



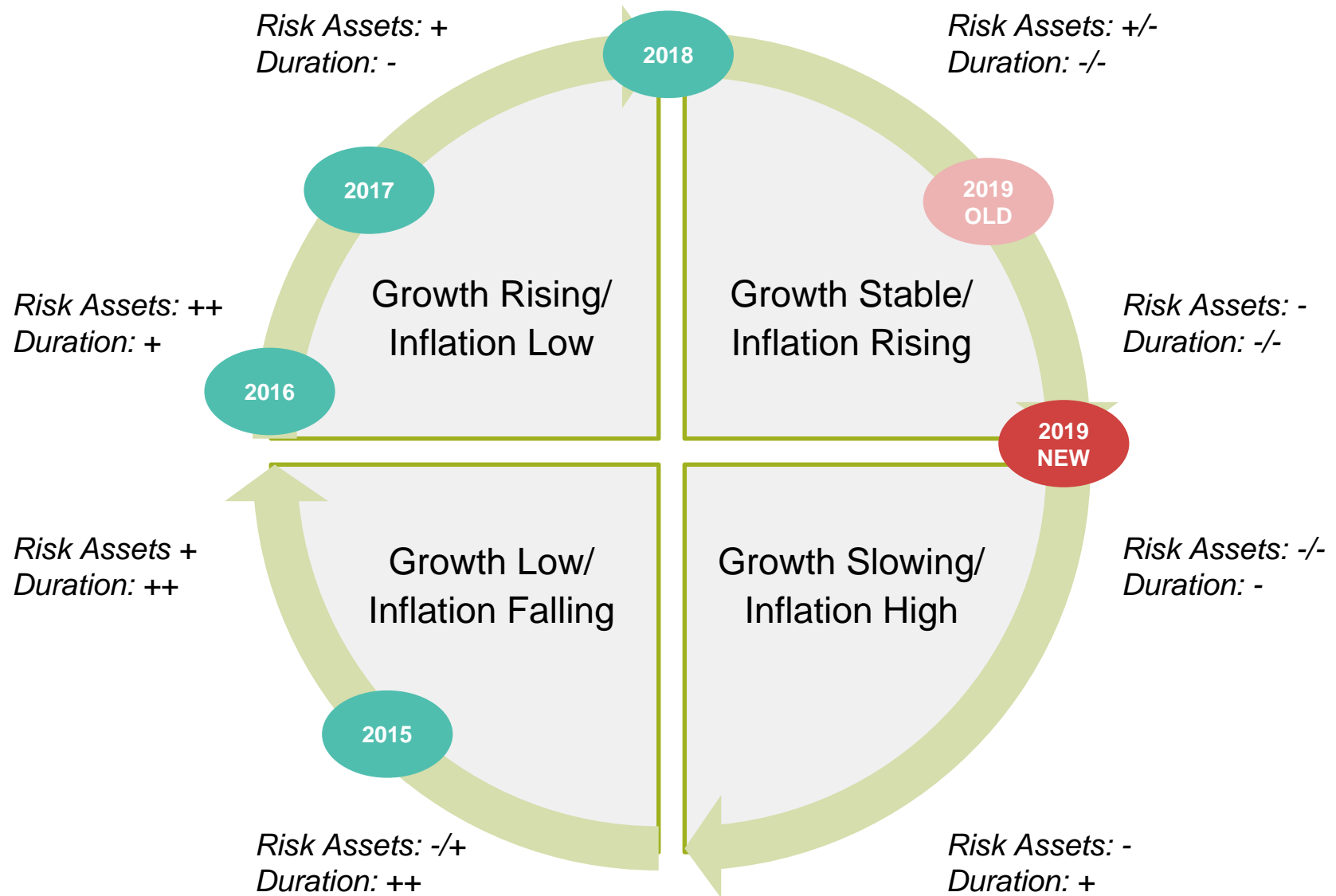
ALLIANCEBERNSTEIN®

AB Fixed Income Outlook

Nicola Meotti, Director

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Global Macro Cycle: A More Nuanced Outlook

