-the-counter market, including securities listed on an exchange whose primary market is believed to be over-the-counter (but excluding securities traded on The Nasdaq Stock Market, Inc. ("NASDAQ")) are valued at the mean of the current bid and asked prices;

(d) securities traded on NASDAQ are valued in accordance with the NASDAQ Official Closing Price;

(e) listed put or call options purchased by a portfolio are valued at the last sale price. If there has been no sale on that day, such securities will be valued at the closing bid prices on that day;

(f) open futures contracts and options thereon will be valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuations, the last available closing settlement price will be used;

(g) U.S. Government securities and other debt instruments having 60 days or less remaining until maturity are generally valued at market by an independent pricing vendor, if a market price is available. If a market price is not available, the securities are valued at amortized cost. This methodology pertains to short term securities that have an original maturity of 60 days or less, as well as short term securities that had an original term to maturity that exceeded 60 days. In instances where amortized cost is utilized, the Management Company must reasonably conclude that the utilization of amortized cost is approximatively the same as the fair value of the security. Such factors the Management Company will consider include, but are not limited to, an impairment of the creditworthiness of the issuer or material changes in interest rates;

(h) fixed-income securities are valued at the most recent bid price provided by the principal market makers;

(i) mortgage-backed and asset-backed securities may be valued at prices that reflect the market value of such securities and that are obtained from a bond pricing service or at a price that reflects the market value of such securities and that is obtained from one or more of the major broker-dealers in such securities when such prices are believed to reflect the fair market value of such securities. In cases where broker-dealer quotes are obtained, the Investment Manager may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted bid price on a security;

(j) OTC and other financial derivative instruments are valued on the basis of a quoted bid price or spread from a major broker-dealer in such security;

(k) all other securities will be valued in accordance with readily available market quotations as determined in accordance with procedures established by the Management Company. In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Management Company is authorized to follow other rules prudently and in good faith in order to achieve a fair valuation of the assets of the Fund;

(l) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Fund may consider appropriate in such case to reflect the true value thereof;

(m) units or shares in open-ended undertakings for collective investments shall be valued on the basis of their last net asset value, as reported by such undertakings;

(n) in circumstances where the interests of the Fund or its shareholders so justify (avoidance of market timing practices, for example), the Management Company may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Fund's assets, as further described below.

The Fund values its securities at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Management Company. In determining whether to apply fair value pricing, the Fund considers a number of factors, such as the Order Cut-off Time for a particular Portfolio, the close of the securities markets in which such Portfolio trades and the existence of extraordinary events. When the Fund uses fair value pricing, it may take into account any factors it deems appropriate. The Fund may determine fair value based upon developments related to a specific security or current valuations of market indices. The prices of securities used by the Fund to calculate its Net Asset Value may differ from quoted or published prices for the same securities. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security is materially different than the value that could be realised upon the sale of that security.

The Fund expects to use fair value pricing for securities primarily traded on exchanges in the Americas only under very limited circumstances, such as the early closing of the exchange on which a security is traded or suspension of trading in the security. The Fund may use fair value pricing more frequently for securities primarily traded outside of the Americas because, among other things, most markets outside of the Americas close well before the Fund values its securities at 4:00 p.m. U.S. Eastern Time. The earlier close of these markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim. To account for this, the Fund may frequently value many of its non-Americas securities using fair value prices based on third party vendor modelling tools to the extent available.

Accordingly, as may also be the case with a previously reported stock exchange price, the price of any portfolio security determined utilizing fair value pricing procedures may be materially different from the price to be realised upon the sale of such security.

For purposes of determining the Fund's Net Asset Value per Share, all assets and liabilities initially expressed in a currency other than the currency of the portfolio will be converted into such currency at the mean of the current bid and asked prices of such currency against the base currency of the portfolio last quoted by a major bank that is a regular participant in the relevant exchange market or on the basis of a pricing service that takes into account the quotes provided by a number of such major banks. If such quotations are not available as of the close of the Exchange, the rate of exchange will be determined in good faith by, or under the direction of, the Board.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Management Company is authorized to follow other rules prudently and in good faith in order to achieve a fair valuation of the assets of the Fund.

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed by the Management Company to make the determination of the Net Asset Value per Share of each class of Shares of each portfolio. The Net Asset Value in respect of a particular Valuation Point will be available at or around 6:00 p.m. U.S. Eastern time on each Trade Date. For purposes of issues and redemptions, the Net Asset Value may be converted in other currencies as specified in this Prospectus.

Swing Pricing Adjustment

In order to counter the effects of dilution on a Portfolio's Net Asset Value brought about by large purchases or redemptions of the Portfolio's Shares, the Board has implemented a swing pricing policy for all Portfolios.

Dilution involves a reduction in the Net Asset Value brought about by investors purchasing, selling and/or exchanging in and out of a Portfolio of the Fund at a price that does not reflect the dealing costs associated with the Portfolio's trade activity undertaken to accommodate the corresponding cash inflows or outflows. Dilution occurs when the actual cost of purchasing or selling the underlying assets of a Portfolio deviates from the valuation of these assets in the Portfolio due to dealing charges, taxes and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of a Portfolio and therefore impact Shareholders.

Under the Fund's swing pricing policy, if on any Business Day, the aggregate net investor inflows or outflows in Shares of a Portfolio exceed a pre-determined threshold, as determined from time to time by the Board, the Net Asset Value of the Portfolio may be adjusted upwards or downwards to reflect the costs attributable to such net inflows or net outflows. The threshold is set by the Board taking into account factors such as the prevailing market conditions, the estimated dilution costs and the size of a Portfolio. The level of swing pricing adjustment will be reviewed and may be adjusted on a periodic basis to reflect an approximation of dealing costs as determined by the Board. The application of swing pricing will be triggered automatically on a daily basis upon crossing the relevant threshold. The swing pricing adjustment will be applicable to all Shares of a Portfolio (and all transactions) on that Business Day. When reviewing and implementing the Fund's swing pricing policy, the Board may receive input and expertise from various business units within AB Group including *inter alia* the risk management, legal and compliance, trading, and product development units.

The swing pricing adjustment may vary by Portfolio and is dependent upon the particular assets in which a Portfolio is invested. The swing pricing adjustment will generally not exceed 2% of the original Net Asset Value of a Portfolio under normal market conditions. However, in extraordinary circumstances typically when there is heightened volatility and price discovery is challenged, the transaction costs may increase dramatically and the Board may decide, in order to protect existing shareholders of a Portfolio, to increase the swing pricing adjustment beyond 2%. The Board will publish such decision on the Fund's website as soon as practicable thereafter.

For some Portfolios that have a limited offering period, the swing pricing policy will only apply to redemptions after the close of the offering period.

Investors are advised that the application of swing pricing may result in increased volatility in a Portfolio's valuation and performance, and a Portfolio's Net Asset Value may deviate from the underlying investments' performance on a particular Business Day as a result of the application of swing pricing. Typically, such adjustment will increase the Net Asset Value per Share on a given Business Day when there are net inflows into a Portfolio and decrease the Net Asset Value per Share when there are net outflows. For any Portfolio that has a performance fee for a particular Share Class, the performance fee will be calculated on the basis of the applicable NAV without taking into account the effects of the swing pricing mechanism.

Suspension of Issue, Redemption and Exchange of Shares and Calculation of Net Asset Value

The Fund may temporarily suspend the determination of Net Asset Value of a portfolio, and consequently the issue, redemption and exchange of Shares of such portfolio, in any of the following events:

- During any period when one or more stock exchanges or markets that provide the basis for valuing a substantial portion of the assets of a portfolio, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the portfolio are denominated, is closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended.During the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant class by the Fund is not, reasonably or normally practicable.
- During any breakdown in the means of communication normally employed in determining the price or value of any of the Fund's investments or the current prices or values on any market or stock exchange.
- During any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of such shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such shares cannot in the opinion of the Board be effected at normal rates of exchange.
- If the Fund or a Portfolio or a class is being or may be wound-up or merged on or following the date on which notice is given of the meeting of shareholders at which a resolution to wind up or merge the Fund or a Portfolio is proposed;
- Where an undertaking for collective investment in which a Portfolio has invested a substantial portion of its assets temporarily suspends the subscription, redemption or conversion of its units, whether at its own initiative or at the request of its competent authorities;
- If the Board has determined that there has been a material change in the valuations of a substantial proportion of the investments of the Fund attributable to a particular Portfolio in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; and/or
- During any other circumstance or circumstances where a failure to do so might result in the Fund or its shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or any other detriment which the Fund or its shareholders might so otherwise have suffered.

The decision to suspend temporarily the determination of the Net Asset Value of Shares of a portfolio does not necessarily entail the same decision for the classes of Shares of another portfolio, if the assets within such other portfolio are not affected to the same extent by the same circumstances. Suspensions of the calculation of the Net Asset Value will be published in the manner prescribed for notices to Shareholders under the heading "Additional Information—Shareholders' Information and Meetings" in this Section II if such suspension is likely to exceed ten days.

Restrictions on Ownership

U.S. Persons. Pursuant to its powers as set out in the Articles, the Fund has resolved to restrict or prevent the ownership of Shares by any "U.S. Person." Investors will be required to provide assurances satisfactory to the Management Company and/or the Distributor indicating that the prospective purchaser is not a U.S. Person. Shareholders are required to notify the Fund immediately of any change in such information.

