



ALLIANCEBERNSTEIN®

AB FCP II

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> Emerging Markets Value Portfolio

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L'apposition du visa ne peut en aucun cas servir
d'argument de publicité

Luxembourg, le 2024-02-26

Commission de Surveillance du Secteur Financier

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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 foreign exchange restrictions that may be relevant to them. Shares that are acquired by persons not entitled under the Management Regulations 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 and the KIDs, 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) "Dollar" and to "\$" are to the U.S. Dollar (ii) "Euro" and "€" are to the Euro (iii) "GBP" and "£" are to the Great Britain Pound Sterling, (iv) "Yen", "JPY" and "¥" are to the Japanese Yen and (v) "AUD" and "A\$" are to the Australian Dollar.

None of the Shares has been or will be registered under the United States 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 United States Investment Company Act of 1940, as amended.

AllianceBernstein Investments, a unit of the Management Company, 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 or on the AB funds website, www.alliancebernstein.com, 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. In particular, the information in the AB funds website is not for distribution in the United States or to U.S. Persons other than in accordance with the laws of the United States. If a prospective investor has accessed the AB funds website from another website, the Fund, the Management Company and the Distributor are not responsible for the accuracy of information contained within the websites of other providers which have links to any page of the AB funds website.

Copies of the Fund's Prospectus, Management Regulations, latest annual report and, if issued thereafter, the latest semi-annual report, as well as copies of the KIDs of the Fund, may be obtained at the office of the Management Company and the Distributor without cost.

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>

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 the “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 realization 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 independent financial advisors regarding the suitability of shares of a particular portfolio for their investment needs.

Glossary of Defined Terms

AB funds means the collective investment undertakings distributed under the service mark "AB" and sponsored by AllianceBernstein L.P.

AB funds 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 AB funds

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 State Street Bank International GmbH, Luxembourg Branch

ADRs means American Depositary Receipts

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

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

dealer means, as the context requires, broker-dealers, banks, registered investment advisers, independent financial advisers and other financial intermediaries with whom the Distributor has agreements

Depository means State Street Bank International GmbH, Luxembourg Branch **Depository Agreement** means the agreement between the Fund and the Depository

Distributor means AllianceBernstein Investments, a unit of the Management Company

EDRs means European Depositary Receipts

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

EU means the European Union

EURIBOR means the Euro Interbank Offered Rate

Fitch means Fitch, Inc.

Fund means AB FCP II, a mutual investment fund (*fonds commun de placement*) organized 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)

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

IRC means the U.S. Internal Revenue Code of 1986, as amended

IRS means the United States Internal Revenue Service

IRSO means an internationally recognized statistical ratings organization

KID means the key information document of any portfolio

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

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

Management Regulations means the latest version of the Management Regulations of the Fund

Member State means a member state of the European Union. The States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the EU, within the limits set forth by this Agreement and related acts, are considered as equivalent to Member States of the EU

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 point in time by which orders for purchase, exchange, or redemption must be received on the relevant Business Day, as indicated under "Summary Information" in Section I with respect to a portfolio

OTC means over the counter

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

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

Prospectus means this version of the Prospectus of the Fund

Regulated Market means a regulated market according to the European Parliament and the Council Directive 2014/65/EU of 15 May 2014 on market in financial instruments, as amended by the European Parliament and the Council Directive 2016/1034, as well as any other market in an Eligible State which is regulated, operates regularly and is recognized and open to the public

RESA means *Recueil Electronique des Sociétés et Associations*

S&P means S&P Global Rating, a division of S&P Global, 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 unitholder register of the Fund, in respect of one or more portfolios, as the context requires

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

Trade Date means the Business Day as of 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

UCI means an Undertaking for Collective Investment

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

UCITS Directive means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended

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 U.S. Securities Act of 1933, as amended; (ii) 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 U.S. 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 Day means the days where the Net Asset Value per Share is calculated as identified for each portfolio in the relevant part of Section I of this Prospectus

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 on each Business Day

AB FCP II—Emerging Markets Value Portfolio

Investment Objective and Policies

The investment objective of the Portfolio is to achieve long-term capital growth. The Portfolio will pursue this objective by investing, under normal circumstances, primarily, and at all times at least two-thirds of its assets, in equity securities of companies domiciled, with primary operations, or significantly impacted by developments in emerging market countries. Within this investment framework, the Portfolio may invest in companies of any size and in any sub-sector of the emerging-markets sector.

In managing the Portfolio, the Investment Manager will apply a value philosophy, selecting stocks with low prices in relation to the Investment Manager's estimate of the companies' earnings power, book values and dividend-paying capabilities. This investment process is backed by the Investment Manager's extensive global research capability. The research analyses supporting buy and sell decisions are based largely on specific company and industry findings rather than on broad economic forecasts. In addition to specific stock selection, the Investment Manager employs country-allocation techniques. Under normal conditions, the Portfolio intends to have substantially all its assets diversified among emerging-market countries, although the Portfolio may temporarily invest in more developed country markets. In allocating the Portfolio's assets among emerging-market countries, the Investment Manager will consider such factors as the geographical distribution of the Portfolio, the sizes of the stock markets represented and the various key economic characteristics of the countries—factors which, in the Investment Manager's opinion, have the most impact on portfolio risk. However, the Portfolio may not necessarily be diversified on a geographical basis. The Investment Manager will also consider the transaction costs and volatility of each individual market.

The Investment Manager, in its discretion, will determine which countries constitute "emerging market countries." In general, emerging market countries will be countries considered by the international financial community to be developing countries, including countries from time to time included in the MSCI Emerging Markets IndexSM, a free float-adjusted market capitalization index designed to measure equity market performance in the global emerging markets. Examples of emerging market countries initially may include Argentina, Brazil, Chile, the People's Republic of China, Colombia, the Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, South Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, the Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. The Investment Manager's determination of which countries constitute emerging market countries may change from time to time to conform to international financial community practice and the composition of the MSCI Emerging Markets IndexSM.

The Portfolio will invest primarily in common stocks, but may also invest in preferred stocks warrants and convertible securities of non-U.S. issuers, including

sponsored or unsponsored ADRs and GDRs or their equivalent.

The Investment Manager currently anticipates that under normal market conditions the Portfolio will invest at least 65% of the total assets of the Portfolio in at least three emerging-market countries.

The Investment Manager will seek to invest the Portfolio's assets in the equity securities of emerging-markets companies in a manner intended to result in superior liquidity, which investment may take the form, for example, of the purchase of ADRs or GDRs or their equivalent.

The Portfolio may invest up to 10% of its total assets in securities for which there is no ready market.

The Portfolio may use financial derivative instruments for (i) hedging, (ii) efficient portfolio management, and (iii) investment purposes through listed futures and options, and OTC derivatives such as swaps, options and currency transactions.

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%-10%	25%
Repurchase agreements and reverse repurchase agreements	N/A	N/A
Securities lending transactions	N/A	N/A

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

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

Benchmark. The Portfolio's benchmark is the MSCI Emerging Markets Index. 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.

Responsible investing. The Portfolio integrates ESG considerations. The Portfolio applies certain exclusions and details can be found at www.alliancebernstein.com/go/ABFCPIIExclusionChart .

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).

Summary Information

Portfolio Features

Currency of the Portfolio	Dollars	Order Cut-Off Time	6:00 p.m. Central European Time on each Business Day
Net Asset Value Calculation	Each Business Day	Valuation Point	4:00 p.m. U.S. Eastern time on each Business Day. At the discretion of the Management Company, the Valuation Point may be changed and additional Valuation Points may be designated.
Net Asset Value Publication	Available from the Management Company	Redemptions Limit	The Management Company may limit the redemption of Shares if the Fund receives on any Trade Date requests to redeem more than 5% of the Shares. See "How to Redeem Shares" in Section II.
Distributions	Class A, I, S and S1 Shares None. See "Distributions" below.		

Share Class Fees and Charges¹

	Initial Sales Charge ²	Management Fee ³	Distribution Fee	Contingent Deferred Sales Charge
USD-Denominated Share Classes				
Class A Shares	Up to 5.00%	1.75%	None	None
Class I Shares	Up to 1.50%	0.95%	None	None
Class S Shares ⁴	None	None	None	None
Class S1 Shares ⁴	None	0.95%	None	None
EUR-Denominated Share Classes				
Class A Shares	Up to 5.00%	1.75%	None	None
Class I Shares	Up to 1.50%	0.95%	None	None
Class S1 Shares ⁴	None	0.95%	None	None
GBP-Denominated Share Classes				
Class S1 Shares ⁴	None	0.95%	None	None
JPY-Denominated Share Classes				
Class S Shares ⁴	None	None	None	None

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 class A, I, S and S1 shares: 2.25%, 1.45%, 0.30%, 1.25%, 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 For further details on the Management Fee, please refer to "Additional Information—Fees and Expenses" in Section II.

4 Reserved for institutional investors. 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.

Other Share Class Features

	Offered Currencies	Minimum Initial Investment*	Minimum Subsequent Investment*	Maximum Investment	Luxembourg Taxe d'Abonnement**
USD-Denominated Share Classes					
Class A Shares	Dollar	\$2,000	\$750	None	0.05%
Class I Shares	Dollar	\$1 million*	None	None	0.05%
Class S Shares	Dollar	\$2 million*	None	None	0.01%
Class S1 Shares	Dollar	\$2 million*	None	None	0.01%
EUR-Denominated Share Classes					
Class A Shares	Euro	€2,000	€750	None	0.05%
Class I Shares	Euro	€1 million*	None	None	0.05%
Class S1 Shares	Euro	€2 million*	None	None	0.01%
GBP-Denominated Share Classes					
Class S1 Shares	GBP	£1 million*	None	None	0.01%
JPY-Denominated Share Classes					
Class S Shares	Yen	¥200 million*	None	None	0.01%

* 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 beginning on page II-9. 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.

Investments of the Portfolio are subject to high 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 choices.

The Portfolio will invest in securities of issuers situated in emerging markets and it may consequently experience greater price volatility and significantly lesser liquidity than a portfolio invested solely in equity securities or issuers located in more developed countries. Such securities are also subject to higher risks of political or economic instability; fluctuations in exchange rates, differing legal and accounting systems, national policies limiting investment opportunities, and higher investment costs.

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 beginning on page II-20, in particular Country Risk—General, Country Risk—Emerging Markets, Currency Risk, Liquidity Risk, Portfolio Turnover Risk, Management Risk, Smaller Capitalization Companies Risk, Industry/Sector Risk, Borrowing Risk, Taxation Risk and Equity Securities Risk.

Profile of the Typical Investor

The Portfolio will suit high risk-tolerant investors who seek medium to long term rewards of equity investment. Investors are encouraged to consult their independent

financial advisors regarding the suitability of Shares of the Portfolio for their investment needs.

Distributions

For Class A, I, S and S1 Shares, pursuant to the Management Regulations, the Management Company currently does not intend to pay dividends with respect to the Shares. Therefore, any net income and net realized profits attributable to Class A, I, S and S1 Shares will be reflected in the respective Net Asset Value of the Shares.

Net Asset Value Adjustment Policy

The Net Asset Value at which investors subscribe or redeem Shares in the Portfolio on a particular Business Day may not entirely reflect the dealing and other costs that arise when the Investment Manager trades securities to accommodate the net activity from subscriptions and redemptions. Therefore, the Management Company has adopted a policy to adjust the Net Asset Value. Investors should refer to the "Determination of Net Asset Value of Shares" in Section II of this prospectus.

Pursuant to this policy, the Portfolio's Net Asset Value may be adjusted upward or downward in an amount up to 1%.

Management Company, Administrator, Depositary and Transfer Agent Fees

For all Shares except class S and S1 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 0.10% 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 S and S1 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 Section II of the prospectus under "Administrator, Depositary and Transfer Agent Fees". These fees may decrease or increase depending on the assets of the Portfolio and transaction volume or for other reasons.

Organizational Expenses

The Portfolio has no unamortized organizational expenses.

Historical Performance

Information on the historical performance of the Portfolio may be found in the KIDs of the Portfolio.

History

The Portfolio was established as a portfolio of the Fund on 5 August 2002.

Listing

Shares of the Portfolio may be listed on the Luxembourg Stock Exchange as and when issued.

Section II: Core Information

The Fund

AB FCP II is a mutual investment fund (*fonds commun de placement*) organized under the laws of the Grand Duchy of Luxembourg as an unincorporated co-proprietorship of its securities and is registered under Part I of the Law of 2010. The Fund is registered under number K 218 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 UCITS Directive. The Fund is managed in the interest of its Shareholders by the Management Company in accordance with the Fund's Management Regulations, as amended from time to time. See "Additional Information—Management Regulations." The assets of the Fund, including the assets of each portfolio, are separate from those of the Management Company. All actions referred to herein as being performed by the Fund or a portfolio will be performed by the Management Company or its agents on behalf of the Fund or such portfolio.

The Fund is structured as an "umbrella fund" comprising separate pools of assets (each a "portfolio"). Each portfolio is answerable only for its own obligations and expenses,

and not for the liabilities of any other 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.

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".

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. The Shares being offered hereby may be subject to different sales charges and ongoing distribution and other fees. These alternative sale arrangements permit an investor to choose the method of purchasing shares that is most beneficial given the amount of the purchase, the length of time the investor expects to hold the shares and other circumstances.

The minimum initial investment, minimum subsequent investment and maximum investment, if any, are indicated under "Summary Information" in Section I. For certain classes of Shares and certain categories of investors the minimum initial and subsequent investment may be reduced and any maximum investment amount may be waived by the Management Company in its sole discretion. In addition, the Management Company, in its sole discretion, may allow distributors or dealers to establish different minimums for initial and subsequent investments with respect to any class of Shares.

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 Management Company. The Management Company on behalf of 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 Management Company 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 Management Company 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 (plus any applicable sales charge) on any Valuation Day, subject to any prior notice period provided for in the relevant Part of Section I relating to a specific portfolio. 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 Valuation Day. 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,

unless otherwise provided for in the relevant part of Section I relating to a specific portfolio. 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. In cases where the Management Company consents to payments in a currency other than in 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.