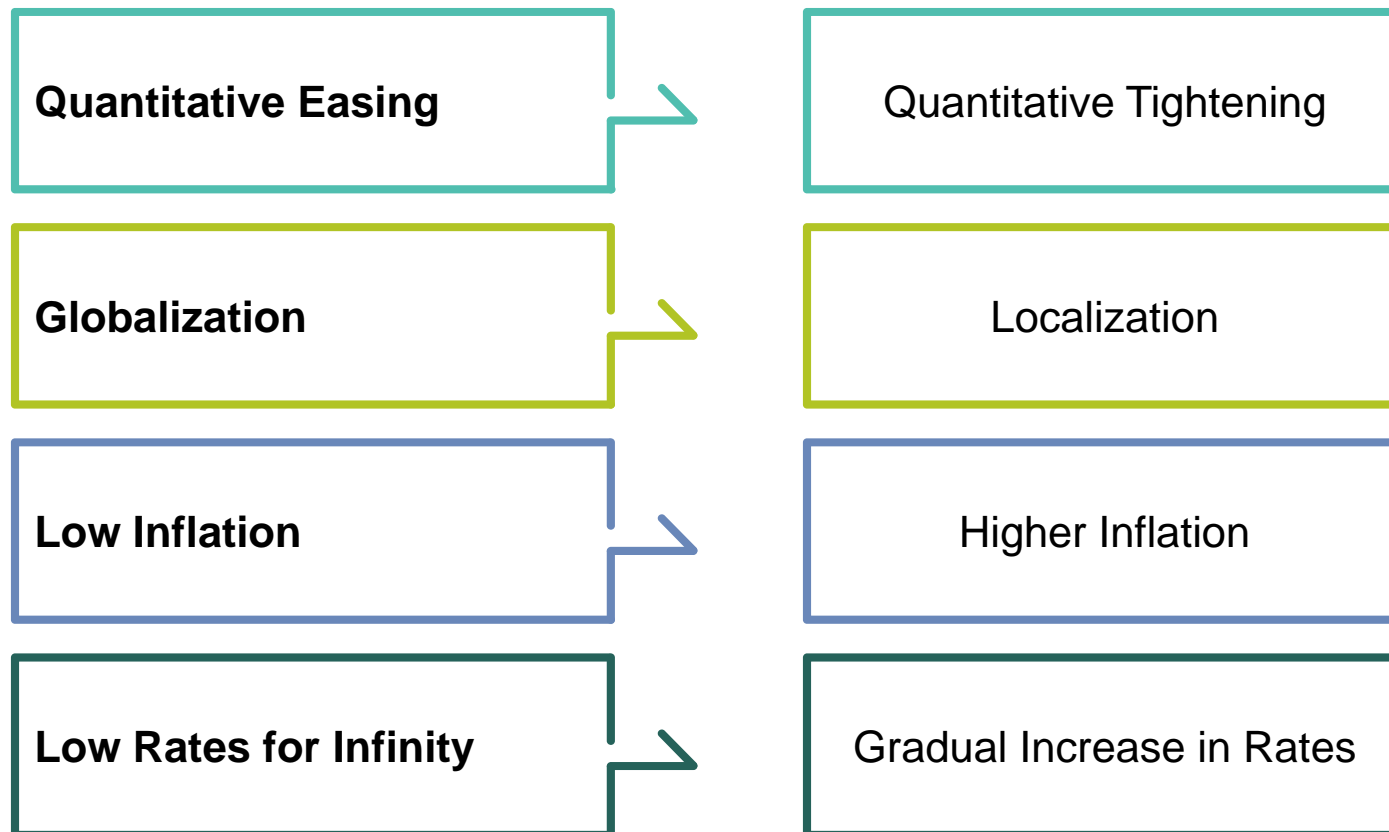


Source: AB



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A World In Transition



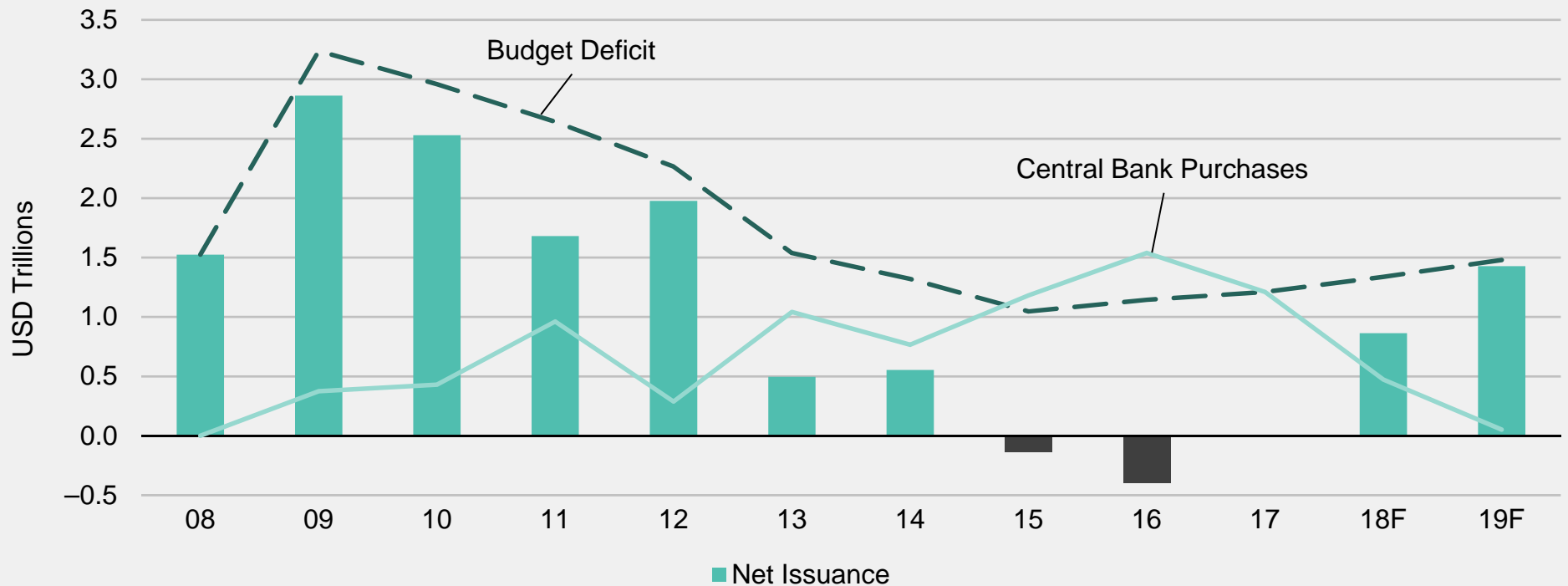
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Central Banks Are Withdrawing Monetary Accommodation/Tightening

G3 Budget Deficit and Central Bank Bond Purchases*



As of 31 December 2017

Historical analysis and current forecasts do not guarantee future results.

*G3 is the US, Euro area and Japan. Net issuance is the budget deficit less Central Bank purchases.