The Fund, in its discretion, may permit the ownership of Shares by U.S. Persons in certain circumstances.

If it shall come to the attention of the Fund at any time that Shares of the Fund are beneficially owned by a U.S. Person, either alone or in conjunction with any other person, the Fund may in its discretion compulsorily repurchase such Shares at their redemption price as described herein. Not less than ten days after the Fund gives notice of such compulsory repurchase, the Shares will be redeemed and Shareholders will cease to be the owners of such Shares.

Class F, S, S1 and S1T Shares (and corresponding H shares) (the "Institutional Share Classes"). The sale of the Institutional Share Classes in the Fund is restricted to persons who qualify as institutional investors within the meaning of article 174 of the Law of 2010. Class S shares are reserved for institutional investors that have entered into an agreement with the Management Company and are being charged an investment management fee separately.

The Management Company will, at its discretion, refuse to issue Institutional Share Classes if there is not sufficient evidence that the person to whom such Institutional Share Classes are sold is an institutional investor or in any other circumstances where any such issue would be detrimental to the Fund or its Shareholders.

In considering the qualification of a subscriber or a transferee as an institutional investor, the Fund will have

due regard to the guidelines or recommendations of the competent supervisory authority.

Institutional investors subscribing for Institutional Share Classes in their own name, but on behalf of a third party, must certify to the Fund that such subscription is made on behalf of an institutional investor as aforesaid, and the Fund may require, at its sole discretion, evidence that the beneficial owner of the Institutional Share Classes is an institutional investor.

If it shall come to the attention of the Management Company at any time that Institutional Share Classes are beneficially owned by a U.S. Person, non-institutional investor or by another person who is not authorized to hold such Institutional Share Classes, either alone or in conjunction with any other person, the Management Company, on behalf of the Fund, may in its discretion (i) convert the relevant shares in Institutional Share Classes into shares of a class for which the Shareholder meets the eligibility criteria as further described in the Articles or (ii) compulsorily repurchase such Institutional Share Classes at their redemption price as described herein. Not less than ten days after the Fund gives notice of such compulsory repurchase, such Shares will be redeemed and Shareholders will cease to be the owners of such Institutional Share Classes.

Articles

The Fund is managed by the Board in accordance with the Fund's Articles. The Fund was incorporated as a SICAV in Luxembourg on 18 July 2006 under the name AllianceBernstein Fund and its Articles were published in the *Mémorial* of the Grand Duchy of Luxembourg on 3 August 2006. The Articles were last amended on 14 July 2021 when the name of the Fund changed to “AB SICAV III” and such amendment has been published in the RESA. The Articles are on file with the *Registre de Commerce et des Sociétés* of Luxembourg and at the registered office of the Fund where copies may be obtained upon request. The Fund's principal and registered office is at 2-4, rue Eugène Ruppert, L-2453, Luxembourg.

Indemnifications

The Fund has, in general, agreed to indemnify, out of the assets of each portfolio, each service provider to the portfolio for any loss, liability or other expense (including reasonable attorneys' fees) incurred by such service provider in connection with the performance of its services in good faith to the portfolio.

Listing

Share classes of each portfolio of the Fund may be listed on the Luxembourg Stock Exchange as and when issued. It is unlikely that a trading market for the Shares will develop or continue.

Auditors

The Board has appointed Ernst & Young S.A., Independent Public Accountants, 35E, avenue John F. Kennedy, L-1855 Luxembourg, as independent auditor of the Fund. Ernst & Young will, with respect to the assets of the Fund, carry out the duties prescribed by the Law of 2010.

Liquidation of the Fund, Termination of Portfolios and Classes of Shares

The Fund is of unlimited duration but may be liquidated at any time by resolution of Shareholders in accordance with Luxembourg law. The net proceeds of liquidation corresponding to each portfolio shall be distributed by the liquidators to the holders of Shares in that portfolio in proportion to their holding of Shares in that portfolio. Amounts which are not promptly claimed by Shareholders will be held in escrow accounts by the *Caisse de Consignation*. Amounts not claimed from escrow within the period fixed by law may be liable to be forfeited in accordance with the provisions of Luxembourg law.

A general meeting of the Shareholders will be called to consider the liquidation of the Fund if the value of the Fund's net assets should decline to less than two-thirds of the minimum capital required by law. The minimum capital required by Luxembourg law is currently the equivalent of €1,250,000.

A Portfolio may be dissolved by decision of the Board at any time. In such case, the assets of the portfolio will be realised, the liabilities discharged and the net proceeds of realisation distributed to Shareholders in proportion to their holding of Shares in that portfolio. Payment of proceeds to Shareholders will be made against delivery to the Fund of certificates (if issued) and any other evidence of discharge which the Board may reasonably require.

In the event that a portfolio is terminated, notice will be given in writing to Shareholders. In case of termination of a portfolio, notices will also be published, if legally required, in the *Mémorial* and in newspapers circulated in jurisdictions as the Board may determine.

The Board may also decide to allocate the assets of a portfolio/class to another portfolio/class and to redesignate the Shares of the relevant portfolio/class as Shares of another portfolio/class (following any necessary split or consolidation).

The Board may also decide to contribute the assets and liabilities attributable to a portfolio to another undertaking for collective investment against issue of Shares of that undertaking for collective investment to be distributed to the holders of Shares of the classes concerned.

In the event that a decision is taken to merge a portfolio with another portfolio or with another undertaking for collective investment, a notice will be published by the Fund which will contain information in relation to the relevant portfolio or the relevant undertaking for collective investment. Publication will be made one month before the date on which the merger becomes effective in order to enable holders of Shares to request redemption of their Shares, free of charge, before the implementation of the merger.

Applicable Law and Jurisdiction

The Articles are governed by the laws of the Grand Duchy of Luxembourg and any dispute arising among the Shareholders, the Management Company and the Depositary will be subject to the jurisdiction of the District Court of Luxembourg. Notwithstanding the foregoing, the

Management Company and the Depositary may subject themselves and the Fund to the jurisdiction of the courts of the countries in which the Shares of the Fund are offered and sold with respect to claims by investors resident in such countries, and with respect to matters relating to subscriptions and repurchases of such Shares by Shareholders resident in such countries, to the laws of such countries. The claims of the Shareholders against the Management Company or the Depositary will lapse five years after the date of the event which gave rise to such claims.

Documents Available for Inspection

The following documents are available for inspection during normal business hours at the office of the Management Company: (1) the Articles; (2) the Management Company Agreement; (3) the Depositary Agreement; (4) the Administration Agreement; (5) the Investment Management Agreement (6) the articles of incorporation of the Management Company; (7) the latest semi-annual and annual reports relating to the Fund and, if available, each portfolio; (8) the Prospectus of the Fund; and (9) KIDs of the Fund. Copies of the Prospectus and KIDs of the Fund and the latest reports may be obtained at the office of the Management Company and the Distributor without cost.

Appendix A: Investment Restrictions

Investment Restrictions

The following restrictions apply individually to each Portfolio of the Fund and not in aggregate to the Fund as a whole, unless specifically so stated.

1.

a) The Fund may exclusively invest in:

i. Transferable securities and money market instruments admitted to official listing on a Stock Exchange; and/or

ii. Transferable securities and money market instruments dealt in on another Regulated Market; and/or

iii. Recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market and such admission is secured within a year of the issue; and/or

iv. Units of UCITS authorized according to the UCITS Directive and/or other undertakings for collective investment ("UCI") within the meaning of the first and second indent of Article 1, paragraph (2) of the UCITS Directive, whether situated in an EU Member State or not, provided that:

– such other UCIs have been authorized under the laws of any member country of the European Union or under the laws of Canada, Hong Kong, Japan, Norway, Switzerland or the United States of America,

– the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,

– the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;

and/or

v. Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an OECD Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law; and/or

vi. Financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market referred to in sub-paragraphs i) and ii) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

– the underlying consists of instruments covered by this section 1) a), financial indices, interest rates, foreign exchange rates or currencies, in which the Portfolios may invest according to their investment objective;

– the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;

– the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Board's initiative.

and/or

vii. Money market instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

a. issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or

b. issued by an undertaking, any securities of which are dealt in on Regulated Markets referred to in 1) a) i) and ii) above; or

c. issued or guaranteed by a credit institution which has its registered office in a country which is an OECD Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law; or

d. issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in a. b. or c. above and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

b) In addition, the Fund may invest a maximum of 10% of the assets of any Portfolio in transferable securities and money market instruments other than those referred to under a) above.

2.

a) The Fund may hold ancillary liquid assets

b) The Fund will ensure that the global exposure relating to derivative instruments does not exceed the total net value of the Portfolio to which they apply.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

The Fund may invest, as a part of investment

policy of its Portfolios and within the limits laid down in paragraph 3) a), v) and vi) in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limit laid in paragraph 3). When the Fund on the behalf of any of its Portfolios invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph 3).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this item 2.

3.

a)

i. The Fund will invest no more than 10% of the assets of any Portfolio in transferable securities or money market instruments issued by the same issuing body.

The Fund may not invest more than 20% of the total assets of such Portfolio in deposits made with the same body.