Subject to any prior notice period provided for in the relevant Part of Section I relating to a specific portfolio, purchase orders for a given Trade Date may be accepted up to the Order Cut-off Time (as defined in the relevant part of Section I relating to a specific portfolio) for such Trade Date. Valid and complete orders received and accepted by the Management Company 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 (as defined in the relevant part of Section I relating to a specific portfolio) are processed on the next Valuation Day (subject to any prior notice period provided for in the relevant Part of Section I relating to a specific portfolio) at the appropriate Net Asset Value determined as of the Valuation Point on such Valuation Day, in which case the Trade Date in respect of such purchase, redemption or exchange request will be such Valuation Day. At the discretion of the Management Company, Trade Dates, Valuation Points or the foregoing Order Cut-off Times may be changed, and additional Trade Dates, Valuation Points and Order Cut-off Times may be designated. The Management Company will notify Shareholders of any such changes. In the event the Management Company 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.

Orders generally will be forwarded to the Management Company by the Distributor or selling dealer on the date received, provided the order is received by the Distributor or dealer prior to such deadline as may from time to time be established by the office in which the order is placed. Neither the Distributor nor any dealer is permitted to withhold placing orders to benefit themselves by a price change.

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 reallocate 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 in the relevant Offered Currency at the applicable rate set out under "Summary Information." The charge will be calculated in the relevant Offered Currency on the amount which is the lesser of the current Net Asset Value or original cost of the Shares being redeemed. 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.

Additional Share Class Information

Class A Shares

Class A Shares are offered to selected dealers or distribution agents appointed by the Management Company purchasing Shares on behalf of their clients.

A portion of the fee charged for Class A Shares may be paid to dealers, distribution agents and/or platforms for certain maintenance and/or administration type fees (where legally permissible).

Class A Shares are available for distribution in the EU except to (i) MiFID distributors providing independent advice (e.g., independent financial investment advisors) or portfolio management services (e.g. discretionary investment managers) or (ii) any client on whose behalf a foregoing MiFID distributors is acting¹.

Class I Shares

Class I Shares are offered to (i) retail and institutional investors purchasing Shares through dealers or distribution agents who have separate fee arrangements with such investors, (ii) product structures that purchase 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 where such offering and/or sale takes place outside the EU.

With respect to distribution within the EU, no portion of fees charged by the Management Company involving Class I Shares is paid to dealers and/or distribution agents, except maintenance and/or administration type fees (where legally permissible) including payments to platforms. Accordingly, within the EU, Class I Shares are available for purchase by (or on behalf of) customers of: (i) dealers and/or distribution agents providing independent advice (e.g., independent financial investment advisors) or portfolio management services (e.g., discretionary investment managers); and (ii) dealers and/or distribution agents purchasing Class I Shares on behalf of their clients where either an arrangement with their client or applicable law prohibits such dealers and/or distribution agents from retaining any payment from a third-party.

Class S Shares

Class S shares are offered to institutional investors have entered into an agreement with the Management Company and are being charged an investment management fee separately.

With respect to distribution within the EU, no portion of the fees charged for Class S Shares is paid to third parties such as dealers or distribution agents, except maintenance and/or administration type fees (where legally permissible) including payments to platforms. Accordingly, within the EU, Class S Shares are available to entities providing portfolio management services (e.g. discretionary investment managers) or any client on whose behalf a foregoing entity is acting.

Class S1 Shares

Class S1 shares are offered to institutional investors.

With respect to distribution within the EU, no portion of the fees charged for Class S1 Shares is paid to third parties such as dealers or distribution agents, except maintenance and/or administration type fees (where legally permissible) including payments to platforms. Accordingly, within the EU, Class S1 Shares are available to entities providing portfolio management services (e.g. discretionary investment managers) or any client on whose behalf a foregoing entity is acting.

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 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 the investor 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 Management Company 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. The uncertificated form enables the Fund to effect redemption instructions without undue delay and consequently the Fund recommends that investors maintain their Shares in uncertificated form. If an investor requests Shares to be issued in certificated form, a Share certificate is sent either to the investor or that person's nominated agent (at the investor risk) normally within 28 days of completion of the registration process or transfer, as the case may be, of the Shares.

AB Funds Accounts and Account Numbers

Upon acceptance of an investor's Application Form in connection with the investor's first investment in an AB fund, the Transfer Agent will establish an account in its Shareholder processing system in which the investor's AB fund Shares will be recorded. This account reflects an investor's share position in the relevant AB fund. An AB funds account will be denominated in the Offered Currency in which the investor's first AB fund subscription is made. An AB funds 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 funds account and will receive separate statements with respect to each such account.

Investors will be given an AB funds account number with respect to each AB funds account they establish, and this number, together with the investor's pertinent details, constitutes proof of identity. This AB funds account number should be used for all future dealings by the investor in respect of any AB fund Shares of such accounts. Any change to an investor's personal details, loss of AB funds 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 Management Company may accept securities as payment for Shares at its discretion provided that the contribution of such securities is consistent with policies pursued by the Investment Manager and 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 and any other expenses in connection with the subscription in kind will be borne by the subscriber that has chosen this method of payment.

How to Redeem Shares

Subject to any prior notice period provided for in the relevant Part of Section I relating to a specific portfolio, shareholders may redeem their Shares on any Valuation Day through the Distributor or any authorized dealer, or by transmitting an irrevocable redemption order by facsimile or mail to the Management Company 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 funds 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 funds account is denominated.

If, as a result of any redemption request, a Shareholder's AB funds account falls below \$1,000 (or the equivalent amount in another Offered Currency depending on the currency in which the Shareholder's AB funds account is denominated), such redemption request may be deemed to apply to the Shareholder's entire AB funds 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, unless otherwise provided for in the relevant part of Section I relating to a specific portfolio and subject to any prior notice period provided for in the relevant Part of Section I relating to a specific portfolio. Redemption requests for a given Trade Date may be accepted up to the Order Cut-off Time (as defined in the relevant part of Section I relating to a specific portfolio) for such Trade Date, subject to any prior notice period provided for in the relevant Part of Section I relating to a specific portfolio. 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 Order Cut-off Time (as defined in the relevant part of Section I relating to a specific portfolio) will be processed on the next Valuation Day (subject to any prior notice period provided for in the relevant Part of Section I relating to a specific portfolio) at the appropriate Net Asset Value determined as of the Valuation Point on such Valuation Day, in which case the Trade Date in respect of such redemption request will be such Valuation Day. 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.

Unless otherwise provided for in the relevant part of Section I relating to a specific portfolio, payment of the redemption proceeds (the redemption price less any applicable contingent deferred sales charge) 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 Management Company, 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 Management Company, 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 Management Company, or its authorized agent, has not received all required original documentation from Shareholders or their financial advisers, as appropriate, 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 Management Company, or its authorized agent, via mail or facsimile transmission before wire transfers of redemption proceeds may be sent.

The Management Company will endeavor 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 Management Company 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 Asset Value of a specific portfolio (or such lower percentage as may be stated in the description of such portfolio in Section I), 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 Management Company 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 Management Company 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 Management Company 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 which are listed 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 Management Company. 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 and Certain Other AB Funds

Shareholders have the option to exchange Shares for Shares of the same class of any other portfolio of the Fund or Shares of the same class of certain other AB funds. 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 or other AB fund to be acquired upon exchange. The Management Company reserves the right, in its discretion, to waive any applicable minimum subscription amounts.

The applicable Order Cut-off Time for an exchange will be the earlier of the Order Cut-off Times of the two AB funds or share classes that are associated with the exchange. If the earlier Order Cut-off Time is not met, the exchange will not be considered for acceptance until the next common Business Day of the two AB Funds. Following receipt and acceptance by the Management Company, 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. Exchanges involving other AB funds will be effected by means of a redemption of the original Shares and a subscription for and purchase of the Shares to be acquired upon exchange. Each side of an exchange transaction will be effected on the same trade date.

The Management Company, on behalf of the Fund and the Distributor, 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.

In respect of any exchange order involving a class of Shares possessing a contingent deferred sales charge, the holding period for purposes of calculating the contingent deferred sales charge due upon redemption, if applicable, relating to Shares acquired in an exchange, will be based on the date of purchase of the original Shares. The contingent deferred sales charge on Shares acquired in an exchange will be calculated based on the contingent deferred sales charge schedule associated to the original Shares at the time of purchase. Such restrictions may be waived under certain circumstances in the sole discretion of the Management Company, on behalf of the Fund.

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 funds 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 funds account is denominated, a second AB funds 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 funds 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 realized by the investor upon exchange.

Investors interested in exchanging Shares should contact their financial adviser or the Distributor for more information about the exchange option. Neither the Fund nor the Management Company currently charges any administrative or other fees in connection with exchanges. However, investors who hold their Shares through accounts with a dealer should contact such dealer to determine if any such fees apply in connection with exchanges.

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.

Investment Type	Value Equity
	Emerging Markets Value Portfolio
Equity Securities Types	
Equity Securities	•
Depository Receipts	•
REITs	
Debt Securities Types	
Fixed-Income Securities	
Convertible Securities	
"Zero Coupon" Treasury Securities	
Commercial Mortgage-Backed Securities*	
Pass-Through Mortgage Related Securities*	
Collateralized 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 Types of Investments and Strategies	
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 Foreign 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 part I of this Prospectus, investments in Asset and Mortgage Backed Securities are limited to 20% of the net assets of any portfolio.

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 and 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 derivative 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.

Depository 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. Depository 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 depository 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 depository receipts. ADRs are depository 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 depository 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 depository 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 75% 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 realize capital gains by selling properties that have appreciated in value.

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.

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 centers. 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 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, the 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 fixed-income 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 on 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 fixed-income obligations of various issuers or a basket of other transferable securities. Baskets involving fixed-income obligations may be designed to represent the characteristics of some portion of the fixed-income securities market or the entire fixed-income 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, the 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, the 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.

Other Types of Investments and Strategies

Structured Securities and Basket Securities. A portfolio may invest in various types of structured securities and basket securities. 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 on 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.

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

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 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 foreign 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, foreign 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. A Portfolio may also invest in options on futures contracts, which 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 favorable rates or to dispose of securities at favorable prices.

Repurchase and Reverse Repurchase Agreements. A reverse repurchase agreement arises when the Fund "buys" a security from a counterparty and simultaneously agrees to sell it back to the counterparty at an agreed-upon future date and price. In a repurchase transaction, the Fund "sells" a security to a counterparty and simultaneously agrees to repurchase it back from the counterparty at an agreed-upon future date and price. The repurchase price is the sum of repurchase agreement principal plus an agreed interest rate for the period the buyer's money is invested in the security. Such agreements provide the Investment Manager with additional flexibility to pursue the portfolio's investment objective.

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.

Currency Transactions. Transactions in currencies may include options, forwards, futures and swaps and are subject to a number of risks, in particular, the risk posed by fluctuations in the market price of currency contracts.

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 Foreign Currency Exchange Contracts. A portfolio may purchase or sell forward foreign currency exchange contracts to reduce or obtain exposure to the Currency of the Portfolio, the currency of an underlying investment and/or other currencies. A forward foreign 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 foreign currency exchange contract, for example, when it enters into a contract for the purchase or sale of a security denominated in a foreign 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 foreign currency, or when a portfolio believes that the Currency of the 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 foreign 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 portfolio 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 foreign 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 equity swaps, index swaps and interest rate swaps), 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 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 instruments 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 instruments 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 transactions 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 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 instruments 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.

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 realized 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. The 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. The 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 realize 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 related common stock relating to exercise or 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 are 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 U.S. 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 meet 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 Factor	Value Equity
	Emerging Markets Value Portfolio
General Risks	
Country Risk—General	•
Country Risk—Emerging Markets	•
China Market Risk/China Equities Risk	•
Currency Risk	•
Liquidity Risk	•
Focused Portfolio Risk	
Allocation Risk	
Portfolio 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	
Sustainability Risks	•

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 favorably or unfavorably 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 portfolio. 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 unfavorable 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 willful default and to negligence and willful misconduct of its local agents in Russia and does not extend to losses due to the liquidation, bankruptcy, negligence and willful 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.

China Market Risk.

In General. Investing in the Chinese market is subject to the risks of investing in emerging markets generally and the risks specific to China.

Since 1978, the government of the People's Republic of China (the "PRC") has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in the PRC's political, social or economic policies may have a negative impact on investments in the Chinese market.

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. In addition, the PRC's disclosure and regulatory standards are in many respects less stringent than and/or may deviate significantly from standards in many OECD countries. There may be less publicly available information about PRC companies than is regularly published by or about companies based in OECD countries and such information as is available may be less reliable than that published by or about companies in OECD countries. PRC companies are subject to accounting standards and requirements that differ in significant respects

from those applicable to companies established or listed in OECD countries. As a result, the lower levels of disclosure and transparency of certain material information may impact on the value of investments made by the Fund and may lead to the Fund or its service providers coming to an inaccurate conclusion about the value of its investments. This, if combined with a weak regulatory environment, could result in lower standards of corporate governance and less protection of minority shareholder rights of the companies in which the Fund will invest.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of a Portfolio. Laws governing taxation will continue to change and may contain conflicts and ambiguities. In addition, the Fund's operations and financial results could be adversely affected by adjustments in the PRC's state plans, political, economic and social conditions, changes in the policies of the PRC government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Furthermore, a portion of the economic activity in the PRC is export-driven and, therefore, is affected by developments in the economies of the PRC's principal trading partners.

The Chinese government's macro-economic policies and controls (including its monetary and fiscal policies) also have significant influence over the capital markets in China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities held by a Portfolio. The return of a Portfolio will be adversely affected as a result.

China Equities Risks: the China Connect Scheme. A Portfolio of the Fund 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.

The China Connect Scheme will enable Hong Kong and overseas investors including one or more Portfolios of the Fund to trade China Connect Securities listed on the relevant China Connect Market through local securities firms or brokers. For investment in China Connect Securities, the China Connect Scheme provides the "Northbound Trading Link". Under the Northbound Trading Link, investors, through their 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), may be able to 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, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. The relevant Funds may be allowed to trade China Connect Securities through the Northbound Trading Link under the China Connect Scheme, subject to applicable rules and regulations issued from time to time.