Source: Bloomberg, Haver Analytics, US Federal Reserve and AB

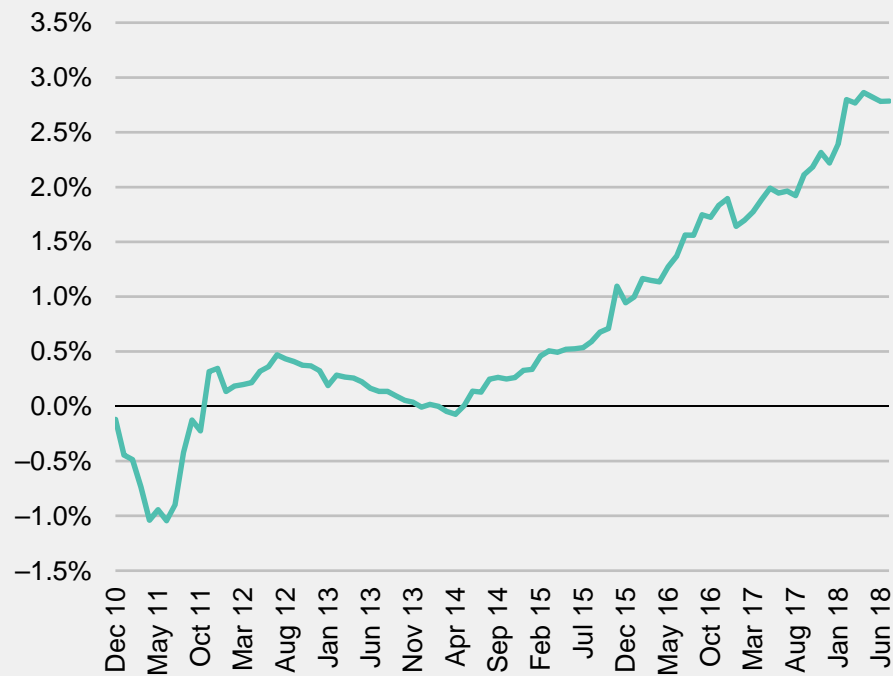


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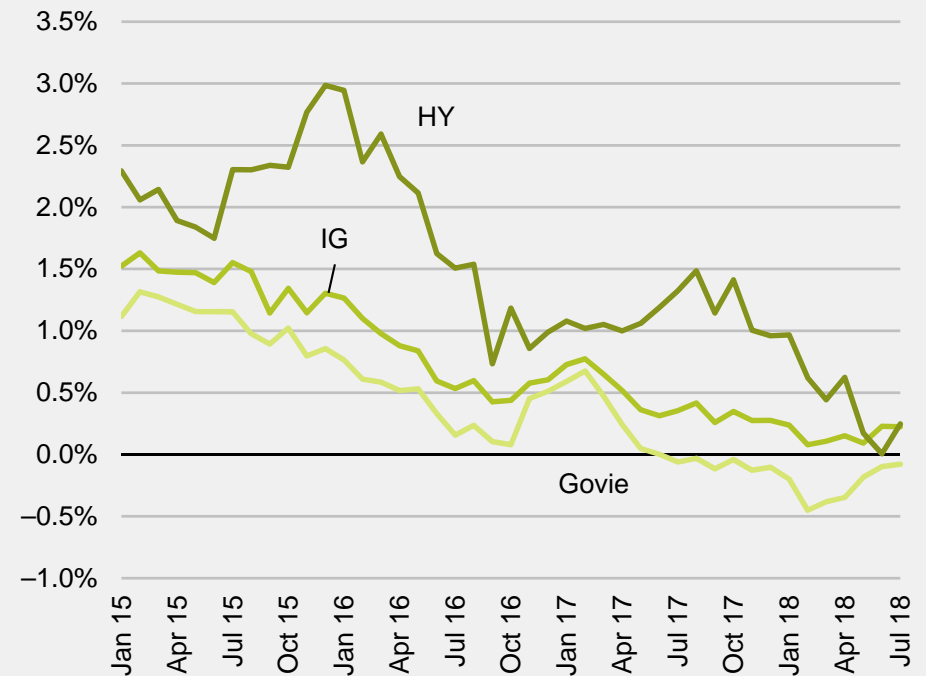
After Years of Going Global, Is It Now Time to Come Back Home?

Increasing Cost of Hedging has Made European Fixed Income Markets “Competitive” Again

Cost of Hedging Is Getting Punitive for Euro Investors USD/EUR Cost of Hedging