The risk exposure to a counterparty of a Portfolio in an OTC derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in 1) a) v) above or 5% of its assets in other cases.

ii. The total value of the transferable securities and money market instruments held by the Fund on behalf of the Portfolio in the issuing bodies in each of which it invests more than 5% of the assets of such Portfolio must not exceed 40% of the value of the assets of such Portfolio.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph 3) a) i), the Fund may not combine for each Portfolio:

– investments in transferable securities or money market instruments issued by, and/or

– deposits made with, and/or

– exposures arising from OTC derivative transactions undertaken with a single body,

in excess of 20% of its assets.

iii. The limit of 10% laid down in sub-paragraph 3) a) i) above will be increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities or agencies, or by another Eligible State or by public international bodies of which one or more EU Member States are members.

iv. The limit laid down in the first paragraph of 3) a) i) may be of a maximum of 25% for certain debt instruments when they are issued by a credit institution which has its registered office in the EU and is subject by law, to special public supervision designed to protect unitholders. In particular, sums deriving from the issue of these debt instruments must be invested in accordance with the law, in assets which, during the whole period of validity of the debt instruments, are capable of covering claims attached to said instruments and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of the principal and payment of accrued interest.

If a Portfolio invests more than 5% of its assets in the debt instruments referred to in the above paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Portfolio.

v. The transferable securities and money market instruments referred to paragraphs iii) and iv) above shall not be included in the calculation of the limit of 40% stated in paragraph 3) a) ii) above.

vi. The limits set out in sub-paragraphs i), ii) iii) and iv) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or derivative instruments made with this body carried out in accordance with sub-paragraphs i), ii) iii) and iv) above may not, in any event, exceed a total of 35% of any Portfolio's assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in section 3) a).

A Portfolio may cumulatively invest up to 20% of the assets in transferable securities and money market instruments within the same group.

b)

i. Without prejudice to the limits laid down in section 4 below, the limits laid down in section 3 a) above are raised to a maximum of 20% for investments in shares and /or debt securities issued by the same body when, according to the prospectus, the aim of the Portfolios'' investment policy is to replicate the composition of a certain stock or debt securities index which is recognized by the CSSF, on the following basis:

– the composition of the index is sufficiently diversified,

– the index represents an adequate benchmark for the market to which it refers,

– it is published in an appropriate manner

ii. The limit laid down in 3) b) i) above is raised to 35% where that proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant.

iii. Notwithstanding the provisions outlined in section 3 a), the Fund is authorized to invest up to 100% of the assets of any Portfolio, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities or agencies, or by another member state of the OECD or by public international bodies of which one or more EU Member States are members, provided

that such Portfolio must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the total assets of such Portfolio.

4.

a) The Fund may not acquire:

i. Shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body; or

ii. More than:

a) 10% of the non-voting shares of the same issuer; and/or

b) 10% of the debt securities of the same issuer; and/or

c) 25% of the units of the same UCITS and/or other UCI; and/or

d) 10% of the money market instruments of the same issuer;

iii. The limits under 4) a) ii) b. c. and d. may be disregarded at the time of acquisition, if at that time the gross amount of the debt securities, or of money market instruments or units or the net amount of the instruments in issue cannot be calculated.

b) Paragraphs 4 a) i) and 4 a) ii) above are waved as regards:

i. transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;

ii. transferable securities and money market instruments issued or guaranteed by a non-member state of the EU;

iii. transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;

iv. Shares held by a Portfolio in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that state, such a holding represents the only way in which the Portfolio can invest in the issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State of the EU complies with the limits laid down in 3) a), 4) a) i) and ii), and 5).

v. Shares held by one or more investment companies in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of Shares at the request of Shareholders.

5.

a) The Fund may not invest more than 5% of the net assets of a Portfolio in units or shares of UCITS or other UCIs unless otherwise provided for in the relevant Portfolio Details relating to the investment policy of a specific Portfolio. In the latter case the following investment restrictions will apply:

– The Fund may acquire units of the UCITS and/or other UCIs as defined under paragraph (1) a) (iv), provided that no more than 20% in total of a Portfolio's assets be invested in the units of a single UCITS and/or other UCI. For the purpose of the application of this investment limit, each compartment of a UCITS or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

– Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the assets of the UCITS.

b) When the Fund invests in the units of other UCITS and/or other UCIs linked to the Fund by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the Management Company, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Portfolio's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, double-charging of fees will not occur, unless otherwise provided for in the relevant Portfolio Details relating to a specific Portfolio. The Fund will indicate in its annual report the total management fee charged both to the relevant Portfolio and to the UCITS and other UCIs in which such Portfolio has invested during the relevant period.

c) The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under 3) a) above.

6. In addition the Fund will not:

a) Make investments in precious metals or certificates representing them;

b) Purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in transferable securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein;

c) Carry out uncovered sales of transferable securities or other financial instruments, money market instruments or UCITS and/or other UCIs referred to above;

d) Make loans to – or act as guarantor on behalf of – third parties, provided that this restriction shall not prevent the Fund from:

i. Lending of its portfolio securities and

ii. acquiring transferable securities, money market instruments or other financial instruments referred to in paragraph 1) a) iv), vi) and vii), which are not fully paid.

e) Borrow for the account of any Portfolio amounts in

excess of 10% of the total assets of that Portfolio taken at market value, any such borrowings to be from banks and to be effected only as a temporary measure for exceptional purposes including the redemption of Shares. However, the Fund may acquire foreign currency by means of a back-to-back loan;

f) Mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Portfolio, except as may be necessary in connection with the borrowings mentioned above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the asset value of each Portfolio. In connection with OTC transactions including amongst others, swap transactions, option and forward exchange or futures transactions, the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose;

g) Underwrite or sub-underwrite securities of other issuers;

h) Make investments in any transferable securities involving the assumption of unlimited liability;

7. To the extent that an issuer is a legal entity with multiple compartments where the assets of a compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered to be a separate issuer for the purpose of the application of the risk-spreading rules set out in 3) a); 3) b) i) and ii); and 5)above.

8. A Portfolio of the Fund may subscribe, acquire and/or hold Shares to be issued or issued by one or more Portfolios of the Fund (the "Target Portfolio(s)") under the condition that:

– the Target Portfolio(s) do(es) not, in turn, invest in the Portfolio;

– no more than 10% of the assets of the Target Portfolio(s) whose acquisition is contemplated may be invested in units of other funds;

– in any event, for as long as these Shares are held by the Portfolio, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the UCITS Law; and

– there is no duplication of management/subscription or redemption fees between those at the level of the Portfolio and the Target Portfolio(s).

9. During the first six months following its launch, a new Portfolio may derogate from restrictions 3) and 5) while ensuring observance of the principle of risk-spreading.

10. Each Portfolio must ensure an adequate spread of investment risks by sufficient diversification.

11. The Fund will in addition comply with such further restrictions as may be required by the regulatory authorities in the countries in which the Shares are marketed.

Master Feeder Structure. Notwithstanding the above and under the conditions laid down by the UCITS Law and regulations, each Portfolio may act as a feeder fund (the "Feeder") of a UCITS or of a portfolio of such UCITS (the "Master"), which shall neither itself be a feeder fund nor hold units/shares of a feeder fund. In such a case the Feeder shall invest at least 85% of its assets in shares/units of the Master.

The Feeder may not invest more than 15% of its assets in one or more of the following:

(a) ancillary liquid assets in accordance with Article 41 (2), second paragraph of the UCITS Law;

(b) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41 (1) g) and Article 42 (2) and (3) of the UCITS Law;

When a Portfolio qualifying as a Feeder invests in the shares/units of a Master, the Master may not charge subscription or redemption fees on account of the Portfolio's investment in the shares/units of the Master.

Should a Portfolio qualify as a Feeder, a description of all remuneration and reimbursement of costs payable by the Feeder by virtue of its investments in shares/units of the Master, as well as the aggregate charges of both the Feeder and the Master, shall be disclosed in the relevant section of the Prospectus relating to such Portfolio.

Note on Investment Restrictions. The Management Company need not comply with the investment limit percentages set forth above when exercising subscription rights attaching to transferable securities or money market instruments which form part of the assets of the Fund.

If, by reason of subsequent fluctuations in values of the Fund's assets or as a result of the exercise of subscription rights, the investment limit percentages above are infringed, priority will be given, when sales of securities are made, to correcting the situation, having due regard to the interests of Shareholders.

The Management Company may from time to time impose further investment restrictions as are compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where the Shares are sold.

If provided otherwise in the Portfolio details of a specific Portfolio, the Fund may derogate from the above investment restrictions to the extent that it does not exceed any investment restriction under Luxembourg law.

Restrictions on Investments in Russia. Currently, certain markets in Russia do not qualify as regulated markets under the Fund's investment restrictions, and, therefore, investments in securities dealt on such markets are subject to the 10% limit set forth in paragraph (5) above (however, exposure to Russia through other regulated markets is not subject to this restriction). As of the date of this Prospectus, the Russian Trading Stock Exchange and the Moscow Interbank Currency Exchange qualify as regulated markets under the Fund's investment restrictions.