China Connect Securities Eligible for Northbound Trading Link. China Connect Securities eligible for trading on the Northbound Trading Link of the Shanghai Connect, as of the date of the Prospectus, include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c) China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK. China Connect Securities eligible for trading on the Northbound Trading Link of the Shenzhen Connect, as of the date of the Prospectus, include shares listed and traded on the SZSE that are (a) constituent stocks of the SZSE Constituent Index issued by a company which has a market capitalisation of more than RMB6 billion; (b) constituent stocks of the SZSE Small/Mid Cap Innovation Index issued by a company which has a market capitalisation of more than RMB6 billion; and (c) China A shares that are not under items (a) or (b) above but which have corresponding China H shares accepted for listing and trading on SEHK. Shares listed on any relevant China Connect Market which are (i) traded in currencies other than Renminbi, or (ii) included in the risk alert board of any China Connect Market are not available for the Northbound Trading Link under the China Connect Scheme. SEHK may include or exclude securities as China Connect Securities and may change the eligibility of shares for trading on the Northbound Trading Link, and update the relevant lists on its designated information disclosure website.

There can be no assurance that an active trading market for such China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect a Fund's ability to dispose of China Connect Securities at the desired price. If a Fund needs to sell China Connect Securities at a time when no active market for them exists, the price it receives for its China Connect Securities - assuming it is able to sell them - is likely to be lower than the price received if an active market did exist.

Foreign Exchange. All transactions in China Connect Securities will be made in RMB and may not be in the base currency of a Portfolio or the relevant currency of the share class held by a Shareholder, and accordingly the Portfolio will be exposed to RMB currency risks. The ability to hedge RMB currency risks may be limited. In addition, given RMB is subject to exchange control restrictions, a Portfolio of the Fund could be adversely affected by delays in converting other currencies into RMB and vice versa and at times when

there are unfavourable market conditions.

Ownership of China Connect Securities. 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:

- a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with ChinaClear and HKSCC will be the nominee holder of such China Connect Securities; and
- b) 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 Central Clearing and Settlement System (“CCASS”) stock account of the relevant CCASS clearing participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner of such China Connect Securities and will be regarded as holding its beneficial entitlement to the China Connect Securities on behalf of the relevant clearing participant. Depending on the custody arrangements between such clearing participant and its Hong Kong or overseas clients, such clearing participant will in turn generally be regarded as holding its beneficial entitlement for such Hong Kong or overseas clients.

Under current PRC regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with ChinaClear and Northbound investors have rights and interests in China Connect Securities acquired through the China Connect Scheme according to the applicable laws. The CSRC Securities Registration and Settlement Measures, the ChinaClear's Securities Registration Rules and Administrative Rules on Securities Accounts, the relevant rules of ChinaClear and the relevant China Connect Market in relation to the China Connect Scheme generally provide for the concept of a “nominee holder” and recognise the Northbound investors as the “ultimate owners” of the China Connect Securities.

Northbound investors shall generally exercise their rights in relation to China Connect Securities through HKSCC as the nominee holder. As Northbound investors will have actual control over voting rights in respect of such China Connect Securities (either individually or acting in concert with others), Northbound investors are responsible for complying with disclosure obligations and relevant foreign ownership limits under PRC laws and regulations in relation to China Connect Securities acquired through Northbound trading.

However, the precise nature and rights of a Northbound investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, “legal ownership” and “beneficial ownership” under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the exact nature and methods of enforcement of the rights and interests of Northbound investors under PRC law are not free from doubt.

Investors should note that, under the CCASS rules, HKSCC as nominee holder does not guarantee the title to China Connect Securities held through it and shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of China Connect Securities in the PRC or elsewhere

Although the Fund's ownership may be ultimately recognised, it may suffer difficulties or delays in enforcing its rights in China Connect Securities in the event any of the providers along the chain choose not to take any legal action or court proceeding to enforce any rights on behalf of the investor. To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Fund suffers losses resulting from the performance or insolvency of HKSCC.

Quota limitations. Trading under the China Connect Scheme will be subject to a daily quota (the "Daily Quota"). The Daily Quota limits the maximum net buy value of cross-border trades via the Northbound Trading Link respectively under the Shanghai Connect and the Shenzhen Connect that can be executed by SEHK's registered exchange participants ("Exchange Participants") while the China Connect Scheme is in operation each day. Currently, the Daily Quota is set at RMB 13 billion for each of the Shanghai Connect and the Shenzhen Connect. The Daily Quota may change and consequently affect the availability of buy trades on the Northbound Trading Link.

In particular, once the remaining balance of the Daily Quota applicable to the Northbound Trading Link drops to zero or such Daily Quota is exceeded, new buy orders will be rejected (though investors will be allowed to sell their China Connect Securities regardless of the quota balance). Therefore, quota limitations may restrict the Fund's ability to invest in China Connect Securities through the China Connect Scheme on a timely basis, and a Portfolio of the Fund may not be able to effectively pursue its investment strategies depending on the relevant Fund's size of investment in China Connect Securities through the China Connect Scheme.

Restriction on Day Trading. Day (turnaround) trading is not permitted on the China A share market. If an investor including a relevant Fund buys China Connect Securities on T day, the investor may be able to sell China Connect Securities only on or after T+1 day. Due to pre-trade checking requirements, the sell orders of China Connect Securities that were bought on T day may only be processed on or after the applicable cut-off time on T+1 day subject to any China Connect Scheme rules. This will limit the Fund's investment options, in particular where it wishes to sell any China Connect Securities on a particular trading day.

Foreign shareholding restrictions. The China Securities Regulatory Commission ("CSRC") stipulates that existing market shareholding restrictions also apply to shareholders holding China Connect Securities through the China Connect Scheme, and additionally, shareholdings by a Hong Kong or overseas investor must not exceed 10% of the total issued shares of a PRC listed company for such single foreign investor, and shareholdings by all foreign

shareholders in aggregate must not exceed 30% of the total issued China A shares of a PRC listed company.

Suspension risk. It is contemplated that SEHK and the relevant China Connect Market would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently.

No Manual Trade or Block Trade. There will be no manual trade facility or block trade facility for China Connect Securities transactions on the Northbound Trading Link. The Fund's investment options will be limited.

Order Priority. Where a broker provides China Connect Scheme trading services to its clients, proprietary trades of the broker or its affiliates may be submitted to the trading system independently and without the traders having information on the status of orders received from clients. Due to quota restrictions or other market intervention events, there can be no guarantee that trades of the Fund through the broker will be completed. In addition, brokers as issuers of financial instruments and other market access products linked to China Connect Securities may be restricted from issuing such instruments or products to a Portfolio of the Fund if they are unable to obtain order priority or are subject to the Daily Quota in seeking to hedge their positions under such instruments or products.

Best Execution Risk. China Connect Securities trades may, pursuant to the applicable rules in relation to the China Connect Scheme, be executed through one or multiple brokers that may be appointed by the relevant Fund for trading via the Northbound Trading Link. In effecting China Connect Securities transactions, the Investment Manager will seek to obtain the best execution of orders. If a broker offers standards of execution which it reasonably believes to be amongst best practice in the relevant marketplace, the Investment Manager may determine that it should consistently execute transactions with that broker (including where it is an affiliate). In order to satisfy the pre-trade checking requirements, the pre-trade delivery of China Connect Securities to an Exchange Participant will result in that Exchange Participant becoming responsible for holding and safekeeping such securities for the Fund. Accordingly, the Investment Manager on behalf of the Fund may determine that it can only execute China Connect Securities trades through one broker or Exchange Participant and accordingly such trades may not be executed on a best execution basis. Notwithstanding that the Fund's China Connect Securities trades may not be executed at the best price, neither the brokers nor the Investment Manager shall have any liability to account to the Fund in respect of the difference between the price at which the Fund executes transactions and any other price that may have been available in the market at that relevant time. In addition, the broker may aggregate investment orders with its and its affiliates' own orders and those of its other clients, including the Fund. In some cases, aggregation may operate to the Fund's disadvantage and in other cases aggregation will operate to the Fund's advantage. By using a broker's China Connect Scheme trading services where it requires to aggregate the Fund's order in this way, in some cases this may result in the Fund obtaining a less favourable result than would otherwise be the case.

Limited off-exchange trading and transfers. China Connect Securities will be traded only through the system used for the trading of China Connect Securities on the relevant China Connect Market (or, if applicable, other market), as operated by the relevant China Connect Market (or such other market) (“China Stock Connect System”). Market participants must match, execute or arrange the execution of any sale and buy orders or any transfer instructions from investors in respect of any China Connect Securities through the China Stock Connect System in accordance with the China Connect Scheme rules. “Non-trade” transfers are permitted in limited circumstances such as post-trade allocation of China Connect Securities to different funds/sub-funds by fund managers or correction of trade errors.

While “non-trade” transfers of China Connect Securities are permitted in limited circumstances, there are also uncertainties surrounding whether the issuance of market access products (in the form of derivatives, structured products or participatory notes) to provide long positions to clients, securities lending and internal cash settled hedging arrangements in respect of China Connect Securities will trigger this foregoing rule against off-exchange trading. However, the risk may be remote to the extent that the relevant market access products and transactions are cash settled.

Clearing, settlement and custody risks. HKSCC and ChinaClear will establish the clearing links between SEHK and the relevant China Connect Market and each will become a participant of the other to facilitate clearing and settlement of cross-border trades. For cross-border trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

China Connect Securities traded through the China Connect Scheme are issued in scripless form, so investors including the relevant Funds will not hold any physical China Connect Securities. Under the China Connect Scheme, Hong Kong and overseas investors including the relevant Funds which have acquired China Connect Securities through the Northbound Trading Link should maintain such China Connect Securities with their brokers’ or custodians’ stock accounts with CCASS operated by HKSCC.

There are risks involved in dealing with the custodians or brokers who hold the Fund’s investments or settle the Fund’s trades. It is possible that, in the event of the insolvency or bankruptcy of a custodian or broker, the Fund would be delayed or prevented from recovering its assets from the custodian or broker, or its estate, and may have only a general unsecured claim against the custodian or broker for those assets. In recent insolvencies of brokers or other financial institutions, the ability of the Fund to recover their assets from the insolvent’s estate has been delayed, limited, or prevented, often unpredictably, and there is no assurance that any assets held by the Fund with a custodian or broker will be readily recoverable by the Fund.

The Fund’s rights and interests in China Connect Securities will be exercised through HKSCC exercising its rights as the nominee holder of China Connect Securities credited to

HKSCC’s RMB common stock omnibus account with ChinaClear.

Risk of CCASS Default and ChinaClear Default. Investors should note that China Connect Securities held with relevant brokers’ or custodians’ accounts with CCASS may be vulnerable in the event of a default, bankruptcy or liquidation of CCASS. In such case, there is a risk that the relevant Fund may not have any proprietary rights to the assets deposited in the account with CCASS, and/or the Fund may become an unsecured creditor, ranking pari passu with all other unsecured creditors, of CCASS. The Fund may face difficulty and/or encounter delays in recovering such assets, or may not be able to recover it in full or at all, in which case the affected Portfolios of the Fund would suffer losses.

Further, the Fund’s assets held with relevant brokers’ or custodians’ accounts with CCASS may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Fund. In particular, there is a risk that creditors of CCASS may assert that the securities are owned by CCASS and not the Fund, and that a court would uphold such an assertion, in which case creditors of CCASS could seize assets of the Fund. Also, it may give rise to the risk that regulatory actions taken against CCASS by PRC government authorities may affect the Fund.

In the event of any settlement default by HKSCC, and a failure by HKSCC to designate securities or sufficient securities in an amount equal to the default such that there is a shortfall of securities to settle any China Connect Securities trades, ChinaClear will deduct the amount of that shortfall from HKSCC’s RMB common stock omnibus account with ChinaClear, such that the Fund may share in any such shortfall.

ChinaClear has established a risk management framework and measures that are approved and supervised by CSRC. Should the remote event of ChinaClear’s default occur and ChinaClear be declared as a defaulter, HKSCC has stated that it will in good faith, seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation process, if applicable. HKSCC will in turn distribute China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the applicable regulator, agency or authority with jurisdiction, authority or responsibility in respect of the China Connect Scheme. Investors in turn will only be distributed the China Connect Securities and/or monies to the extent recovered directly or indirectly from HKSCC. In that event, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

However, the above risks in the event of CCASS or HKSCC default and/or ChinaClear default are regarded as remote.

Participation in corporate actions and shareholders’ meetings. Following existing market practice in China, investors engaged in trading of China Connect Securities on the Northbound Trading Link will not be able to attend meetings by proxy or in person of the relevant China Connect Market-listed company. Accordingly, the Fund will not be able

to attend meetings by proxy or in person of any relevant China Connect Market-listed company. Instead, investors may exercise their voting rights by giving their voting instructions to HKSCC through CCASS participants. All voting instructions from CCASS participants will be consolidated by HKSCC and it will submit a combined single voting instruction to the relevant China Connect Market-listed company. Therefore, the Fund will not be able to exercise the voting rights of the invested company in the same manner as provided in some developed markets.

In addition, any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the relevant China Connect Market website and certain officially appointed newspapers. Investors engaged in trading of China Connect Securities may refer to the relevant China Connect Market website and the relevant newspapers for the latest listed company announcements or, alternatively, the website of HKEx for corporate actions in respect of China Connect Securities issued on the previous trading day. However, the China Connect Market-listed issuers publish corporate documents in Chinese only, and English translations will not be available.

HKSCC will keep CCASS participants informed of corporate actions of China Connect Securities. Hong Kong and overseas investors (including the Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of China Connect Securities may be as short as one business day only. Therefore, the Fund may not be able to participate in some corporate actions in a timely manner. Further, as multiple proxies are not available in the PRC, the Fund may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of China Connect Securities. There is no assurance that CCASS participants who participate in the China Connect Scheme will provide or arrange for the provision of any voting or other related services.

Regulatory risk. The China Connect Scheme is a new program to the market and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal or regulatory enforcement in connection with cross-border trades under the China Connect Scheme.