FX Hedged (Three Months) Yield Difference Between USD and Euro



As of 31 July 2018

Historical information provided for illustrative purpose only.

Hedge: A hedge is an investment to reduce the risk of adverse price movements in an asset, such as taking an offsetting position in a related security.

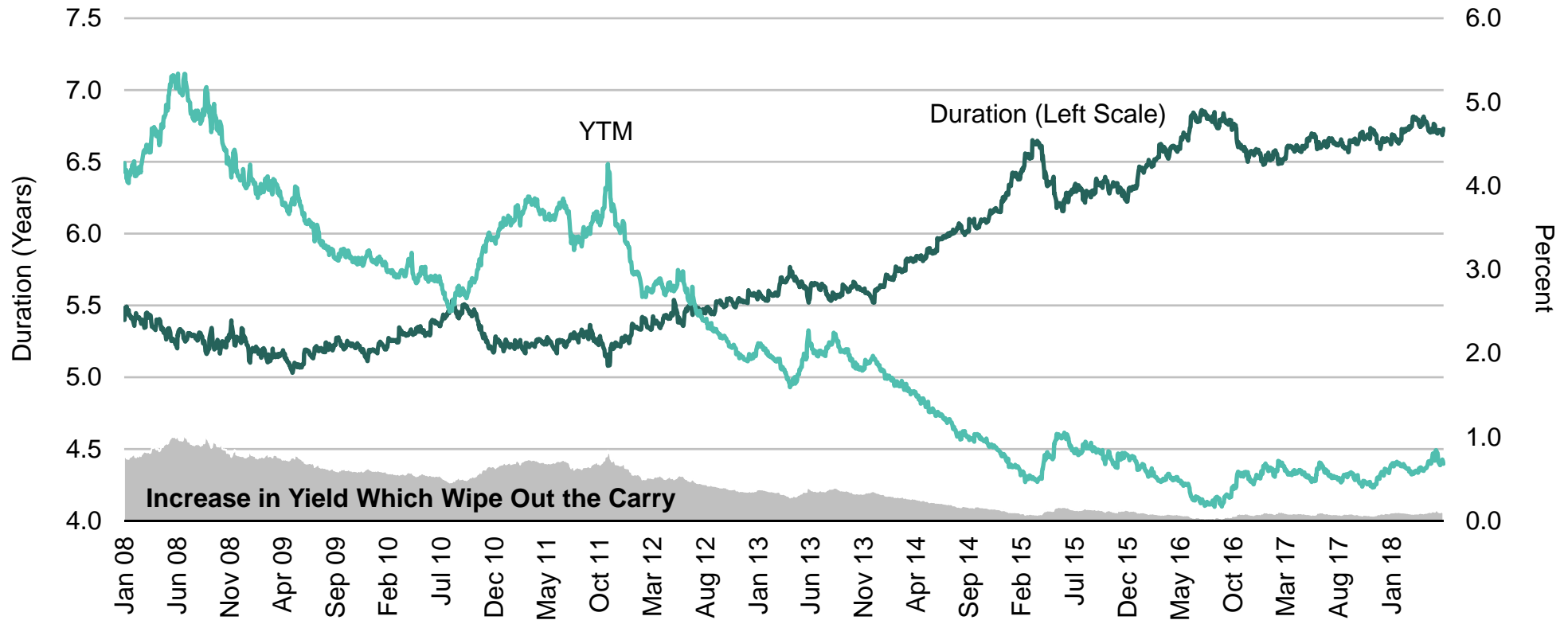
Source: Bloomberg, Bloomberg Barclays and AB