Environmental, Social, and Governance Integration Policy. Environmental, social and governance (ESG) considerations are integrated into the Investment Manager's research and investment processes through the AB Stewardship Approach. Investment Manager's research analysts are experts in the specific industries and the companies and issuers they cover. Using their own proprietary research, third-party research and findings from other sources incorporated in Investment Manager's research collaboration platform, they analyze firms' and issuers' ESG practices to identify potentially material ESG factors that can vary company by company and issuer by issuer. ESG considerations are incorporated into the Investment Manager's research and investment process and are one of several considerations for making investment decisions. After consideration of all ESG factors including those that could negatively impact a security of issuers or companies, the Investment Manager may still purchase the security and/or retain it in the Portfolio. ESG considerations may not be applicable to all types of instruments or investments. Analysts also may monitor and engage with companies and issuers in which Investment Manager's invest or intend to invest.

The following Environmental, Social, and Governance Integration Policy is applicable to all portfolios of the Fund except:

- Dynamic All Market Portfolio

The above-mentioned portfolio may incorporate responsible investing through other mechanisms. More information on the AB Stewardship Approach can be at found at the responsible investment section under the Management Company website.

Controversial Weapons Policy. The Management Company arranges for the screening of companies globally for verified involvement in the development, production, acquisition, stockpiling, retention, transfer or assistance in any of these activities of anti-personnel mines, cluster munitions and/or munitions made with depleted uranium, biological weapons, chemical weapons and/or incendiary weapons. Where such involvement has been verified, the Management Company's policy is not to permit the Fund to invest in securities issued by such companies.

Appendix B: Excessive and Short-Term Trading Policy and Procedures

Purchases and exchanges of Shares should be made for investment purposes only. The Management Company of the Fund does not permit market-timing or other excessive trading practices. Excessive, short-term trading practices may disrupt portfolio management strategies and harm Fund performance. The Management Company reserves the right to restrict, reject or cancel, without any prior notice, any purchase or exchange order for any reason, including any purchase or exchange order accepted by any Shareholder's financial intermediary. The Management Company will not be held liable for any loss resulting from rejected orders.

Surveillance procedures. The Management Company of the Fund has adopted policies and procedures designed to detect and deter frequent purchases and redemptions of Shares or excessive or short-term trading that may disadvantage long-term Shareholders. The Management Company, through its agents, maintains surveillance procedures to detect excessive or short-term trading in Shares. This surveillance process involves several factors, which include scrutinizing transactions in Shares that exceed certain monetary thresholds or numerical limits within a specified period of time. For purposes of these transaction surveillance procedures, the Management Company may consider trading activity in multiple accounts under common ownership, control, or influence. Trading activity identified by either, or a combination, of these factors, or as a result of any other information available at the time, will be evaluated to determine whether such activity might constitute excessive or short-term trading. Despite the efforts of the Management Company and its agents to detect excessive or short duration trading in Shares, there is no guarantee that the Management Company will be able to identify these Shareholders or curtail their trading practices.

Account Blocking Procedures. If the Management Company determines, in its sole discretion, that a particular transaction or pattern of transactions identified by the transaction surveillance procedures is excessive or short-term trading in nature, the relevant AB funds account(s) will be immediately "blocked" and no future purchase or exchange activity will be permitted. However, redemptions will continue to be permitted in accordance with the terms of the Prospectus. A blocked account will generally remain blocked unless and until the account holder or the associated financial intermediary provides evidence or assurance acceptable to the Management Company that the account holder did not or will not in the future engage in excessive or short-term trading.

Application of Surveillance Procedures and Restrictions to Omnibus Accounts. Omnibus account arrangements are common forms of holding Shares, particularly among financial intermediaries. The Management Company seeks to apply its surveillance procedures to these omnibus account arrangements. The Management Company will monitor turnover of assets as a result of purchases and redemptions in the omnibus account. If excessive turnover, in the opinion of the Management Company or its agents, is detected, the Management Company will notify the intermediary and request that the financial intermediary review individual account transactions for excessive or short-term trading activity and take appropriate action to curtail the activity, which may include applying blocks to accounts to prohibit future purchases and exchanges of Shares. The Management Company will continue to monitor the turnover attributable to a financial intermediary's omnibus account arrangement and may consider whether to terminate the relationship if the financial intermediary does not demonstrate that appropriate action has been taken.

Limitations on Ability to Detect and Curtail Excessive Trading Practices. While the Management Company will try to prevent market timing by utilizing adopted procedures, these procedures may not be successful in identifying or stopping excessive or short-term trading. Shareholders seeking to engage in excessive short-term trading activities may deploy a variety of strategies to avoid detection and, despite the efforts of the Management Company and its agents to detect excessive or short duration trading in Shares, there is no guarantee that the Management Company will be able to identify these Shareholders or curtail their trading practices.

Appendix C: Local Information

To the extent a Portfolio is registered in any of the indicated jurisdictions, the following additional disclosures shall apply.

General

Information in relation to facilities for investors related to Article 92 1. b) to f) of the UCITS Directive for the below countries is available at www.eifs.lu/alliancebernstein

- France
- Luxembourg
- The Netherlands
- Italy
- Belgium
- Denmark
- Portugal
- Finland
- Germany
- Norway
- Sweden
- Austria
- Ireland

Facilities requirements for investors related to Article 92 1. a) of the UCITS Directive will be processed by AllianceBernstein (Luxembourg) S.à r.l.

Additional Information

Austria

The following Portfolios are not offered for public distribution in Austria:

- Dynamic All Market Portfolio;
- Fixed Maturity Bond 2026 Portfolio.

Germany

Facilities referred to in Article 92(1) of Directive 2009/65/EC as amended by Directive (EU) 2019/1160:

The registered office of AB SICAV III, 2-4, rue Eugène Ruppert, L-2453 Luxembourg:

- Orders for the subscription, redemption and conversion of shares of AB SICAV III in accordance with the conditions set out in AB SICAV III's documents may be submitted to this facility.
- All payments to a shareholder, including redemption proceeds and distributions, if any, may be remitted through this facility at the request of the shareholder.
- This facility provides information on how the above-mentioned orders can be made and how redemption proceeds are paid.
- This facility facilitates the access to procedures and arrangements referred to in Article 15 of Directive 2009/65/EC as amended by Directive (EU) 2021/2261 and Section 28 (2) No. 1 KAGB relating to the exercise of investor rights (investor complaints) and provides information in relation thereto.
- The prospectus, the key information documents, the articles of association of AB SICAV III, the latest annual and semi-annual reports – upon request in paper form – as well as other information and documents are available free of charge at this facility.
- The net asset value per share and the issue, redemption and conversion prices are available free of charge at this facility.
- This facility provides investors with information relevant to the tasks that the facility performs in a durable medium.
- This facility acts as a contact point for communicating with the *Bundesanstalt für Finanzdienstleistungsaufsicht*.

The Website www.alliancebernstein.com:

- The prospectus, the key information documents, the articles of incorporation, the latest annual and semi-annual reports as well as other information and documents are published on this website and are available there free of charge.
- The net asset value per share and the issue, redemption and conversion prices are published on this website and are available there free of charge.

Any notices to the shareholders in Germany will be published under www.alliancebernstein.com. In the following events, an additional notice will be published by means of a durable medium: suspension of the redemption of the shares; termination of the management or liquidation of the Fund or a Portfolio; amendments to the fund rules which are inconsistent with existing investment principles, adversely affect material investor rights or which relate to remuneration or the reimbursement of expenses that may be taken out of the Fund or a Portfolio's assets and are detrimental to investors (including the reasons for the amendments and the rights of investors.

No notification pursuant to Sect. 310 of the German Capital Investment Code *(Kapitalanlagegesetzbuch)* has been filed for the following portfolio(s) and the shares in this/these portfolio(s) may not be marketed to investors in the Federal Republic of Germany:

- Dynamic All Market Portfolio.

Spain

The Fund's Prospectus, the Articles, the KIDs relating to the portfolios of the Fund, the marketing memorandum, the annual report and semi-annual report may be obtained free from Allfunds Bank, S.A.U. at C/ Estafeta nº 6 (La Moraleja), Complejo Pza. de la Fuente- Edificio 3, 28109 Alcobendas (Madrid) or the relevant sub-distributor at its registered office, a list of which may be obtained on the CNMV website. Changes in the conditions of the Fund and the Portfolios will be notified to Spanish investors.

Italy

Allfunds Bank, S.A., Milan branch, with offices at Via Santa Margherita 7, Milan, is the paying agent for the Fund in

Italy. The Fund's Prospectus, the KIDs relating to the portfolios of the Fund, and the documents indicated therein may be obtained at the paying agent's and the placement agent's premises.

The paying agent in Italy may charge a commission in respect of each request for subscription, exchange or redemption of shares.

United Kingdom

General

This Supplement should be read in conjunction with the Fund's Prospectus, of which it forms part. References to the "Prospectus" are to be taken as references to that document as supplemented or amended hereby.

Potential investors should note that the investments of the Fund are subject to risks inherent in investing in shares and other securities. The risks associated with an investment in the Fund are set out in Section II of this Prospectus in the sub-section entitled "Risk Factors and Special Considerations."

The value of investments and the income from them, and therefore the value of, and income from, the Shares of each class can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies may also cause the value of the investment to diminish or increase.

UK Taxation

The summary below is intended to be a general outline of the anticipated United Kingdom tax treatment applicable to Shareholders who are resident and domiciled (in the case of individuals) in the UK and are the beneficial owners of their Shares.

The Fund. The Directors intend that the affairs of the Fund will be managed and conducted so that it should not be regarded as resident in the UK for taxation purposes. Provided that the Fund does not carry on a trade through a permanent establishment in the UK it will not be subject to UK tax on income and capital gains, save that interest and certain other income that has a UK source may be subject to withholding taxes in the UK.