Risk associated with investing in ChiNext Securities. SZSE has put in place a framework of multi-tiered capital market comprising the Main Board (the "SZSE Main Board Market"), the Small and Medium Enterprise Board market ("SZSE SME Board Market"), and the ChiNext market ("Chinext"). The multi-tier capital market is designed for enterprises at different stages of growth and of different quality and risk profiles. The SZSE SME Board Market was established in May 2004. It is positioned to serve enterprises in relatively mature stage of development and with stable profitability. ChiNext was launched in October 2009. The market primarily targets innovative growth enterprises with profitability.

China Connect Securities traded on ChiNext may carry a different and higher risk profile compared with China Connect Securities traded on the SZSE Main Board Market or the SZSE SME Board Market. In particular, and without limitation, investors should note the differences listed below.

The objective of ChiNext is to promote the development of innovative enterprises and other growing start-ups. Accordingly, the rules and regulations regarding securities on ChiNext are less stringent in terms of profitability and share capital than those in respect of the SZSE Main Board Market or the SZSE SME Board Market.

Given the emerging nature of companies listed and traded on ChiNext, there is a risk that the securities traded on ChiNext may be susceptible to higher market volatility than securities traded on the SZSE Main Board Market or the SZSE SME Board Market.

Listed companies on ChiNext are usually in a preliminary stage of development. They are therefore less mature than companies listed on the SZSE Main Board Market and the SZSE SME Board Market, they have a smaller scale and shorter operating history and their stability and resistance to market risks may be lower. Hence, they are subject to higher fluctuation in stock prices as the performance of these companies change. They are subject to higher risks and higher turnover ratios than companies listed on the SZSE Main Board Market or the SZSE SME Board Market.

The companies listed on ChiNext are generally less resistant to market risks and may experience more fluctuations in their performance. It may be more common for listed companies in the ChiNext market than companies listed on the SZSE Main Board Market and the SZSE SME Board Market to delist and such delistings may occur earlier in respect of securities listed and traded on ChiNext than those on the SZSE Main Board Market and the SZSE SME Board Market.

Conventional valuation methods may not be entirely applicable to companies listed on ChiNext due to the risky nature of the industries in which these companies may operate. There are fewer circulating shares on ChiNext and stock prices may be more susceptible to manipulation and may experience higher fluctuation upon market speculation. Due to the emerging nature of ChiNext and the fact that stocks traded on ChiNext have less of a track record on profitability, such stocks may be overvalued and such high valuation may not be sustainable.

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.

Cybersecurity Risk. As part of the Fund's business, the Management Company and Investment Manager process, store and transmit large amounts of electronic information, including information relating to the transactions of the Fund and personally identifiable information of the Shareholders. Similarly, service providers of the Fund may process, store

and transmit such information. The Management Company and Investment Manager have procedures and systems in place that they believe are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Management Company and Investment Manager may be susceptible to compromise, leading to a breach of the Management Company's or Investment Manager's network. Systems, facilities or online services may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of the Management Company's or Investment Manager's information systems may cause information relating to the transactions of the Fund and personally identifiable information of the Shareholders to be lost or improperly accessed, used or disclosed.

The service providers of the Management Company, Investment Manager and the Fund are subject to similar electronic information security threats. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Fund and personally identifiable information of the Shareholders may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Fund's proprietary information may cause the Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Fund and the Shareholders' investments therein.

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 unfavorable 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, the 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 foreign exchange rate of the other Offered Currency on each Valuation Point. Accordingly, the total return ultimately realized 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 Distributor occasionally may arrange for foreign 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 foreign exchange risks related to timing of settlement upon subscription and changes in exchange rates during the period of investment in the Fund.

Liquidity Risk. Certain securities in which the Fund may invest, may become subject to legal or other restrictions on transfer and there may be no liquid market for such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted

securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

A portfolio may invest up to 10% of its net assets in securities for which there is no ready market, as more fully described in paragraph (5) of "Investment Restrictions" in Appendix A. In addition, a portfolio may engage in transactions in futures contracts or options thereon in limited circumstances, and such instruments may also be subject to illiquidity when market activity decreases or when a daily price fluctuation limit has been reached. Most futures exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as "daily limits." During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can neither be taken nor liquidated. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the portfolio from promptly liquidating unfavorable positions and, therefore, result in losses to a portfolio and corresponding decreases in the Net Asset Value of the relevant Shares.

Certain OTC instruments, for which there will be limited liquidity, will be valued for purposes of calculating Net Asset Value based upon an average of prices taken from at least two major primary dealers. These prices will affect the price at which shares may be redeemed or purchased. Such valuation may not be realized upon sale by a portfolio.

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.

Allocation Risk. This is the risk that the allocation of investments, such as between debt and equity or 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.

Portfolio 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 realization 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 may use derivatives as part of a strategy designed to reduce other risks or as an alternative to investing directly in the underlying instrument. A portfolio may also use derivatives as a direct investment 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 successful use of derivatives draws upon the Investment Manager's special skills and experience and usually depends on the Investment Manager's ability to forecast price movements, interest rates, or currency exchange rate movements correctly. Should prices, interest rates, or exchange rates move unexpectedly, a portfolio may not achieve the anticipated benefits of the transactions or may realize 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 payment terms of the derivative contract. The credit risk for exchange-traded derivatives is different 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, although the portfolio is subject to the risk of the clearing house which may be more significant than privately negotiated derivative transactions.
- **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 some 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.

- **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.
- **Regulatory uncertainty of derivatives markets.** In general, there are significant changes 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 portfolio and the Investment Manager. These compliance obligations require certain training of employees and technology, and there are operational and legal risks as a portfolio and the Investment Manager implement 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 a portfolio 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 Manager 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 Manager 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.

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.

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. Structured instruments may be less liquid and more difficult to price than less complex securities or instruments or more traditional debt securities. The risk of these investments can be substantial; possibly all of the principal is at risk.

Taxation Risk. A portfolio may be subject to taxation resulting, for example, from income or realized capital gains attributable to certain portfolio securities. In certain cases, a double-taxation treaty may exist and serve to eliminate or ameliorate the effect of such taxation. In other cases, no such double-taxation treaty may exist. For example, a portfolio may invest in equity securities of U.S. issuers. Dividends on the equity securities of U.S. corporations 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.

FATCA and Certain Withholding Risk. The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It generally requires financial institutions outside the U.S. ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified U.S. Persons", directly or indirectly, to the U.S. tax authorities on an annual basis, or else become subject to withholding tax on certain U.S. source income and possibly gross proceeds.

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 Fund generally will be required to timely register with the Service and agree to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equity holders). 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 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 Service 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 Service and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equity holders). 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.

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 Service, the Luxembourg Minister of Finance and other foreign fiscal authorities;
- (iii) the Fund (or its agent or an Intermediary) may disclose to the Service, 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.

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.

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 the Fund's shares.

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 realization 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.

Rating Agencies. Future actions of any rating agency can adversely affect the market value or liquidity of fixed-income securities, and a rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of securities. Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the liquidity and value of a fixed-income security.

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 investment in these 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.

Unrated 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.

In seeking to achieve a portfolio's primary objective, there will be times, such as during periods of rising interest rates, when depreciation and realization 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. Such securities often have a credit rating of CC or below. 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 honor 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 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 market 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.

By investing in municipal securities, a portfolio will be exposed to certain additional risks including with respect to the economic conditions of the particular state or municipality, political or legislative changes, uncertainties related to the tax status of municipal securities, or the rights of investors in these securities. To the extent that a portfolio invests more of its assets in a particular state's municipal securities, the portfolio may be vulnerable to events adversely affecting that state, including economic, political and regulatory occurrences, court decisions, terrorism and catastrophic natural disasters, such as hurricanes or earthquakes. A portfolio's investments in certain municipal securities with principal and interest payments that are made from the revenues of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant effect on the project's ability to make payments of principal and interest on these securities.

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 fulfill 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.

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, the Management Company or the Administrator. None of the Fund, the Management Company or 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, the Management Company or the Administrator. None of the Fund, the Management Company or 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. The Management Company, the Investment Manager, the Depositary, the Administrator, distributors and other service providers and their respective affiliates, directors, officers and unitholders are or may be involved in other financial, investment and professional activities that may create conflicts of interest with the management and administration of the Fund. These include the management of other funds, purchases and sales of securities, brokerage services, custodian and safekeeping services, and serving as directors, officers, advisors or agents for other funds or other companies, including companies that a portfolio may invest in. Each of the parties will ensure that the performance of their respective duties will not be impaired by any such other involvement that they might have. In the event that a conflict of interest does arise,

the managers of the Management Company and the relevant parties involved shall endeavor to resolve it fairly, within a reasonable time and in the interest of the Fund.

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 endeavor to ensure that it is resolved fairly. Without limitation, these conflicts may include the following:

- *Other Funds Managed by the Investment Manager.* 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 directly or indirectly by the Investment Manager itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, such investment will be effected only on terms which either avoid, or make appropriate provision to effectively eliminate, double charging of investment management or advisory fees. Furthermore, the Management Company or other company will not charge subscription or redemption fees in connection with an acquisition or disposal of such investments.
- *Allocation Among Clients.* An Interested Party may make investments for other clients without making the same available to the Fund. In addition, 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 Investment Manager will act in a manner that it considers fair and reasonable in allocating investment opportunities.

- **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.
- **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.
- **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 of Managers of the Management Company 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. 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 directly or indirectly 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 Elvinger Hoss Prussen, *société anonyme* with respect to Luxembourg law. Elvinger Hoss Prussen, *société anonyme* has been selected to act as independent legal counsel to the Interested Parties and the Fund, as applicable, by the AB Group. Elvinger Hoss Prussen, *société anonyme* 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 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.

Meetings and Reports to Shareholders

Shareholders' Information

The latest audited annual reports and unaudited semi-annual reports will be made available to the Shareholders at no cost to them at the offices of the Management Company and the Depositary. Electronic copies of such annual and semi-annual reports are also available on the following website: www.alliancebernstein.com. The accounts of each portfolio will be established in the relevant Currency of the Portfolio and consolidated accounts of the Fund are established in Dollars. Any other financial information to be published concerning any portfolio of the Fund or the Management Company, including the daily Net Asset Value of the Shares of any class of any portfolio and any suspension of such valuation, will be made available to the Shareholders at no cost to them at the offices of the Management Company and the Depositary.

If required by law and applicable regulations, notices to Shareholders will be published in the RESA and in such other newspaper(s) in such countries as the Management Company may from time to time determine.

In addition, the Net Asset Value of the Shares is published as provided for in Section I for each Portfolio.

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 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. Investors are advised to take advice on their rights.

Shareholder Meetings

The Management Regulations do not provide for meetings of Shareholders, and the Fund does not intend to call any such meetings.

Management and Administration

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 on behalf of the Fund 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 Managers involved in the management of the Fund are:

- **AllianceBernstein Hong Kong Limited**, whose principal office is situated at 39th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong
- **AllianceBernstein Australia Limited**, whose principal office is situated at Aurora Place, Level 32F, 88 Phillip Street, Sydney, New South Wales, 2000, Australia
- **AllianceBernstein (Singapore) Ltd.**, whose principal office is situated at One Raffles Quay, #27-11 South Tower, Singapore 048583

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 <http://www.alliancebernstein.com/go/Sub-Inv-Manager-Affiliates>.

The Investment Manager and the Affiliated Sub-Investment Managers provide their investment management 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.

The Management Company

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 17 July 2014. 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.

The object of the Management Company is the creation and management of collective investment undertakings on behalf of their respective shareholders. It will carry out the administration and management of the Fund on behalf of the Shareholders, including the purchase, sale, subscription and exchange of securities, and it may exercise all rights related to the Fund's assets.

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.

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 Management Regulations;
- 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/remuneration_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 USA;

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, Chief Operating Officer and Senior Vice President, AllianceBernstein L.P., 1345 Avenue of the Americas, New York, New York 10105, U.S.A.;

Eileen Koo, Senior Vice President and Chief Compliance Officer (Asia ex-Japan), AllianceBernstein Hong Kong

Limited, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong; and

John Schiavetta, Senior Vice President and Chief Risk Officer, AllianceBernstein L.P., 501 Commerce Street, Nashville, TN 37203 USA.

Depository

State Street Bank International GmbH, Luxembourg Branch (the "Depository") has been appointed by the Fund as the depository 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 Depository Agreement. State Street Bank International GmbH, Luxembourg Branch was previously known as State Street Bank Luxembourg S.C.A., a partnership limited by shares (S.C.A.) existing under the laws of Luxembourg which was incorporated on 19 January 1990. As part of an internal restructuring with the aim to streamline State Street's banking entity structure across Europe, State Street Bank Luxembourg S.C.A. merged into State Street Bank International GmbH on 4 November 2019.

State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depository and is specialized in depository, fund administration, and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186. State Street Bank International GmbH is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company.

Depository's functions. The Depository has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Management Regulations.
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Management Regulations.
- carrying out the instructions of the Management Company unless they conflict with applicable law and the Management Regulations.
- ensuring that in transactions involving the assets of the Fund any consideration is remitted within the usual time limits.
- ensuring that the income of the Fund is applied in accordance with applicable law and the Management Regulations.
- monitoring of the Fund's cash and cash flows.

- safekeeping of the Fund's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

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

Depositary's liability. In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, the Depositary shall return financial instruments of identical type or the corresponding amount to the Management Company acting on behalf of the Fund without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depositary directly or indirectly through the Management Company provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

The Depositary will be liable to the Fund for all other losses suffered by the Fund as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

Delegation. The Depositary has full power to delegate the whole or any part of its safekeeping functions but its liability will not be affected by the fact that it has entrusted to a third-party delegate some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safekeeping functions under the Depositary Agreement.

The Depositary shall exercise care and diligence in choosing and appointing the third-party delegates so as to ensure that each third-party delegate has and maintains the required expertise and competence. The Depositary shall also periodically assess whether the third-party delegates fulfil applicable legal and regulatory requirements and will exercise ongoing supervision over each third-party delegate to ensure that the obligations of the third-party delegates continue to be competently discharged.

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safekeeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered

office of the Fund or at the following internet site: <http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

Conflicts of Interest. The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Fund;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Fund, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Fund;
- (iv) may provide the same or similar services to other clients including competitors of the Fund;
- (v) may be granted creditors' rights by the Fund which it may exercise.