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Euro Aggregate: No More Margin for Error

10 Basis Points Change in Yield Could Wipe out the Carry



As of 30 June 2018

Historical information provided for illustrative purpose only.

Source: Bloomberg and Bloomberg Barclays

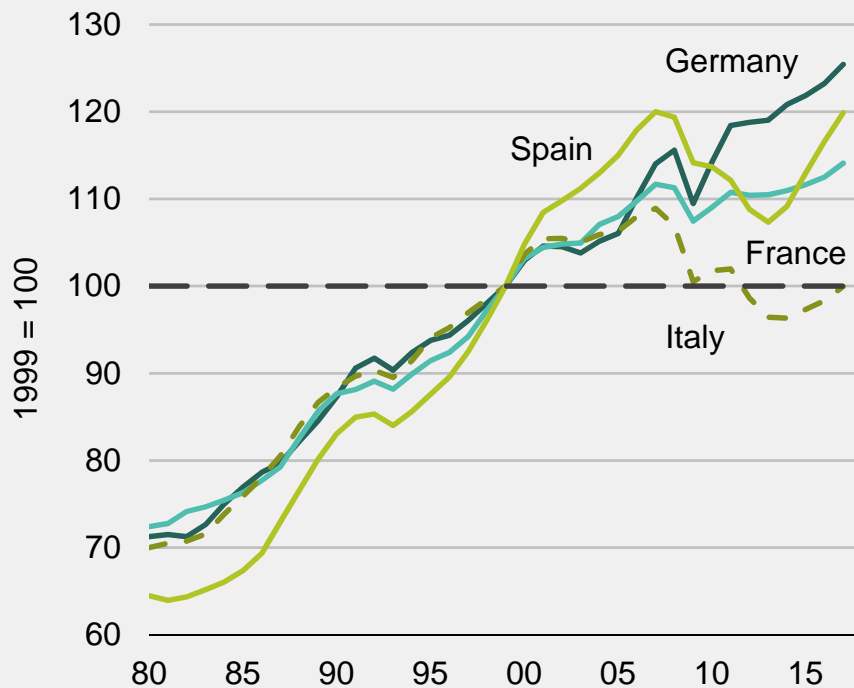


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Populism, European-Style: Is a Full-Blown Crisis à la 2011 Coming Back?

This Time the ECB Has the Necessary Tools in Place to Intervene...Although Italy Is Not Greece

Real GDP Per Capita*



	2011	2018
Outright Monetary Transactions (OMT)	✗	✓
Long-Term Refinancing Operations (LTRO)	✗	✓
Quantitative Easing (QE)	✗	✓
Vulnerable Country (GDP)	Greece (US\$0.2 Trillion)	Italy (US\$1.9 Trillion)
Exposure of European Banks to Italy	Higher	Lower

Left display as of 31 December 2017; right display as of 30 June 2018

Historical analysis and current forecasts do not guarantee future results.

*Germany is adjusted for the impact of reunification.