If payments made by a Luxembourg paying agent have been subject to Luxembourg withholding tax, certain Shareholders may be able to obtain credit for or repayment of such withholding tax.

Shareholders. Under the UK offshore funds rules, the Shares will constitute interests in an offshore fund and each class of Shares will be treated as a separate offshore fund. If a Shareholder holds an interest in a class that is not a "reporting fund" continuously throughout the period during which the Shareholder holds their interest, any gain accruing to the Shareholder upon the sale, redemption or other disposal of that interest (such as an exchange between classes of Shares) will be taxed as an "offshore income gain" subject to tax as income, rather than as a capital gain. There is an exception to this rule for any class that does not qualify as a reporting fund but is broadly invested almost entirely (at least 90%) in unlisted trading companies.

Subject to their personal circumstances, Shareholders will be liable to UK income tax or corporation tax in respect of dividends or other distributions of income paid or treated as paid by the Fund, whether or not such distributions are reinvested. This may result in tax being payable on amounts which are treated as distributed for the purposes of UK taxation but are not in fact paid to Shareholders by the Fund.

Distributions are usually taxable for individuals at the rates applicable to dividends, or benefit from exemption for companies (depending on the circumstances). An offshore fund making an actual or deemed distribution will however be treated as making an interest distribution (taxed at the rates applicable to interest income), if at any point during the relevant period the market value of the Fund's qualifying investments (broadly speaking interest bearing assets including, for example, money placed at interest, debt securities, certain interests in entities invested in such assets and particular types of derivative contract) exceeds 60% of the market value of all the assets of the Fund (excluding cash awaiting investment). The existing Portfolios are unlikely to cross this 60% threshold.

Certification as a reporting fund will only be sought in respect of the classes of shares listed in the table below, and accordingly any gain arising on a disposal of Shares of non-reporting classes will normally constitute income. In computing such gains, amounts reinvested which have been subject to United Kingdom tax as income can be added to the cost of the Shares disposed of and, as a result, reduce any liability to taxation on disposal. Losses on disposals will be eligible for capital gains loss relief.

UK Shareholders with an interest in a class that does not have reporting fund status will, prior to disposal, only be chargeable to tax on distributions received (or reinvested on their behalf).

Please refer to the HMRC website below for share classes that obtained UK Reporting status:
https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds

If the Relevant Shares have been certified as having reporting fund status continuously throughout the period of investment of a holder of such shares (a "Relevant Shareholder"), and provided the Relevant Shares are not held as trading stock, the gain on disposal (by sale, transfer or redemption including exchange between classes) of Relevant Shares by Relevant Shareholders should be subject to capital gains tax for individuals (reduced by annual exemption) or corporation tax on chargeable gains for corporate bodies (reduced by indexation allowance). Losses on disposals of shares will be eligible for capital gains loss relief.

For such time as the Relevant Shares remain certified as having reporting fund status, the Fund will be required to calculate on an annual basis the income (excluding capital gains) directly attributable to the individual classes of Relevant Shares as set out in the Regulations and "report" that income to the Relevant Shareholders.

Income reported to Relevant Shareholders in this way will be treated as though it were in fact distributed, such that Relevant Shareholders on the register on the last day of the period will be subject to tax on this deemed distribution as at the “fund distribution date” (i.e. the date six months after the last day of the reporting period) or such earlier date as the reported income is recognised in the Shareholder's accounts.

Relief will be available for these reported but undistributed amounts when the Relevant Shareholder ultimately calculates their capital gain on disposal of Relevant Shares, such that these amounts will not be subject to UK taxation a second time.

The Fund will operate full equalisation arrangements and, therefore, in the first period in which subscription for Relevant Shares takes place any equalisation amount (which represents income accrued and reflected in the subscription price at the time of subscription) will be offset for UK tax purposes, first, against any excess of reported income over distributions actually made to the Relevant Shareholder (reducing the amount of such excess treated as additional distributions subject to tax in their hands); and second, against the amount of any actual distributions made to the Relevant Shareholder (reducing the amount of those distributions subject to tax in their hands). If and to the extent that the equalisation amount reduces the taxable amount of any actual distributions, that amount should be treated as a return of capital to the Relevant Shareholder and deducted from the acquisition cost of the Relevant Shares. The Fund will provide information as to the equalisation amount to be used by Shareholders for the purposes of computing their UK tax liabilities.

Where a UK resident Shareholder holds Shares in the Fund at the date on which those Shares become Relevant Shares for the first time (notably, where a non-reporting fund becomes a reporting fund), or cease to be Relevant Shares (where a class is withdrawn from the reporting fund regime), it may be necessary for the Shareholder to file an election along with his tax return for that year. This election would result in a deemed disposal and reacquisition of the shares at that date for tax purposes and allow Shareholders to benefit from reporting fund status going forward (by crystallising any accrued offshore income gains) or benefit from reporting fund status up to the date that the shares leave the regime (by crystallising any accrued capital gains), as applicable.

If at any time in an accounting period an investor within the charge to UK corporation tax holds an interest in an offshore fund, and there is a time in that period when the fund fails to satisfy the 60% test referred to above, the interest held by such a corporate investor will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of corporate debt. As a consequence a corporate Shareholder would be required to adopt a fair value basis of accounting in respect of the taxation of the holding and may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

There are certain additional circumstances under which Shares held by a corporate Shareholder within the charge to UK corporation tax may be treated as if they were rights under a creditor relationship even if this would otherwise not be the case. Where the Shares are treated as rights under a creditor relationship, the provisions relating to reporting funds would not then apply to such corporate Shareholders.

The UK controlled foreign companies rules can cause a proportion of the profits of non-UK resident companies, which are controlled by persons resident in the UK, to be imputed to and taxed upon UK companies which have a relevant interest in the non-UK resident company. No such apportionment of profits to such a Shareholder will currently take place unless the Shareholder (and persons connected with that holder) would have at least 25% of the Fund’s profits apportioned to it on a “just and reasonable” basis. The legislation is not directed towards the taxation of capital gains. The UK controlled foreign company rules are currently under review.

It is intended that shareholdings in the Fund will ultimately be such that the close company rule for offshore entities will not apply, but if it were to apply (which might be the case, especially in its first accounting year) it may result in certain Shareholders being treated for the purposes of UK taxation of chargeable gains as if a part of any chargeable gain accruing to the Fund had accrued to that Shareholder directly.

The attention of individual Shareholders is drawn to certain provisions aimed at preventing the avoidance of income tax through a transfer of assets which results in income becoming payable to persons (including companies) resident or domiciled outside the UK, and may render them liable to income tax in respect of the undistributed income or profits of the Fund on an annual basis.

Special rules apply to certain categories of United Kingdom investors, including pension funds, insurance companies, investment trusts, authorised unit trusts and open ended investment companies.

Important

A United Kingdom investor who enters into an investment agreement with the Fund to acquire Shares in response to the Prospectus will not have the right to cancel the agreement under the cancellation rules made by the Financial Services Authority (“FSA”). The agreement will be binding upon acceptance of the order by the Fund.

The Fund does not carry on any regulated activity from a permanent place of business in the United Kingdom and United Kingdom investors are advised that most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund. Shareholders in the Fund may not be protected by the Financial Services Compensation Scheme established in the United Kingdom. The registered address of the Company is set out in the "Directory" to the Prospectus.

Dealing Arrangements and Information

AllianceBernstein Limited (the "Facilities Agent") will act as the facilities agent for the Fund in the United Kingdom and it has agreed to provide certain facilities at its offices

at 60 London Wall, London, EC2M 5SJ, United Kingdom, in respect of the Fund. Shareholders can request the redemption of their shares at the offices of the Facilities Agent.

Publication of Information

The Net Asset Value per Share of each class of Shares is available on each Business Day at the registered office of the Fund and from the Facilities Agent by telephone on +44-207-470-0100 and at its above-mentioned offices. Details of the determination of the Net Asset Value per Share are set out in the paragraph entitled "Determination of the Net Asset Value of Shares" to the sub-section headed "Additional Information" in Section II of the Prospectus.

Subscription and Redemption Procedures

The attention of investors is drawn to the purchase and redemption procedures set out in Section II of the Prospectus in the sub-sections entitled "How to Purchase Shares" and "How to Redeem Shares", in particular with regard to the deadline for receipt of purchase orders or redemption requests for Shares on a Trade Date.

Documents Available For Inspection

Copies of the following documents may be inspected free of charge during usual business hours on any week day (Saturday and public holidays excepted) at the offices of the Facilities Agent:

(a) the Articles of Association of the Fund and any amendments thereto;

(b) the Prospectus most recently issued by the Fund together with any supplements;

(c) the key investor information documents (KIIDs) most recently issued by the Fund; and

(d) the most recently published annual and half yearly reports relating to the Fund.

The above documents may be delivered to interested investors at their request.

Facilities available at the Facilities Agent's address are:

- Arrangement for redemption requests and payment of redemption proceeds
- Payments of dividends
- Details/copies of notices to participants
- Nature of right represented by the Shares
- Details of voting rights;
- Information on NAVs
- Receipt of complaints (complaints about the operation of the Fund may be submitted to the Fund directly or through the Facilities Agent at the above-mentioned address).