The Fund may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Fund. The affiliate shall enter into such transactions on the terms and conditions agreed with the Fund.

Where cash belonging to the Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Management Company may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- (i) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- (iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

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

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those

agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a standard of conduct that requires employees to act ethically, fairly and transparently with clients.

Information. 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, the list of delegates and sub-delegates 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.

Administrator

State Street Bank International GmbH, Luxembourg Branch 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. State Street Bank International GmbH, Luxembourg Branch 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.

As described above, as part of an internal restructuring with the aim to streamline State Street's banking entity structure across Europe, State Street Bank Luxembourg S.C.A. merged into State Street Bank International GmbH.

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

AllianceBernstein Investments, a unit of the Management Company, acts as the Distributor for the Shares on a best efforts basis. The Distributor has contracted with dealers for the distribution of Shares outside the United States.

Additional Information

Fees and Expenses

In addition to the sales charge and contingent deferred sales charge that investors purchasing Shares may incur, the Fund and each portfolio are also subject to ongoing fees and expenses. Distribution fees are accrued and charged as expenses of the portfolio to which they relate.

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. 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. 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. 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. A number of factors are considered in determining the amount of these payments, including each firm's AB funds sales, assets and redemption rates, and the willingness and ability of the firm to provide access to its financial advisors for educational and marketing purposes. In some cases, firms may include AB funds on a "preferred list." The goal is to make the financial advisors who interact with current and prospective Shareholders more knowledgeable about AB funds so that they can provide suitable information and advice about AB funds and related investor services.

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 AB funds 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 class S and S1 shares may receive payments from the Management Company or the Investment Manager, or an affiliate thereof, out of such entity's own resources.

Distribution Fee. Distribution fees with respect to a class of Shares will be paid to the Distributor as compensation for providing distribution-related services to the Fund with respect to such Shares at the rate indicated under "Summary Information" in Section I. Any shareholder servicing fees with respect to a class of shares will be paid by the Management Company out of the Management Fee to the Distributor as compensation for providing ongoing shareholder services to the Fund for holders of such Shares. The Distributor may pay some or all of such distribution or shareholder servicing fees to dealers who distribute Shares based on the average daily Net Asset Value of shares owned by such dealers' clients during such month. The distribution fee and the shareholder servicing fee of a particular class will not be used to subsidize the sale of shares of any other class.

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, Depositary and Transfer Agent is entitled to receive out of the assets of each portfolio a fee in accordance with the usual practice in Luxembourg. These fees are a combination of asset-based fees and transaction charges; their total amounts vary depending on, among other factors, the size of the composite assets of a portfolio, the location where the investments are made, and the volume of investment transactions. In certain cases, these fees are calculated based on a reducing scale as the size of the composite assets increases and may be subject to temporary waivers or maximum and minimum limits. The Depositary fees are calculated on the basis of the Net Asset Value of a portfolio determined on the last Trade Date of each month, subject to a minimum fee of \$10,000 per year and do not comprise the costs of correspondent banks, expenses and transaction fees which will be charged separately.

Unless otherwise provided for in the relevant part of Section I relating to a specific portfolio, the Administrator, Depositary and Transfer Agent fees will be of a maximum of 1.00% per year, calculated on the basis of the Net Asset Value of a portfolio. 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) only 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 of preparing and/or filing the Management Regulations 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 semiannual 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.

Unless otherwise provided for in the relevant part of Section I relating to a specific share class of a portfolio, 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.

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 Management Company as of 4:00 p.m. U.S. Eastern time on each Valuation Day. To the extent feasible, investment income, interest payable, fees and other liabilities (including 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 Valuation Day. 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 approximately 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 rate;

- (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 derivatives are valued on the basis of a quoted bid price or spread from a major broker-dealer in such security; and
- (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.

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 realized 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 realized 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 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 of Managers of 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.

State Street Bank International GmbH, Luxembourg Branch has been appointed by the Management Company to make the daily 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 such Valuation Day. For purposes of issues and redemptions, the Net Asset Value may be converted in other currencies as specified in this Prospectus.

Net Asset Value Adjustment Policy with respect to Emerging Markets Value Portfolio. In order to ameliorate the costs to existing Shareholders that arise when the Investment Manager trades securities to accommodate the net activity from subscriptions, redemptions and exchanges, the Management Company on behalf of the Emerging Markets Value Portfolio has adopted a policy effective from 15 September 2011 to allow the Net Asset Value to be adjusted as part of the Emerging Markets Value Portfolio's regular daily valuation process. In the usual course of business, the adjustment will be triggered mechanically and consistently whenever the net subscriptions, redemptions and exchanges in Shares of all classes on a particular Business Day exceed a threshold set by the Management

Company from time to time. This threshold is expressed as a percentage of the Emerging Markets Value Portfolio's net asset value on the previous Business Day.

Pursuant to this policy, under normal circumstances, the Emerging Markets Value Portfolio's Net Asset Value may be adjusted upward or downward in an amount up to 1%. However, in extraordinary circumstances typically when there is heightened volatility and price discovery is challenged, the transaction costs may increase dramatically and the Board of Managers may decide, in order to protect existing shareholders of the Portfolio, to increase the Net Asset Value adjustment beyond 1%. The Board of Managers will publish such decision on the Fund's website as soon as practicable thereafter.

The adjustment will be upward when the net subscriptions, redemptions and exchanges result in an increase in Net Asset Value. This adjustment will be downward when the net subscriptions, redemptions and exchanges result in a decrease in Net Asset Value. This adjusted Net Asset Value will be applicable to all subscriptions, redemptions or exchanges in Shares of all classes on that Business Day. When reviewing and implementing the Fund's Net Asset Value Adjustment Policy, the Board of Managers 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.

As the Emerging Markets Value Portfolio's net subscriptions, redemptions and exchanges vary from Business Day to Business Day, it is not possible to predict how frequently the Portfolio's Net Asset Value Adjustment Policy will be invoked.

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

The Management Company 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:

- 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.
- When, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Management Company, disposal of the assets of a portfolio is not reasonably or normally practicable without being seriously detrimental to the interests of the Shareholders.
- In the case of a breakdown in the normal means of communication used for the valuation of any investment of a portfolio or if, for any reason, the value of any asset of a portfolio may not be determined as rapidly and accurately as required.

- If, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of a portfolio are rendered impracticable or if purchases and sales of the portfolio's assets cannot be effected at normal rates of exchange.

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 "Meetings and Reports to Shareholders" 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 Management Regulations, the Management Company 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 Distributor, the dealer or the Fund indicating that the prospective purchaser is not a U.S. Person. Shareholders are required to notify the Management Company immediately of any change in such information. IT IS THE RESPONSIBILITY OF EACH SHAREHOLDER TO VERIFY THAT IT IS NOT A U.S. PERSON THAT WOULD BE PROHIBITED FROM OWNING SHARES IN THE FUND.

In addition, the Management Company, 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 Management Company 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 Management Company, on behalf of 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 S and S1 Shares. The sale of class S, or S1 shares 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 class S or S1 shares if there is not sufficient evidence that the person to whom such class S or S1 shares 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 Management Company will have due regard to the guidelines or recommendations of the competent supervisory authority.

Institutional investors subscribing for class S or S1 shares in their own name, but on behalf of a third party, must certify to the Management Company that such subscription is made on behalf of an institutional investor as aforesaid, and the Management Company may require, at its sole discretion, evidence that the beneficial owner of the class S shares is an institutional investor.

If it shall come to the attention of the Management Company at any time that class S or S1 shares are beneficially owned by a United States Person, non-institutional investor or by another person who is not authorized to hold such class S or S1 shares, either alone or in conjunction with any other person, the Management Company, on behalf of the Fund, may in its discretion compulsorily repurchase such class S or S1 shares at their redemption price as described herein. Not less than ten days after the Fund gives notice of such compulsory repurchase, the class S or S1 shares will be redeemed and Shareholders will cease to be the owners of such class S or S1 shares.

Management Regulations

The Fund is managed by the Management Company in accordance with the Management Regulations. The initial Management Regulations of the Fund, dated 8 March 2001, were published in the *Mémorial* on the 20 March 2001. Initially, the Fund was established under the name “ACM Bernstein Value Investments”. The Management Regulations may be amended from time to time by the Management Company, subject to the approval of the Depositary. Amendments to the Management Regulations are deposited with the *Registre de Commerce et des Sociétés* in Luxembourg and they will become effective the date of the publication in the RESA of a notice of such deposit or upon any other date provided for in the relevant amendment to the Management Regulations. The Management Regulations in their consolidated form are on file with the *Registre de Commerce et des Sociétés* in Luxembourg where they may be inspected and where copies thereof may be obtained.

The Management Regulations of the Fund have been amended to permit the pricing of Shares as stated above. They have further been amended to provide that Portfolios are liable for indebtedness incurred by the Fund on their behalf only provided, however, that under exceptional circumstances the Management Company may undertake joint and several obligations which may be binding upon several or all Portfolios, if this is in the interest of the Shareholders concerned. The Management Regulations were amended on 5 February 2016 when the name was changed to AB FCP II. The Management Regulations have been amended for the last time on 5 July 2021 and such amendment has been published in the RESA through a notice advising of the deposit of such document with the *Registre de Commerce et des Sociétés* of Luxembourg.

By acquiring Shares, every Shareholder approves and fully accepts that the Management Regulations will govern the relationship among the Shareholders, the Management Company and the Depositary. The Management Regulations place certain restrictions and limitations on the Management Company in connection with its operation of the Fund and the portfolios. Such restrictions and

limitations are set out in Appendix A. The Management Company may from time to time impose further investment restrictions other than those set out in Appendix A as are compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the various countries where the Shares of the Fund's portfolios are sold.

Investor Suitability

Investors should consult the section titled “Profile of the Typical Investor” in Section I of the Portfolio in which they are interested in investing for information on the suitability of the Portfolio for such investor's investment goals. AB Portfolios that are not deemed to be cash-equivalent or identified as short-term are described as suitable for investors seeking a medium to long term investment horizon in the Section I of the relevant Portfolio. A particular investor's view as to their and the Portfolio's appropriate investment horizon may vary depending on a number of factors, including the intended use of the Portfolio (whether as a stand-alone strategy or as part of a larger asset allocation strategy), the relevant Shares in which such investor invests, risks and general market conditions applicable to the Portfolio in which such investor invests, and circumstances unique to the investor's situation. Investors are encouraged to consult their independent financial advisors regarding the suitability of Shares of the Portfolio for their investment goals. Independent financial advisors may work with individual investors to assess suitability based on a more holistic approach that takes into consideration factors unique to such investor, including their financial situation, life circumstances and goals, and other factors.

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 and the United States 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 realization 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 its 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 residents 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. the 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 U.S. Internal Revenue Service 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.

U.S. Tax Status. Each Portfolio intends to operate as a separate corporation for U.S. federal tax purposes. 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, though the U.S. Federal tax treatment of an entity like the Fund and its Portfolios is not entirely clear. 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 U.S. Internal Revenue Code of 1986, as amended (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 Service 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 disposition¹. Moreover, if the Fund were 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.

¹ 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 to a 30% gross withholding tax on those distributions and are not subject to tax on a net basis.

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. Certain Portfolios 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 of Beneficial Ownership; 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 Fund generally will be required to timely register with the Service and agree to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equity holders). 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 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 Service 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 Service and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equity holders). 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 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.

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 Service, the Luxembourg Minister of Finance and other foreign fiscal authorities;
- (iii) the Fund (or its agent or an Intermediary) may disclose to the Service, 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.

Other Jurisdictions. Interest, dividend and other income realized by the Fund from other sources, and capital gains realized, or gross sale or disposition proceeds received, on the sale of securities of issuers not specifically discussed herein, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes, are not known.

Future Changes in Applicable Law. The foregoing description of U.S. and Luxembourg income tax consequences of an investment in and the operations of the Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund to income taxes or subject shareholders to increased income taxes.

Other Taxes. Prospective shareholders should consult their own counsel regarding tax laws and regulations of any other jurisdiction which may be applicable to them.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS MEMORANDUM DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.

Listing

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

Portfolio Holdings

For certain portfolios, the Management Company publishes a complete schedule of the portfolio holdings monthly on www.alliancebernstein.com. This posted information generally remains accessible on the website for three months. In addition, the Management Company may post information concerning the number of securities a portfolio holds, a summary of the portfolio ten largest holdings (including name and the percentage of the portfolio's assets invested in each holding), and a percentage breakdown of the portfolio's investments by country, sector and industry, as applicable. Monthly portfolio holdings information is generally posted between 30 and 90 days after the end of that month.

Auditors and Fiscal Year

The Management Company 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.

The Fund's financial year ends 31 May.

Duration of the Fund, Liquidation, Amalgamation

The Fund and the various portfolios have been established for an indefinite period. Shareholders, their heirs and any other beneficiaries may not demand the dissolution or division of the Fund or of a portfolio. A portfolio may be dissolved by the Management Company at any time. Any notice of dissolution will be published in the RESA and in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper, to be determined jointly by the Management Company and the Depositary. No Shares of such portfolio may be issued after the date of such decision of the Management Company. The Fund will be dissolved when the last portfolio is dissolved. In the event of the liquidation of the last portfolio, the Management Company will realize the assets of that portfolio in the best interest of the Shareholders, and the Depositary will distribute the net liquidation proceeds corresponding to each class of Shares of that portfolio, after deduction of liquidation charges and expenses, to the holders of Shares of each class in the proportion of the respective rights of each class, all in accordance with the directions of the Management Company. Liquidation proceeds which cannot be distributed to the persons entitled thereto at the close of liquidation will be deposited with the *Caisse de Consignation* in Luxembourg until the applicable prescription period shall have elapsed.

If the Management Company decides to dissolve any portfolio without terminating the Fund, it will refund to the Shareholders of each class of such portfolio the full Net Asset Value of the Shares within each class of such portfolio. Such action will be publicized by the Management Company and the proceeds of the refund which cannot be distributed to the persons entitled thereto will be deposited with the *Caisse de Consignation* in Luxembourg within nine months following the decision of the Board of Managers of the Management Company to dissolve the relevant portfolio. By decision of the Management Company, two or more portfolios may be amalgamated and the corresponding class of Shares converted into Shares of the corresponding class of another portfolio. The rights of the different Share classes will in such event be determined in the proportion of the respective Net Asset Values. Notice of such an amalgamation will be given at least one month prior thereto in order to allow investors to request redemption of their Shares without cost if they do not wish to participate in the portfolio so established.

Governing Language

English will be the governing language of the Management Regulations, *provided, however*, that the Management Company and the Depositary may, on behalf of themselves and the Fund, consider as binding the translation into languages of the countries in which the Shares are offered and sold with respect to Shares of the Fund sold to investors in such countries.

Applicable Law and Jurisdiction

The Management Regulations 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 Management Regulations; (2) the Depositary Agreement; (3) the Administration Agreement; (4) the Investment Management Agreement; (5) the articles of incorporation of the Management Company; (6) the latest semi-annual and annual reports relating to the Fund; (7) the Prospectus of the Fund; and (8) KIDs relating to the Portfolios of the Fund. Copies of the Fund's Prospectus, Management Regulations, latest annual report and, if issued thereafter, the latest semi-annual report, as well as copies of the KIDs relating to each Portfolio of the Fund, may be obtained at the offices of the Management Company and the Distributor without cost.

Local Information

Information in relation to facilities for investors related to Article 92.1. b) to f) of the UCITS Directive and other local information. To the extent a portfolio is registered in any of the indicated jurisdictions, the following additional disclosure shall apply.

Country	Where information in relation to facilities for investors related to Article 92 1. b) to f) of the UCITS Directive is made available.			
Austria	Available at www.eifs.lu/alliancebernstein			
Finland				
Iceland				
Luxembourg			Facilities requirements for investors related to Article 92 1. a) of the UCITS Directive will be processed by AllianceBernstein (Luxembourg) S.à r.l.	
Netherlands				
Norway				
Sweden				
	Where information in relation to facilities for investors related to Article 92 1. b) to f) of the UCITS Directive is made available:	Additional Country Information		
France	Available at www.eifs.lu/alliancebernstein Facilities requirements for investors related to Article 92 1. a) of the UCITS Directive will be processed by AllianceBernstein (Luxembourg) S.à r.l.	BNP Paribas Securities Services, 3, rue d'Antin – 75002 Paris, France is the Centralizing Correspondent of the Fund.		
Germany	Available at www.eifs.lu/alliancebernstein Facilities requirements for investors related to Article 92 1. a) of the UCITS Directive will be processed by AllianceBernstein (Luxembourg) S.à r.l.	Any notices will be sent to the registered Shareholders by letter mail. In the following events, an additional notice will be published on www.alliancebernstein.com : suspension of redemptions, 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's or a Portfolio's assets and are detrimental to investors (including the reasons for the amendments and the rights of investors), merger of the Fund or a Portfolio or conversion of the Fund or a Portfolio into a feeder fund. German Taxation At least 50% of the following Portfolios' respective net assets will be invested in equities in the meaning of Art. 2 Par. 8 of the German Investment Tax Act: <ul style="list-style-type: none"> Emerging Markets Value Portfolio 		
Hong Kong	N/A	Representative of the Fund AllianceBernstein Hong Kong Limited, 39th floor, One Island East, Taikoo Place, 18 Westlands Road Quarry Bay, Hong Kong		

		<p>The Hong Kong Representative is authorized to receive requests from Hong Kong investors (including Shareholders) for subscription for Shares and receive requests from Shareholders in Hong Kong for redemption of Shares. The Hong Kong Representative will forward such requests to the Transfer Agent upon receipt. The Hong Kong Representative has, however, no authority to agree, on behalf of the Fund, that requests will be accepted. The Hong Kong Representative and the Fund cannot, in absence of negligence, accept responsibility for any failure by the Hong Kong Representative to forward any application, exchange or redemption instruction of the Fund or for any delay in doing so.</p>
Italy	<p>Paying agents</p> <p>Allfunds Bank, S.A., Milan branch Via Santa Margherita 7 Milan, Italy</p> <p>CACEIS Bank, Italy Branch Piazza Cavour n°5 20121 Milan, Italy</p>	<p>The paying agents in Italy may charge a commission in respect of each request for subscription, exchange or redemption of shares.</p>
Singapore	N/A	<p>Representative of the Fund</p> <p>AllianceBernstein (Singapore) Ltd. One Raffles Quay, #27-11 South Tower Singapore 048583</p> <p>Copies of the Fund's Prospectus, Management Regulations and the latest annual and semi-annual reports are available for inspection, free of charge, at the registered office of the Representative of the Fund, during Singapore business hours.</p>
Spain	<p>Representative of the Fund</p> <p>Allfunds Bank, S.A. calle Nuria no. 57, Colonia Mirasierra 28034 Madrid, Spain</p>	
Switzerland	<p>Representative and Paying Agent of the Fund</p> <p>BNP Paribas, Paris, Zurich branch Selnaustrasse 16 8002 Zurich, Switzerland</p>	<p>1. <u>Location where the relevant documents may be obtained</u></p> <p>The Prospectus, KIDs related to the portfolios of the Fund, Management Regulations and the annual and semi-annual reports of the Fund may be obtained free of charge from the Swiss Representative.</p> <p>2. <u>Publications</u></p> <p>The Fund's publications in Switzerland are made on www.fundinfo.com. Each time Shares are issued or redeemed, the issue and redemption prices of the Shares of all of the portfolios of the Fund, respectively the Net Asset Value per Share (with the mention "excluding commissions"), are published jointly and on a daily basis on www.fundinfo.com.</p>

3. Payment of retrocessions and rebates

The Management Company and its agents on behalf of the Fund may pay retrocessions as remuneration for distribution activity in respect of Shares of the Fund distributed in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- client relations and management of investor accounts and activity;
- assistance in marketing Shares of the Fund and assessment of suitability of Shares for investors; and
- cooperation in respect of regulatory compliance, AML and other laws applicable to investor accounts.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors. The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors.

In the case of distribution activity in or from Switzerland, the Management Company and its agents may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that

- they are paid from fees received by the Management Company and therefore do not represent an additional charge on the Fund assets;
- they are granted on the basis of objective criteria; and
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Management Company are as follows:

- the volume subscribed by the investor or the total volume they hold in the collective in-vestment scheme or, where applicable, in the product range of the promoter;
- support provided in the launch phase of the Fund;
- strategic market of the investor; and
- legal and regulatory considerations applicable to an investor.

At the request of the investor, the Management Company must disclose the amounts of such rebates free of charge.

		<p><u>4.Place of performance and jurisdiction</u></p> <p>In respect of the Shares distributed in and from Switzerland, the place of performance is at the registered office of the Swiss Representative and the place of jurisdiction is at the registered office of the Swiss Representative or at the seat/domicile of the investor.</p>
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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. The Management Regulations place the following restrictions on the Management Company:

- (1) The Fund may not borrow money except from banks on a temporary basis, which includes for purposes of redeeming Shares, and only if the aggregate of the amount borrowed would not exceed 10% of the value of the total net assets of the portfolio concerned, provided, however, that this restriction shall not prevent the Fund from acquiring foreign currencies by means of a back to back loan;
- (2) The Fund may not mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary in connection with (i) borrowings mentioned in (1) above, and then such mortgaging, pledging or hypothecating may not exceed 10% of the total net assets of the portfolio concerned, and/or (ii) margin requirements which the Fund may have with respect to its transactions in forward or futures contracts or in options, and/or (iii) swap transactions;
- (3) Without prejudice to other provisions contained herein, the Fund may not grant loans to or act as a guarantor on behalf of third parties;
- (4)
 - (i) The Fund may not invest in the transferable securities or money market instruments of any single issuer if more than 10% of the total net assets of the portfolio concerned would consist of the transferable securities or money market instruments of such issuer. The Fund may not invest more than 20% of its assets in deposits made with the same body. The total value of the transferable securities and the money market instruments held by the Fund in issuers in which it invests more than 5% of the total net assets of a portfolio may not exceed, at the time of any investment, 40% of the total net assets of such portfolio provided, this limitation does not apply to deposits made with financial institutions subject to prudential supervision. 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 (1), the Fund may not combine:

- investments in transferable securities or money market instruments issued by, and/or
- deposits made with,

- exposures arising from OTC derivative transactions undertaken with,

a single body in excess of 20% of the net assets of a portfolio.

- (ii) The above limit of 10% shall be 35% in respect of the transferable securities or the money market instruments issued or guaranteed by any Member State or any local authority thereof, or public international bodies of which one or more Member States are members or any other non-Member State;
- (iii) The above limit of 10% shall be 25% in respect of certain authorized bonds when these are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

When the Fund may invest more than 5% of the assets of a portfolio in the bonds referred to above and issued by one issuer, the total value of these investments may not exceed 80% of the value of the assets of the portfolio concerned.

- (iv) The transferable securities and the money market instruments referred to in items (ii) and (iii) shall not be included in applying the limit of 40% set out in this paragraph; and
- (v) **Notwithstanding the foregoing, the Fund may invest up to 100% of the assets of any portfolio in different transferable securities or money market instruments issued or guaranteed by any Member State, its local authorities, or public international bodies of which one or more of such Member States are members, or by any non-Member State member of the Group of Twenty (G20), provided that the Fund holds within such portfolio transferable securities or money market instruments from at least six different issues, and transferable securities or money market instruments from any one issue shall not account for more than 30% of the net assets of such portfolio.**

The limits provided for in paragraphs (i), (ii) and (iii) may not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits made with this body carried out in accordance with paragraphs (i), (ii) and (iii) shall under no circumstances exceed in total 35% of the net assets of a portfolio.

Issuers which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC¹¹ or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained therein.

The Fund may invest concurrently in transferable securities and money market instruments of issuers within the same group up to a limit of 20% of the net assets of the portfolio concerned.

(4bis)

(i) Without prejudice to the limits set forth in investment restriction (6) the limits laid down in investment restriction (4) may be raised to a maximum of 20% for investment in shares and/or debt securities issued by the same body when the aim of the portfolio's investment policy as described in this Prospectus is to replicate the composition of a certain stock or debt securities index which is recognized by the Luxembourg *Commission de Surveillance du Secteur Financier* (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 item (i) may be raised to a maximum of 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. The investment up to this limit is only permitted for one single issuer.

(5) The Fund may not on behalf of a portfolio invest more than 10% of its assets in transferable securities and money market instruments other than:

(a) transferable securities and money market instruments admitted to or dealt in on a regulated market;

(b) transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognized and open to the public;

(c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognized and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the UCITS;

(d) 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 stock exchange or on another regulated market which operates regularly and is recognized and open to the public, provided that the choice of the stock exchange or the market has been provided for in the constitutional documents of the UCITS;
- such admission is secured within one year of issue;

(e) Money market instruments other than those dealt in on a regulated market and which fall under Article 1 of the Law of 2010, 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:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-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 Member States belong, or
- issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs (a), (b) or (c) above, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
- 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 the first, the second or the third indent and

¹¹ Seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54(3)(g) of the Treaty on consolidated accounts (OJ L 193, 18.7.1983, p. 1). Directive repealed by Directive 2013/34/EU.

provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 euro) and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed 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.

- (6)
- (i) The Fund may not purchase securities of any issuer if, upon such purchase, the Fund owns more than 10% of any class of the securities of such issuer, or if, as a result of such purchase, the Management Company may exercise a significant influence over the management of the issuer.
- (ii) Moreover, the Fund may acquire no more than:
- 10% of the debt securities of the same issuer
 - 25% of the units of any single collective investment undertaking except in connection with a merger or amalgamation
 - 10% of the money market instruments of any single issuing body

The limits laid down in the indents above may be disregarded at the time of acquisition if at that time the gross amount of such money market instruments or debt securities, or the net amount of the securities in issue, cannot be calculated.

- (iii) The limits set forth in items (i) and (ii) shall not apply to (i) transferable securities or money market instruments issued or guaranteed by any Member State or any local authority thereof, or issued by public international bodies of which one or more Member States are members or issued or guaranteed by any non-Member State member of the Group of Twenty (G20); or (ii) shares held by the Fund in the capital of a company incorporated in a State which is not a Member State of the EU investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State, if that company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law of 2010; or (iii) shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.

(7) The Fund may not underwrite or sub underwrite securities of other issuers except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed to be an underwriter under applicable securities laws;

(8) The Fund may not purchase securities of other undertakings for collective investment of the open-ended type, except in compliance with the following:

- it may invest in collective investment undertakings qualifying as undertakings for collective investment in transferable securities authorized according to the UCITS Directive and/or undertakings for collective investments within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive whether they are situated in a Member State or not provided that:
 - such undertakings for collective investment must be authorized under laws which provide that they are subject to supervision considered to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in these undertakings for collective investment must be equivalent to that provided for unitholders in an undertaking for collective investment in transferable securities registered in a Member State, 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 these undertakings for collective investment must be reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of such an undertaking for collective investments, whose acquisition is contemplated, may, according to their constitution documents, in aggregate be invested in units of other undertakings for collective investment,

and

- it may not invest more than 10% of the net assets of a portfolio in units or shares of undertakings for collective investment as mentioned above;

When the Fund invests in units of other undertakings for collective investment in transferable securities and/or other undertakings for collective investment that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees in connection with an acquisition or

disposal of the units of such other undertakings for collective investment.