In addition, investors in the countries listed below, should take note of the following information:

United Arab Emirates (Dubai)

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with the Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

Appendix D: Additional Information relating to Financial Derivative Instruments, Financial Techniques and Instruments and Collateral Management.

The following provisions apply individually to each portfolio of the Fund that invests in financial derivative instruments and/or enters into the financial techniques and instruments described below.

Financial Derivative Instruments

General

To the extent provided for in its investment policy a portfolio may invest in financial derivative instruments within the limits laid down in (i) the Appendix A "Investment Restrictions" and (ii) the relevant part of Section I of the prospectus relating to such portfolio.

A portfolio may use financial derivative instruments for hedging, efficient portfolio management and, to the extent permitted by its investment policy, for investment purposes. Under no circumstances shall the use of these financial derivative instruments cause a portfolio to diverge from its investment policy or objective.

When a portfolio invests in financial derivative instruments; the underlying of which is an eligible index, such investment will not be taken in account to determine the concentration limits and investment restrictions laid down in Appendix A "Investment Restrictions".

Unless otherwise provided for in its investment policy, a portfolio shall not enter into financial derivative instruments the counterparty of which may assume any discretion over the composition of the underlying of the financial derivative instruments.

When a transferable security or money market instrument embeds a financial derivative instrument, such financial derivative instrument must be taken into account when complying with the limits laid down either in Appendix A "Investment Restrictions" or in the relevant part of Section I of the prospectus relating to a specific portfolio.

Whenever a portfolio enters into financial derivative instruments, it shall ensure that it holds sufficient liquid assets to cover at any time the portfolio's obligations resulting from such financial derivative instruments.

Agreements on OTC derivatives

Unless otherwise provided for in its investment policy, a portfolio may enter into OTC derivatives transactions to the extent that the counterparties to such transactions are institutions which are either credit institutions or investment firms subject to prudential supervision, and belonging to the categories approved by the CSSF. Each counterparty is selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes and creditworthiness analysis including review of available credit spreads and/or external credit ratings.

The identity of the counterparties will be disclosed in the annual report of the Fund.

Finally, the risk exposure to a single counterparty generated through OTC financial derivative instruments and efficient portfolio management techniques may not exceed 10% of the portfolio's assets when the counterparty is a credit institution referred to in Article 41(1) (f) of the Law of 2010 or 5% of the portfolio's assets in other cases.

Total return swaps other financial derivative instruments with similar characteristics

A total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. The counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law. Each counterparty is selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes and creditworthiness analysis including review of available credit spreads and/or external credit ratings.

Total return swaps entered into by a portfolio may be in the form of funded and/or unfunded swaps. Total return swaps are in principle unfunded. However, the Investment Manager reserves the right to enter into funded swaps. An unfunded swap means a swap where no upfront payment is made by the total return receiver at inception. A funded swap means a swap where the total return receiver pays an upfront amount in return for the total return of the reference asset and can therefore be costlier due to the upfront payment requirement.

In case where a specific portfolio enters into total return swaps and/or other financial derivative instruments with similar characteristics ("***TRSs***"), the type of underlying assets to which exposure will be gained through such TRSs have to comply with the relevant portfolio's investment policy in Section I of this prospectus.

In case where a specific portfolio enters into TRSs, the maximum and the expected proportions of the portfolio's assets under management that could be subject to TRSs are disclosed in the relevant part of Section I relating to such portfolio.

All revenues resulting from TRSs relating to a specific portfolio are allocated to such portfolio and neither the Investment Manager nor the Management Company will take any fees out of those revenues.

Global exposure

As per Article 42(3) of the Law of 2010, a Portfolio "*shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.*"

The Management Company shall ensure that the global exposure of each portfolio relating to financial derivative

instruments does not exceed the total net assets of the portfolio. The portfolio's overall risk exposure shall consequently not exceed 200% of its total net assets. This overall risk limit may be increased by 10% by means of temporary borrowing.

The global exposure relating to financial derivative instruments of a portfolio may be calculated through either the "Value-at-Risk" or the "Commitment" approach.

The "Value-at-Risk" approach

The "Value-at-Risk" ("***VaR***") approach is an approach for measuring the global exposure based on the maximum potential loss that can arise at a given confidence level over a specific time period under normal market conditions.

VaR reports will be produced and monitored on a daily basis based on the following criteria:

- 1 month holding period;
- 99% confidence level; and
- stress testing will also be applied on an ad hoc basis.

VaR may be expressed either in absolute terms ("***Absolute VaR***") or in relative terms, where the VaR of a portfolio is compared to the VaR of the portfolio's benchmark ("***Relative VaR***").

Absolute VaR – The Absolute VaR methodology is generally used in the absence of an identifiable reference portfolio or benchmark. Under the Absolute VaR approach, the limit is set as a percentage of the net asset value of the portfolio. The limit for the portfolio using the Absolute VaR methodology is set at 20% of the portfolio's NAV.

Relative VaR – The Relative VaR methodology is used for any portfolio where a benchmark reflecting the investment strategy of the portfolio is identifiable and available. Under the Relative VaR methodology a limit is set as a percentage of the VaR of the benchmark or the reference portfolio. The maximum VaR limit of a portfolio using the Relative VaR methodology is set up at 200% of the portfolio's benchmark which is disclosed in the relevant part of Section I of the prospectus.

The Commitment Approach

The commitment approach converts the financial derivative instruments into equivalent positions in the underlying assets of those financial derivative instruments, after netting and hedging arrangements where the market value of underlying security positions may be offset by other commitments related to the same underlying positions. Under the commitment approach, the global exposure of a portfolio related solely to financial derivative instruments may not exceed 100% of total net assets of such portfolio.

Efficient Portfolio Management Techniques

Subject to the conditions and within the limits laid down in the Law of 2010 as well as any circulars issued by the CSSF from time to time, and in particular the CSSF Circular 13/559 transposing the ESMA/2012/832 Guidelines for competent authorities and UCITS management companies - Guidelines on ETFs and other UCITS issues (the "ESMA Guidelines"), a portfolio may employ techniques and instruments relating to transferable securities and money market instruments, such as securities lending and repurchase agreement transactions, provided that such techniques and instruments are used for the purpose of efficient portfolio management.

These techniques will be used in accordance with the investment policy of the relevant Portfolio in order to seek to achieve the investment objective and/or increase financial returns for the Portfolio. Securities Lending will be used on a continuous basis. Other SFTs will be used where the opportunity arises in the opinion of the Investment Manager.

Under no circumstances shall these operations cause the portfolio to diverge from its investment objectives as specified in the relevant portion of Section I hereof nor entail any substantial supplementary risks.

All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the portfolio. These costs and fees should not include hidden revenue.

The annual report of the Fund shall contain details of (i) the revenues arising from efficient portfolio management techniques for the entire reporting period together with (ii) the direct and indirect operational costs and fees incurred by each Portfolio in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable.

The Management Company will maintain the volume of these transactions at a level such that it is able, at all times, to meet redemption requests.

Securities Lending Transactions. A portfolio may enter into securities lending transactions which are transactions through which the portfolio lends its securities to another party, the borrower, which is contractually obliged to return equivalent securities at the end of an agreed period. While securities are on loan, the borrower pays the portfolio concerned (i) a loan fee and (ii) any income from the securities. A portfolio may enter only into securities lending transactions provided that it complies with the following rules:

(i) the portfolio may lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by Community law and specialising in this type of transaction;

(ii) the counterparty to the securities lending agreement must be subject to prudential supervision rules considered by the CSSF as

equivalent to those prescribed by Community law. Securities Lending counterparties are based in OECD countries and are selected by the Lending Agent subject to the Lending Agent's credit review. Each counterparty is selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes and creditworthiness analysis including review of available credit spreads and/or external credit ratings.

(iii) the risk exposure to a single counterparty generated through a securities lending transaction or other efficient portfolio management techniques and OTC financial derivative instruments may not exceed 10% of the portfolio's assets when the counterparty is a credit institution referred to in Article 41(1) (f) of the Law of 2010 or 5% of the portfolio's assets in other cases.

Securities Lending will be used to generate income and this income only comes through a fee paid by the borrower to the Portfolio.

The Management Company will receive, for each portfolio that participates in the securities lending programme, collateral that is at least equivalent to 105% of the value of the lent securities.

A portfolio may only enter into securities lending transactions provided that (i) it is entitled at all times to request the return of the securities lent or to terminate any securities lending transactions and (ii) that these transactions do not jeopardise the management of the portfolio's assets in accordance with its investment policy.

In case where a specific portfolio enters into securities lending transactions, the maximum and the expected proportions of the portfolio's assets under management that could be subject to securities lending transactions are disclosed in the relevant part of Section I of the prospectus relating to such portfolio.

The Management Company, acting on behalf of the Fund, has appointed Mitsubishi UFJ Trust & Banking, New York Branch (the "Lending Agent") to carry out the securities lending transactions, and notably for the counterparties' selection, subject to the Management Company's pre-approval, and the management of the collateral. To the extent a portfolio enters into securities lending transactions, it will receive 80% of the associated revenue generated. The outstanding 20% will be allocated to the Lending Agent in consideration for its services and the guaranty provided. As securities lending revenue sharing does not increase the costs of running the portfolio, the amount allocated to the Lending Agent has been excluded from the ongoing charges.