(9) The Fund may not trade in options on securities or money market instruments unless the following limitations are observed:

(i) individual purchases of call and put options and the writing of call options shall be limited so that upon exercise thereof none of the preceding restrictions would be infringed;

(ii) put options may be written by the Fund provided adequate liquid assets are set aside until the expiry of said put options to cover the aggregate exercise price of the securities to be acquired by the Fund pursuant thereto;

(iii) call options will only be written if such writing does not result in a short position; in such event the Fund will maintain within the relevant portfolio the underlying securities until the expiry date of the relevant call options granted by the Fund, except that the Fund may dispose of said securities in declining markets under the following circumstances:

(a) the market must be sufficiently liquid to enable the Fund to cover its position at any time;

(b) the aggregate of the exercise prices payable under such options written shall not exceed 25% of the net assets of each portfolio concerned; and

(c) no option will be purchased or sold unless it is quoted on a stock exchange or dealt in on a regulated market and provided, immediately after its acquisition, the aggregate of the acquisition prices of all options held by the Fund (in terms of premiums paid) does not exceed 15% of the net assets of each portfolio concerned;

(10) The Fund may for the purpose of hedging currency risks hold forward currency contracts or currency futures or acquire currency options for amounts not exceeding, respectively, the aggregate value of securities and other assets held within each portfolio concerned denominated in a particular currency, provided, however, that the Fund may also purchase the currency concerned through a cross transaction (entered into through the same counterparty), or, within the same limits, enter into currency swaps, should the cost thereof be more advantageous to the Fund. Contracts on currencies must either be quoted on a stock exchange or dealt in or on a regulated market except that the Fund may enter into currency forward contracts or swap arrangements with highly rated financial institutions;

(11) The Fund may not trade in index options except that

- for the purpose of hedging the risk of the fluctuation of the value of the securities within a portfolio, the Fund may, on behalf of such portfolio, sell call options on stock indices or acquire put options on stock indices. In such event the value of the underlying securities included in the relevant

stock index options shall not exceed, together with outstanding commitments in financial futures contracts entered into for the same purpose, the aggregate value of the portion of the assets of the portfolio concerned to be hedged; and

- for the purpose of the efficient management of its securities portfolio, the Fund may acquire call options on stock indices mainly in order to facilitate changes in the allocation of the assets of a portfolio between markets or in anticipation of or in a significant market sector advance, provided the value of the underlying securities included in the relevant stock index options is covered within such portfolio by uncommitted cash reserves, short dated debt securities and instruments or securities to be disposed of at predetermined prices;

Such options on stock index futures must either be listed on an exchange or dealt in on a regulated market, except that the Fund may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Fund or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition cost (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Fund for purposes other than hedging, shall not exceed 15% of the net assets of each of the portfolios concerned;

(12) The Fund may not enter into interest rate futures contracts, trade in options on interest rates or enter into interest rate swap transactions except that

for the purpose of hedging the risk of fluctuations of the value of the assets of a portfolio, the Fund may sell interest rate futures or write call options or purchase put options on interest rates or enter into interest rate swaps. Such contracts or options must be denominated in the currencies in which the assets of such portfolio are denominated, or in currencies which are likely to fluctuate in a similar manner, and they must be listed on an exchange or dealt in on a regulated market, provided, however, that interest rate swap transactions may be entered into by private agreement with highly rated financial institutions; and

for the purpose of efficient portfolio management, the Fund may enter into interest rate futures purchase contracts or acquire call options on interest rate futures, mainly in order to facilitate changes in the allocation of the assets of a portfolio between shorter or longer term markets, in anticipation of or in a significant market sector advance, or to give a longer term exposure to short term investments, provided, always, that sufficient uncommitted cash reserves, short dated debt securities or instruments or securities to be disposed of at predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call options on interest rate futures acquired for the same purpose and for the same portfolio;

Such options on interest rate futures must either be listed on an exchange or dealt in on a regulated market, except that the Fund may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Fund or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition costs (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Fund for purposes other than hedging, shall not exceed 15% of the net assets of each of the portfolios concerned;

(13) The Fund may not trade in stock index futures except that

for the purpose of hedging the risk of fluctuations of the value of the assets of a portfolio, the Fund may have outstanding commitments on behalf of such portfolio in respect of index futures sales contracts not exceeding the corresponding risk of fluctuation of the value of the corresponding portion of such assets; and

for the purpose of efficient portfolio management, the Fund may enter into index futures purchase contracts, mainly in order to facilitate changes in the allocation of a portfolio's assets between markets or in anticipation of or in a significant market sector advance, provided that sufficient uncommitted cash reserves, short dated debt securities or instruments owned by the portfolio concerned or securities to be disposed of by such portfolio at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call stock index options acquired for the same purpose;

provided, further, that all such index futures must either be listed on an exchange or dealt in on a regulated market;

(14) The Fund may not lend portfolio investments except against receipt of adequate security either in the form of bank guarantees of highly rated financial institutions or in the form of a pledge of cash or securities issued by governments of member states of the OECD. No securities lending may be made, except through recognized clearing houses or highly rated financial institutions specializing in these types of transactions and for more than one half of the value of the securities of each portfolio and for periods exceeding 30 days;

(15) The Fund may not purchase real estate, but the Fund may make investments in companies which invest in or own real estate;

(16) The Fund may not enter into transactions involving commodities, commodity contracts or securities representing merchandise or rights to merchandise, and for purposes hereof commodities includes precious metals, except that the Fund may purchase and sell securities that are secured by commodities and securities of companies which invest or deal in commodities and may enter into derivative instruments transactions on commodity indices provided that such

financial indices comply with the criteria laid down in Article 9 of the Grand-Ducal Regulation dated 8 February 2008 relating to certain definitions of the Law of 2010 and in the CSSF Circular 08/339 dated 19 February 2008 regarding guidelines of the Committee of European Securities Regulators (CESR) concerning eligible assets for investment by UCITS; and

(17) The Fund may not purchase any securities on margin (except that the Fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities) or make short sales of securities or maintain a short position, except that it may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

(18) The Fund must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments.

(19) The Fund may invest in financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of securities covered by Article 41(1) of the Law of 2010, 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 Fund's initiative.

If provided otherwise in Section I of this prospectus for any specific portfolio, the Fund may invest in financial derivative instruments.

To the extent a portfolio invests in financial derivative instruments, the investment policy of the relevant portfolio will describe the financial derivative instruments which will be used.

Under no circumstances shall these operations cause the Fund to diverge from its investment objectives as laid down in the description of the portfolio concerned as specified in the relevant portion of Section I hereof.

The Fund shall ensure that its global exposure relating to derivative instruments of each portfolio does not exceed the total net value of the relevant securities 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. This shall also apply to the following subparagraphs.

The Fund may invest in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in investment restriction (4). When the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in investment restriction (4).

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 investment restriction 19.

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.

Taiwan Investment Restrictions. For a portfolio registered with the Taiwan Securities and Futures Bureau, the following shall apply in addition to the Investment Restrictions set out in the Prospectus. The total value of the non-offset short position in derivatives shall not exceed the total market value of the relevant securities held by the portfolio and the total value of the non-offset long position in derivatives shall not exceed 40% of the Net Asset Value of such portfolio (determined in accordance with any applicable interpretations from the Taiwan Securities and Futures Commission Bureau), unless approval for waiver of such 40% derivatives limit is obtained from the Taiwan Securities and Futures Bureau.

In addition, the following restrictions shall apply to investments related to the People's Republic of China ("PRC"): a portfolio's direct investment in securities issued in the PRC's securities markets is limited to listed securities

and securities traded in the Chinese Interbank Bond Market and the total amount of such investment is not permitted to exceed 20% of the Net Asset Value of such portfolio, unless approval for extending such limit to 40% is obtained from the Taiwan Securities and Futures Bureau.

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. More information on the the AB Stewardship Approach can be 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 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.

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: 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 as 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 into 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 and 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 TRSSs, the maximum and the expected proportions of the portfolio’s assets under management that could be subject to TRSSs are disclosed in the relevant part of Section I relating to such portfolio.

All net revenues resulting from TRSSs 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 14/592 transposing the ESMA/2014/937 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 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 standardized system organized by a recognized clearing institution or through a lending system organized by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by Community law and specializing 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 program, 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 jeopardize the management of the portfolio's assets in accordance with its investment policy.

As of the date of this Prospectus, no securities lending transactions are contemplated. Should the Management Company decide to enter into this type of transactions, the Prospectus will be updated accordingly and the appointed agent(s) and its (their) remuneration will be disclosed in the prospectus and the Fund's annual report.

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 callable 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.

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.

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. Notwithstanding the above provisions, a portfolio may be fully collateralized in transferable securities and money market instruments issued or guaranteed by sovereign or other governmental issuers with a short term credit rating of at least A-1+ or its equivalent by at least one major recognized rating agency, provided that such portfolio must receive 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.
- 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.

As long as it complies with the above-mentioned conditions, the collateral may consist of (i) cash, (ii) corporate bonds and/or (iii) debt securities (as further described in the table hereinafter).

The Management Company will receive, for each portfolio that participates in the securities lending program, 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 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 D: List of Portfolios, Classes of Shares and ISIN Codes

Portfolio Name	Class	Class Currency	ISIN Code
EMERGING MARKETS VALUE PORTFOLIO	A	EUR	LU0474346029
EMERGING MARKETS VALUE PORTFOLIO	A	USD	LU0474345724
EMERGING MARKETS VALUE PORTFOLIO	I	EUR	LU0474580726
EMERGING MARKETS VALUE PORTFOLIO	I	USD	LU0474580486
EMERGING MARKETS VALUE PORTFOLIO	S	JPY	LU0459237540
EMERGING MARKETS VALUE PORTFOLIO	S	USD	LU0231627760
EMERGING MARKETS VALUE PORTFOLIO	S1	EUR	LU0232465897
EMERGING MARKETS VALUE PORTFOLIO	S1	GBP	LU0232465970
EMERGING MARKETS VALUE PORTFOLIO	S1	USD	LU0145423298

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.

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.

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.

Key definitions

AB Stewardship Approach	AB Global Stewardship Statement: AB’s policy on responsible investing, ESG integration, engagement and collaboration which can be found here as well as a summary provided below.
ESG	Environmental, social and/or governance
ESG Factors	ESG issues that may present risks or opportunities as well as Sustainability Risks.
Exclusion Policy	The 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.

Template pre-contractual disclosure for financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852.

Product name: Emerging Markets Value Portfolio

Legal entity identifier: 549300G02LK3VE7CQ156

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
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> 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 <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective ___%	<input checked="" type="checkbox"/> 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 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 ESG scoring of equity securities.
- Engagement. 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.
- Exclusions listed out in the Prospectus. The Portfolio excludes investments in certain sectors as further outlined in the Prospectus.

More information on these characteristics can be found in AB’s Sustainability-Related Disclosures www.alliancebernstein.com/go/EQ8webdisclosures 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, 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/EQ8webdisclosures

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

N/A

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do not significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

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 and Engagements;
- 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, and engagements can be found in AB's Sustainability-Related Disclosures www.alliancebernstein.com/go/EQ8webdisclosures. More information on exclusions used by the Portfolio can be found in 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

- **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.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



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 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

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

Yes:

In fossil gas In nuclear energy

No

There is currently no data to measure whether the Portfolio invests in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy. It may, as a result of the implementation of its specific

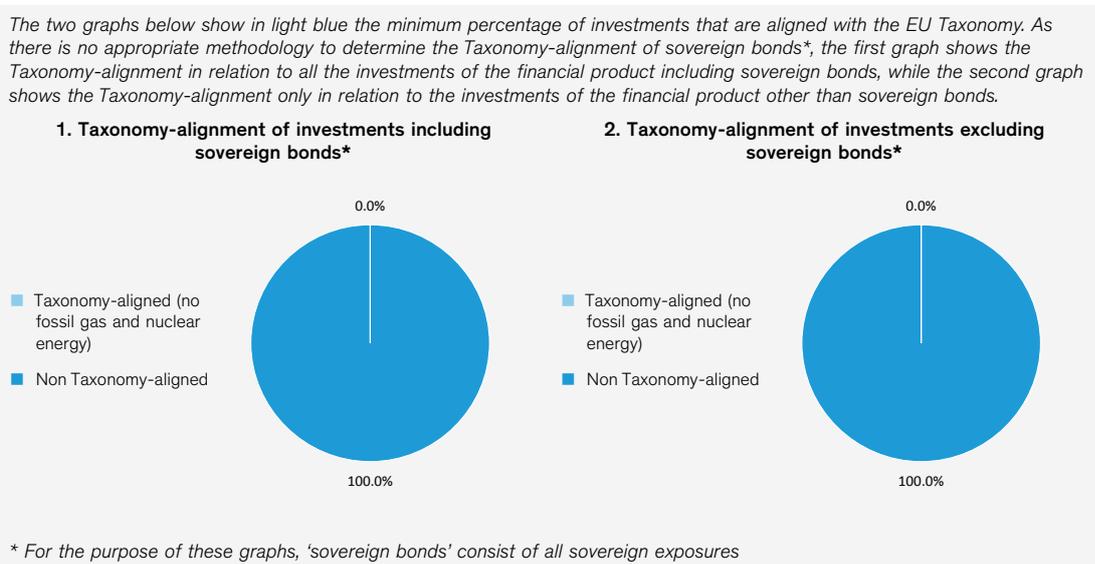
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria

include comprehensive safety and waste management rules.

investment strategy, hold investments having a marginal exposure to such activities, but until there is external vendor data enabling measurement of such exposure, the Portfolio does not commit to any minimum exposure.

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.



Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

● **What is the minimum share of investments in transitional and enabling activities?**
N/A

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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of socially sustainable investments?

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.
- Cash and cash-equivalents held as liquidity, risk management purposes, or collateral management purposes.
- Derivatives used for the purposes outlined in Portfolio Details in the Prospectus. Exposure to securities that promote E/S Characteristics will be captured in #1 Aligned with E/S Characteristics.

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 did 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/EQ8webdisclosures

AB Stewardship Approach

I. Introduction

AB has long recognized that ESG considerations present both potential risks and opportunities that can impact the performance of an AB Product. The AB Stewardship Approach outlines the various ESG considerations, including sustainability risks (defined as those ESG events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of an investment) (herein, “ESG Factors”). AB has analyzed and systematically integrated these ESG Factors into all steps of its investment process which AB believes leads to improved investment decisions, enhanced financial outcomes, progress to AB’s commitment to responsible investment and global advancement towards ESG objectives.

When AB became a “Principles for Responsible Investment signatory” in November 2011, AB formalized the integration of ESG Factors into AB’s investment processes for most actively-managed strategies, with the exception of certain strategies, where the integration of ESG Factors is either not relevant to the strategy or would possibly prevent AB from achieving the specific AB Product’s investment objective (i.e. Neutral products). For certain AB Products, language regarding the integration of ESG Factors was included in the applicable offering document.