Repurchase and Reverse Repurchase Agreements. To the extent permitted by its investment policy, a portfolio may enter either into reverse repurchase agreements or repurchase agreements. A repurchase agreement transaction consists in a transaction where a portfolio sells securities to a counterparty and simultaneously commits itself to repurchase the securities from the counterparty at an agreed-upon date and price. Repurchase agreements will be used for financing purposes primarily. Reverse repurchase agreements will be used to take advantage of opportunities where securities "trade special". A reverse repurchase agreement is a transaction where a portfolio buys securities from a counterparty and simultaneously commits itself to resell the securities to the counterparty at an agreed-upon date and price. A portfolio may enter into repurchase and reverse repurchase agreements provided it complies with the following rules:

(i) the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law. Each counterparty is selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes and creditworthiness analysis including review of available credit spreads and/or external credit ratings;

(ii) securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be compliant with the relevant CSSF circulars and the portfolio's investment policy and must together with the other securities that the portfolio holds, comply with the portfolio's investment restrictions;

(iii) the risk exposure to a counterparty generated through such transactions or other efficient portfolio management techniques and OTC financial derivative instruments may not exceed 10% of the portfolio's assets when the counterparty is a credit institution referred to in Article 41(1) (f) of the Law of 2010 or 5% of the portfolio's assets in other cases.

A portfolio may only enter into (i) a repurchase agreement provided that it shall be able at any time to recall any securities or to terminate the agreement and (ii) a reverse repurchase agreement provided that it shall be able at any time to recall the full amount of cash or to terminate the agreement on either an accrued basis or a mark-to-market basis, it being understood that when the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value.

Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days are considered as arrangements on terms that allow the assets to be recalled at any time by the portfolio.
All revenues resulting from repurchase and reverse repurchase agreements relating to a specific portfolio are allocated to such portfolio.

In case where a specific portfolio enters into repurchase agreements and/or reverse repurchase

agreements, the maximum and the expected proportions of the portfolio's assets under management that could be subject to such transactions are disclosed in the relevant part of Section I of the prospectus relating to such portfolio. Management of collateral received with respect to OTC derivative transactions and efficient portfolio management techniques

As per the ESMA Guidelines, the risk exposures to a counterparty arising from OTC derivative transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits referred to in Article 43 of the Law of 2010.

All assets received by a portfolio in the context of OTC derivative transactions or efficient portfolio management techniques should be considered as collateral and should comply with all the criteria laid down below.

Where a portfolio enters into OTC derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure of such portfolio should comply at all times with the following criteria:

a) *Liquidity* – Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing to ensure that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 43 of the Law of 2010.

b) *Valuation* – Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

c) *Issuer credit quality* – Collateral received should be of high quality.

d) *Correlation* – the collateral received by a portfolio should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of such counterparty.

e) *Collateral diversification (asset concentration)* – Collateral received should be sufficiently diversified in terms of country, markets and issuers. As per the ESMA Guidelines, the criterion of sufficient diversification with respect to issuer concentration is considered to be respected if a portfolio receives from a counterparty of efficient portfolio management and OTC derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. In addition, if a portfolio is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

f) *Risks linked to the management of collateral* – Risks linked to the management of collateral such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

g) *Title of transfer of the collateral* – Where there is a title transfer, the collateral received should be held by the depositary of the portfolio. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

h) *Collateral received* should be capable of being fully enforced by the portfolio at any time without reference to or approval from the counterparty.

i) *Non-cash collateral received* should not be sold, re-invested or pledged.

j) *Cash collateral* received should only be:

- placed on deposit with entities prescribed in Article 41 (f) of the Law of 2010;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the portfolio is able to recall at any time the full amount of cash on accrued basis; and
- invested in short-term money market funds as defined in the CESR Guidelines 10-049 on a Common Definition of European Money Market Funds.

The Management Company will receive, for each portfolio that participates in the securities lending programme, collateral that is at least equivalent to 105% of the value of the lent securities. With respect to bilateral OTC financial derivative instruments, the valuation of such instruments has to be marked-to-market daily. As a result of such valuations, the counterparty, subject to minimum transfer amounts, will have to post additional collateral when the market value of its obligation has risen or remove collateral when it has fallen.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. As of the date of this Prospectus, the Fund does not re-invest cash collateral. Should the Fund decide in the future to re-invest the cash collateral of a specific portfolio, the re-investment policy will be reflected in the next update of the Prospectus.

Where a portfolio receives collateral for at least 30% of its assets, the Management Company will put in place an appropriate stress testing policy to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Management Company to assess the portfolio's liquidity risk attached to the collateral.

Finally, the Management Company has applied a haircut policy adapted for each class of assets received as collateral with respect to OTC derivative transactions and efficient portfolio management techniques. A haircut is a percentage, deducted from the market value of the asset

received as collateral, meant to reflect the perceived risk associated with holding the asset. The haircut policy takes account of the characteristics of the relevant securities received as collateral such as the maturity and the credit rating of the issuer of such securities, the historical price volatility of the securities as well as the results of any stress tests which may be performed from time to time in accordance with the rules laid down in the ESMA Guidelines.

The following haircuts for collateral in OTC derivative transactions are used by the Management Company to enter into negotiations with counterparties. Generally the final arrangements with counterparties as defined in the respective derivative transaction documentation will conform with these haircut ranges (the Management Company reserves the right to vary this policy at any time and will update the Prospectus as soon as practicable):

Collateral	**Haircut**		
1. Cash	0% - 1%		
2. money market instruments with an external credit rating A or above	0% - 2%		
3. bonds issued or guaranteed by a central, regional or local authority or by a central bank of an **eligible jurisdiction** (and in the case of a Federal State, by one of the members making up the federation) or by a public international body to which one or more **eligible jurisdiction** belong.	**Residual Maturity**		
	1 to 5 years	5 to 10 years	Beyond 10 Years
	2% - 5%	2% - 10%	3% - 25%
4. corporate debt instruments (US denominated)	**Credit Rating**		
	At least AA or equivalent	At least A or equivalent	At least BBB or equivalent
	6% - 10%	10% - 15%	20% - 25%
5. Equity security part of a main market index	10% -30%		

Risk and potential Conflicts of Interest associated with OTC derivative transactions and efficient portfolio management techniques

There are certain risks involved in OTC derivative transactions, efficient portfolio management techniques and the management of collateral in relation to such activities. For more information on the risks applicable to such type of transactions, investors should refer to the section “Risk Factors and Special Considerations” of this Prospectus and more specifically to the “Derivatives Risk” and “Conflicts of Interest” provisions thereof.

Appendix E: SFDR Pre-Contractual Disclosures

The following disclosures are made in accordance with and for the purposes of Regulation (EU) 2019/2088, as amended and supplemented from time to time ("SFDR") and are not meant to provide exhaustive information on the suitability of a Portfolio for a prospective investor's investment needs.

For more information on the Management Company's Sustainability-Related Disclosures, please refer to the Management Company website found https://www.alliancebernstein.com/corporate/management-company.htm.

Any reference to "AB" herein refers to the Investment Manager, the Management Company, and/or another ABLP subsidiary providing directly or indirectly investment management services to the Portfolios, as the case may be.

For Portfolios classified as Article 8 or 9 under SFDR, AB has assessed the impact of Sustainability Risks in connection with their respective investment strategy and considers such risks to be relevant as environmental, social or governance event or conditions that, if to occur, would cause an actual or a potential material negative impact on the value of their investments. The likely impacts of Sustainability Risks will differ between investment objectives, strategies, and policies but, given the respective investment universe, AB believes that an environmental, social, or governance event is likely to have materially negative impacts on, inter alia, the value, quality, and/or stability of a security, the financial health of an investee issuer, the credit quality of an issuer, and/or the ability of an issuer of debt to pay coupons or meet their other obligations.

Key definitions

AB Stewardship Approach	AB Global Stewardship Statement: AB's policy on responsible investing, ESG integration, engagement and collaboration.
ESG	Environmental, social and/or governance
ESG Factors	ESG issues that may present risks or opportunities as well as Sustainability Risks.
Exclusion Policy	A Portfolio's separate Exclusion Policy which includes both exclusions based on various metrics as well as details on alignment criteria with respect to the Portfolio's investment strategy. The general purpose of the Exclusion Policy is to identify the Portfolio's investible universe from which sustainable investments will be selected.
Sustainable Investments	Economic activity that contributes to environmental and/or social objectives provided that such corresponding investments do not significantly harm any of the applicable environmental and/or social objectives and that the investee issuers follow good governance practices.
Sustainability Risks	ESG events or conditions that, if it occurred, could cause an actual or a potential material negative impact on the value of an investment. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Consequent impacts to the occurrence of sustainability risk can be many and vary according to a specific risk, region or asset class. Generally, when a sustainability risk occurs for an asset, there will be a negative impact and potentially a loss of its value and therefore an impact on the net asset value of the concerned Portfolio.
EU Taxonomy Regulation	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Article 6 (Neutral) Portfolios – AB's Strategies that integrate Sustainability Risks into their investment decisions

- Dynamic All Market Portfolio

The above Neutral Portfolio does not have an objective of sustainable investments and does not promote environmental and/or social characteristics, but integrates Sustainability Risks as part of the investment decision making process.

AB has assessed the impact of Sustainability Risks in connection with each of the Neutral Portfolio's investment strategy and considers such risks to be relevant as an environmental, social or governance event or conditions that, if to occur, could have material negative impact on the value of the investments of the Neutral Portfolio. The likely impacts of Sustainability Risks will differ between investment objectives, strategies, and policies but, given the respective investment universe, AB believes an environmental, social, or governance event would have some negative impacts on the value, quality, and/or stability of a security, the financial health of a investee issuer, the credit quality of an issuer, and the ability of an issuer of debt to pay coupons or meet their other obligations.

Additionally, when implementing the respective investment strategy, while AB may use the AB Stewardship Approach,

it does not do so robustly and therefore may not integrate ESG considerations or Sustainability Risks into all its investment decisions.

Accordingly, AB may not consider the negative impacts of investment decisions on sustainability factors, as taking into account such risks and impacts would affect or possibly prevent AB from achieving the specific investment objective. For the sake of clarity, AB does not consider the principal adverse impacts of its investment decisions on sustainability factors for the above-mentioned reason.

While this Neutral Portfolio does not consider the impacts of investment decisions sustainability factors, this Neutral Portfolio complies with AB's commitment to environmental stewardship and responsible investing which includes, *inter alia*, screening out of certain types of investments.

As this Neutral Portfolio does not have an objective in Sustainable Investments, the investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities. Accordingly, the obligations under the EU Taxonomy Regulation are inapplicable.

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Fixed Maturity Bond 2026 Portfolio

Legal entity identifier: 254900ZONQY73DA3FF45

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

●● ☐ **Yes**	●○ ☑ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **___%** of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective ___%**	☑ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics ("E/S Characteristics") promoted by the Portfolio include:

- ESG Integration. When making investment decisions, including the ongoing assessment and monitoring of the Portfolio's holdings, AB uses fundamental research to assess target issuers. As an example, the Investment Manager may research the carbon emissions of a company or issuer. As part of the AB Stewardship Approach, fundamental research includes the consideration of ESG Factors meaning AB will assess ESG Factors for a target issuer at every stage of the investment decision-making process. This includes engagements where AB encourages issuers to undertake actions that may promote better outcomes for environmental and social objectives as well as benefits to financial outcomes of the issuer and/or the Portfolio. As an example, AB may engage with issuer management on topics linked to diversity and inclusion.
- ESG Scoring. AB uses a variety of proprietary scoring methodologies to score issuers using ESG Factors.
- Exclusions listed out in the Prospectus. The Portfolio excludes investments in certain sectors as further outlined in the Prospectus or on *www.alliancebernstein.com/go/ABSICAVIIIExclusionChart*

More information on these characteristics can be found in AB's Sustainability-Related Disclosures *www.alliancebernstein.com/go/FI8webdisclosures* and more information on the AB Stewardship Approach can be found at *www.alliancebernstein.com/go/ABGlobalStewardship*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

AB measures the attainment of E/S Characteristics promoted through various quantitative and qualitative methodologies including the measurement of documented ESG research, ESG scoring, engagement, and relevant investment exclusions, subject to satisfactory data and data sourcing.

This includes, but is not limited to, reviewing, monitoring, and/or measuring the various ESG Factors or topics that are considered as part of the various quantitative and qualitative methodologies.

More information on these indicators can be found in AB's Sustainability-Related Disclosures *www.alliancebernstein.com/go/FI8webdisclosures*

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☑ Yes, the Portfolio considers the following PAIs:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (#10)
- Exposure to controversial weapons (#14)

For PAI 10, AB monitors for breaches of the UN Global Compact principles for securities held by a Portfolio and for any breach, AB will undertake additional research to clarify the breach and make a determination whether the security should remain in the Portfolio's investible universe.

For PAI 14, the Portfolio excludes controversial weapons.

The specific PAI indicators that are taken into consideration may evolve over time. Additional information on PAIs will be published in the Fund's annual report as required by SFDR Article 11(2).

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As outlined in the relevant Portfolio Details, the Portfolio is actively managed and AB uses the AB Stewardship Approach when seeking to achieve the investment objective. Through the AB Stewardship Approach, fundamental research includes a robust ESG integration process, whereby AB assesses and incorporates ESG Factors in all phases of the investment process.

More information on the Portfolio's investment objective and investment strategy can be found in the relevant Portfolio Details in the Prospectus.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Portfolio promotes E/S Characteristics by holding securities that AB believes promote E/S Characteristics. A security may be deemed to promote one or more E/S Characteristics if the following binding elements are satisfied:

- Documented ESG integration via evidenced ESG research, a minimum ESG score and/or evidenced Engagement;
- The issuer of the security follows good governance practices according to AB's Good Governance Policy; and
- The Portfolio's investment exclusions are met.

More information on ESG integration, ESG research, ESG scoring, and engagements can be found in AB's Sustainability-Related Disclosures *www.alliancebernstein.com/go/FI8webdisclosures* More information on exclusions used by the Portfolio can be found in the Responsible Investing section of the Prospectus. More information on AB's Good Governance Policy can be found below.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

N/A

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

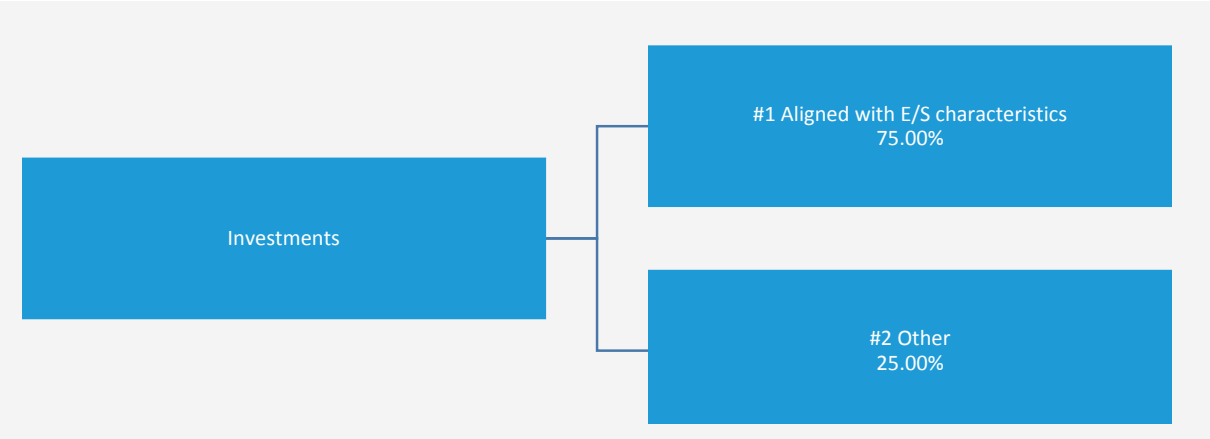
AB has developed a proprietary Good Governance Policy using a combination of external and internal data sources along with assessments or scoring based on specific governance criteria, including sound management structures, employee relations, remuneration of staff and tax compliance. The specific governance indicators includes UN Global Compact principles and controversies related to the governance criteria. The foregoing Good Governance Policy is subject to, and dependent on, available data.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

#1 Minimum Aligned with E/S: 75%

#2 Maximum Other: 25%



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Based on the Portfolio's net assets. All numbers are shown based on normal market conditions and are be based on the average holdings of each month end for the fiscal year. The Portfolio will publish information regarding the percentage of net assets that promote E/S Characteristics in the Fund's annual report.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Portfolio may use derivatives for hedging, efficient portfolio management, and other investment purposes. For derivatives used for other investment purposes, exposure may be to securities that are deemed to promote E/S Characteristics.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy [1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☑ No

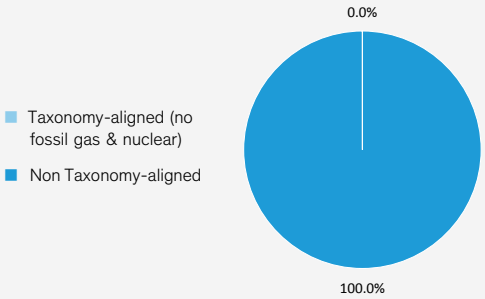
The Portfolio does not seek exposure to fossil gas and/or nuclear energy–related activities and does not set any minimum exposure thresholds that are aligned with the EU Taxonomy. However, as a result of the implementation of its specific investment strategy, it may hold investments with marginal exposure to such activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

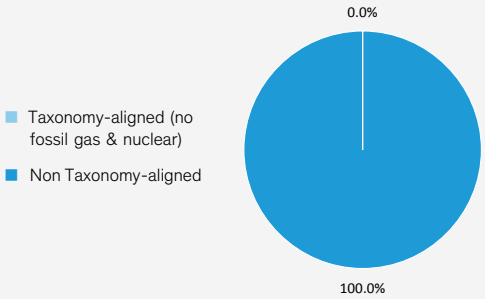
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in light blue the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What is the minimum share of investments in transitional and enabling activities?

N/A

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This includes:

- Securities that AB believes can be held by the Portfolio in order to achieve its investment objective but are not deemed to promote E/S Characteristics, as outlined above, subject to satisfaction of AB's Good Governance Policy.
- Derivatives used for hedging purposes.

For these assets, there are no minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Portfolio does not use a designated reference benchmark for measuring sustainability or determining E/S Characteristics.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Where can I find more product specific information online?

More product-specific information can be found on the website: *www.alliancebernstein.com/go/FI8webdisclosures*

AB SICAV III

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