AB created a management infrastructure for responsible investment leadership that today drives AB’s firm’s strategy and commitment to these issues firmwide. AB’s Global Stewardship Statement and Annual Stewardship Report detail AB’s activities. Please see <https://www.alliancebernstein.com/corporate-responsibility/responsible-investing.htm> for more information.

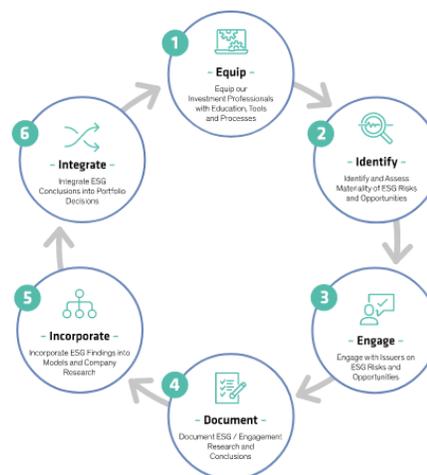
When implementing an investment strategy that integrates ESG Factors, AB takes into account the desired level of risk and return of the strategy and the financial or economic impact of ESG Factors in the risk and return assessment. Analyzing and assessing issuers through the lens of long-term value creation often allows AB to achieve strong financial outcomes while reducing risks through a more thorough analysis of all the factors, including ESG Factors, that will impact a security throughout the course of the investment horizon and beyond.

As further discussed below, when integrating ESG Factors and making investment decisions, AB will also consider the principal adverse impacts of investment decisions on those ESG Factors. These impacts are documented as part of the AB Stewardship Approach.

II. Integration of Sustainability Risks

AB integrates ESG Factors as part of its investment decision process through six steps: Equip, Identify, Engage, Document, Incorporate and Integrate.

Depending on the AB Product, the degree and focus of integration may differ but the goal will be the same of seeking to achieve the investment objective where the relevant AB investment teams utilize AB’s ESG-experts and responsible investing professionals (“**Responsible Investing Team**”) to integrate ESG at every step of its research process.



(1) Equip

The process starts with equipping AB’s investment teams with frameworks, tools and training to enable them to adequately understand, research and integrate material ESG Factors. This includes:

- Proprietary toolsets. To augment third-party data and tool sets, AB has developed proprietary research and collaboration tools to strengthen ESG and climate research and systematize integration across the firm—including AB’s ESIGHT platform for research and collaboration and PRISM for credit ratings and scoring. AB has also created an Alternative Data Dashboard that combines the industry-specific knowledge of AB’s fundamental analysts with the capabilities of AB’s Data Science Team to create better insights from alternative data and AB research.
- Third-party data and toolsets. All AB’s investment teams have access to a range of data services that enable them to gain a broad understanding of the ESG characteristics of, inter alia, an issuer or a sector. These include but are not limited to ESG data from Bloomberg and FactSet, MSCI ESG Ratings, Carbon Delta and MSCI Carbon Emissions data, Sustainability Risk Ratings, Global Norms and Controversies analysis, ISS-Ethix Controversial Weapons Analysis, and ISS and Glass-Lewis corporate governance and proxy research. The Responsible Investing Team continually evaluates its current and new providers to ensure AB is providing AB’s investment teams with the best possible data and information.
- Strategic partnerships with world-class institutions. AB has collaborated on climate change with the Earth Institute at Columbia University. Phase One of the

collaboration involved the joint development of a Climate Science and Portfolio Risk curriculum that addresses the science, regulatory, legal and public policy aspects of climate change as well as how to integrate climate change into company and issuer financial analysis. Phase Two will involve joint research with the scientists on an array of climate-change topics.

- Extensive training programs. In addition to AB's Climate Change Curriculum, AB offers AB's investment teams ongoing ESG training. This includes peer-to-peer learning for CIOs and portfolio managers, during which a select group of managers present how ESG is integrated in their specific strategies. AB has also systematized training on external data, systems and tools and educational sessions across a suite of topics ranging from modern slavery, corporate governance, sector-specific themes, and how to integrate ESG in portfolio decision making.
- Broad participation. AB has broad participation in the development of intellectual property, frameworks, tools and systems. In addition to the Responsible Investing Team, approximately 100 additional AB personnel participate in one or more ESG working teams.

(2) Identify

AB investment teams begin the ESG integration process by identifying and assessing material ESG Factors with respect to the relevant investment strategy. Materiality of ESG Factors differs by sector, industry and geographical location.

Working with over 120 AB analysts within AB's investment teams across asset classes, AB developed a proprietary materiality matrix that covers more than 40 ESG Factors and spans almost 70 subsectors. AB can apply the matrix as appropriate, giving AB's investment teams valuable perspective on the impact of ESG Factors and therefore AB's long-term financial forecast for a target issuer. In AB's view, a consistent framework for identifying adverse sustainability impacts helps AB's investment teams make better-informed investment decisions and ultimately enables AB to deliver better investment outcomes. These ESG Factors currently include:

Environmental Factors

- Carbon Emissions
- Product Carbon Footprint
- Climate Change Vulnerability
- Water Management
- Resource Management
- Biodiversity & Land Use
- Toxic Emissions & Hazardous Waste
- COVID-19 and the Environment
- Packaging Waste
- Electronic Waste
- Supply Chain – Environmental
- Opportunities in Clean Tech
- Opportunities in Green Buildings
- Opportunities in Renewable Energy

Social Factors

- Labor Management
- Human Capital Development
- Employee Health & Safety
- Product Safety & Quality
- COVID-19 & Social Issues
- Financial Product Safety
- Privacy & Data Security
- Supply Chain – Social
- Responsible Investment
- Insuring Health & Demographic Risk
- Opportunities in Communications
- Opportunities in Financial Inclusion
- Opportunities in Healthcare
- Opportunities in Nutrition & Healthier Products
- Opportunities in Education

Governance Factors

Board

- Board Independence
- Board Gender Diversity
- Combined CEO & Chair
- Entrenched Board

Oversight and Risk Management

- Accounting
- Anti-Competitive Practices
- Business Ethics
- Corruptions and Instability
- Financial System Instability
- Organizational Culture
- Pay
- Sanctions
- COVID-19 & Governance

Shareholder Access Rights

- One Share, One Vote
- Proxy Access
- Right to Call Special Meetings

AB also adheres to internationally recognized standards for due diligence and reporting, such as the UN Global Compact, to help guide AB's research. All issuers deemed to be in breach of these global norms are flagged for in-depth research on their suitability for inclusion in an AB Product. This in-depth analysis will assess the reason for an issuer's breach and whether the issuer could still be suitable, taking into account the investment strategy of the relevant AB Product.

ESG Factors and corresponding impacts may not be applicable to all types of instruments or investments.

(3) Engage

AB's investment teams also engage with issuers on these ESG Factors. ESG Engagement has always been a vital part of AB's investment process. Each year, AB's investment teams engage with the leaders of public and private issuers and non-corporate entities, including

municipalities, supranational and sovereign issuers. In 2020, AB logged over 15,000 meetings, including issuer-specific engagements and strategic thematic and collaborative engagements. AB will engage on topics and goals other than ESG Factors as part of its engagement policy.

Engaging on ESG issues is a key part of AB's research and stewardship processes as part of AB's commitment to be a leader in responsible investing.

Engagement helps AB to better understand issuers, protect AB Products' interests as shareholders and bondholders of such issuers, and encourages issuers to deploy strategies that may, inter alia, provide progress toward ESG goals. Engagement allows AB to encourage issuers to take actions that AB believes will improve financial outcomes of the issuers and/or AB Products. AB does not outsource engagement. AB' investment teams engage directly with issuers, often collaborating with the Responsible Investing team. In AB's view, a hands-on engagement approach is the path to better research, better outcomes and better service to AB Products.

AB's Engagement Policy, found at: <https://www.alliancebernstein.com/content/dam/corporate/corporate-pdfs/ABGlobalStewardship.pdf>, describes in more detail AB's engagement with issuers. AB's Engagement Policy also outlines AB collaboration in industry engagement and AB's identification and resolution of potential conflicts of interest when engaging with issuers. AB's engagement policy includes, inter alia, how AB exercises voting rights and other rights attached to shares, cooperates with other shareholders, communicates with relevant stakeholders of the investee issuers and manages actual and potential conflicts of interests in relation to their engagement.

(4) Document and (5) Incorporate

ESIGHT, a proprietary research and collaboration platform, integrates AB's ESG issuer assessments, proxy-voting history, engagements and third-party research from MSCI and Sustainalytics. ESIGHT is also a knowledge center that houses ESG information, including thematic sell-side research reports, academic studies, non-government entity reports, specialist sustainability and climate-change think-tank papers, and AB's own proprietary ESG ratings.

With ESIGHT, AB's corporate bond and equity investment teams can access and share information during all steps of the investment process about issuers' ESG practices. When AB investment teams conduct research or prepare for an engagement, they can explore previous interactions, querying by issuer, AB investment team, or ESG topic and theme. ESIGHT also enhances portfolio management and reporting: AB professionals can assess ESG topics by company or issuer, industry, or portfolio and share engagement statistics, examples and outcomes with clients.

PRISM, a proprietary credit rating and scoring system integrates fixed-income ESG research into a fully digitalized data and security analysis platform. With PRISM, analysts can develop and share views on individual issuers in a

consistent, comparable and quantifiable way across industries, ratings categories and geographies. Analysts also have access to MSCI scores through the system. Analysts evaluate each issuer on multiple dimensions, using research and engagement insights to assign specific ESG scores, which are used in credit scoring. PRISM scoring will weigh ESG Factors differently depending on the industry being analysed and are based on what AB analysts view as the most important ESG Factors for the company or issuer. Any fixed income portfolio manager or analyst can access PRISM's ESG scores at all times during the investment process.

(6) Integrate

AB's investment teams integrate ESG Factors into the investment decision-making process, leading to better informed investment decision. Analysts within AB's investment teams are responsible for considering ESG Factors at the beginning of the investment decision process by identifying them, researching them, engaging with issuers, and incorporating the ESG Factors into the AB Products investment models and frameworks, as applicable.

An AB analyst's recommendation and evaluation of the ESG Factors may impact investment decisions in multiple ways, not just whether or not to buy a security. For example, the impact of ESG Factors on cash flows, credit ratings or discount rates may have an influence on the investment decision and position sizing.

After considering ESG Factors, including any applicable scoring, depending on the investment objective and upon the type of AB Product (i.e. Dark Green vs. Light Green v. Neutral), AB may still purchase the security and/or retain it as a holding.

III. Structure and Governance to Support ESG Sustainability Integration

To oversee AB's ESG and sustainability activities, including the AB Stewardship Approach, AB created a structure that reflects AB's commitment to responsibility at all levels of AB's organization.

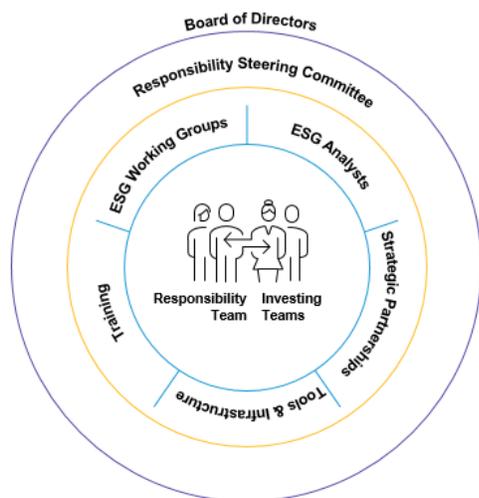
AB's Board of Directors and CEO established the position of Chief Responsibility Officer (CRO) in 2020. This position has direct supervisory control over AB's corporate responsibility and responsible investing efforts. The CRO is also a member of AB's Operating Committee. AB's CRO oversees AB's Responsibility Strategic Business Unit (SBU), which include the Responsible Investing Team and the Corporate Responsibility Team. AB's responsible investing strategy is also supported by other AB investment teams:

- The Audit and Risk committee of AB's Board of Directors provides formal oversight for Responsibility and Responsible Investing.
- The Responsibility Steering Committee, chaired by AB's CRO, develops strategy and oversees execution. This Committee is composed of senior professionals from across AB.

- AB's Responsible Investing team of subject-matter experts partners with AB's investment teams in this effort. In conjunction with AB's various ESG working groups, the Responsible Investing team develops proprietary frameworks and toolsets, manages AB's strategic ESG partnerships, develops training programs and executes proxy votes.
- AB's Corporate Responsibility Team develops AB's approach to responsibility. The team is responsible for designing and delivering AB's purpose and values, diversity and inclusion (D&I), sustainability, and corporate philanthropy activities.
- AB's investment teams engage with issuers, analyze and quantify ESG Factors, and incorporate these inputs in their investment decisions.

controversial weapons, tobacco, or international norms. The council discussion will not only inform specific investment decisions but help to establish AB policy in these areas.

- Diversity Champions Council (DCC). The mission of the DCC is to ensure that D&I remain at the center of AB's culture, policies and practices. The members of the DCC, champion and role model D&I by increasing accountability within SBUs for hiring, promoting and retaining diverse talent. DCC members are charged with helping to monitor and review SBU specific D&I goals and share best practices across the firm.



In addition to the Responsibility Steering Committee, AB maintains three other committees that are crucial to the oversight Responsibility, Responsible Investing and Stewardship:

- Proxy Voting and Governance Committee. This committee consists of senior representatives from AB's equity and fixed income investment teams, responsible investing team, operations, and legal and compliance department. This committee establishes AB's proxy voting policy, oversees proxy voting activities, and provides formal oversight of the proxy voting process, maintains and updates AB's firm's proxy policies and procedures to ensure it captures AB's latest thinking, formulates AB's position on new proposals, and consults on votes not covered by AB's formal Proxy Voting and Governance policy.
- Controversial Investments Advisory Council. This council consists of senior representatives from across AB. It is co-chaired by AB's CEO and CRO. The purpose of the council is to provide a forum for discussion and debate on issues such as

AB FCP II

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