GDP is in US Dollars

Source: Haver Analytics, World Bank and AB

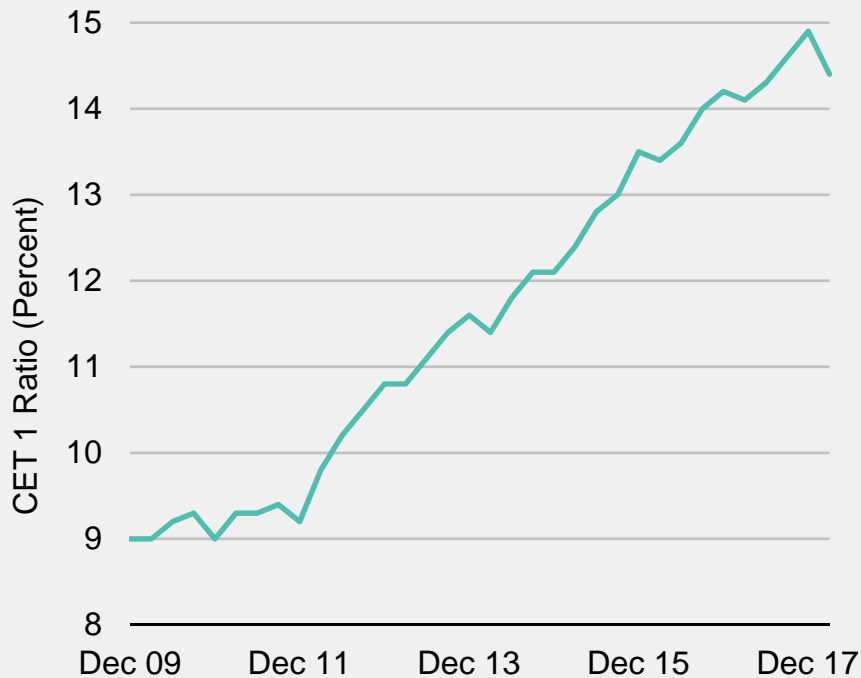


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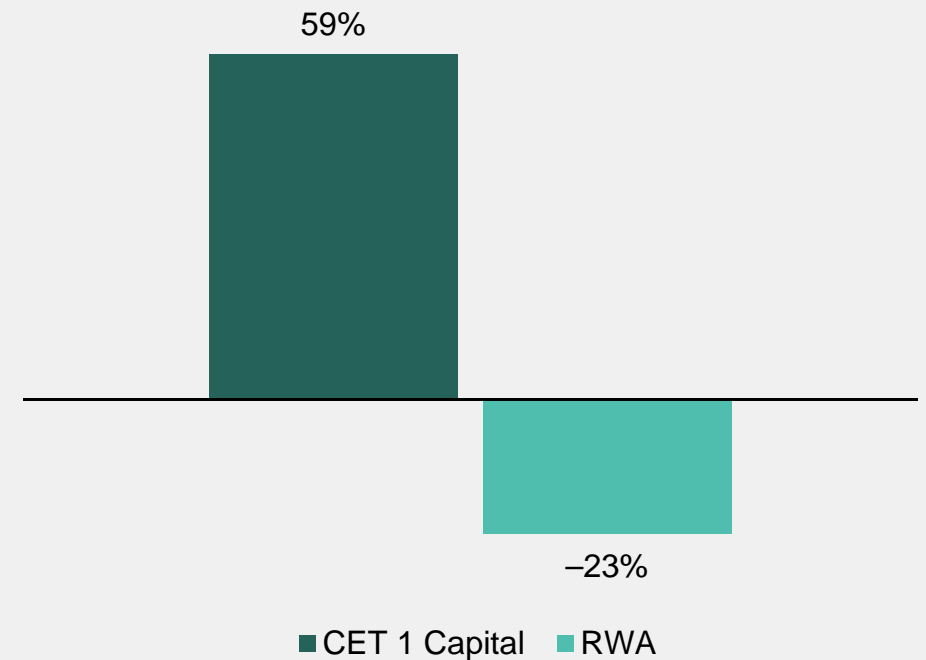
Strong Bank Fundamentals Following Multi-Years of Deleveraging

The Banking Sector Benefits from Increased Capital and Balance Sheet Reduction

Core Equity Tier 1 (CET1) Ratio Improved Significantly Since the Crisis



Evolution of Core Equity Tier 1 Capital and Risk Weighted Assets (RWA) Between June 2011 and June 2017*



Left chart as of 31 March 2018, right chart as of 30 June 2017

Historical analysis does not guarantee future results.

*For Group 1 Banks. As defined by the European Banking Authority, Group 1 banks are those that have Tier 1 Capital in excess of 3€ billion and are internationally active

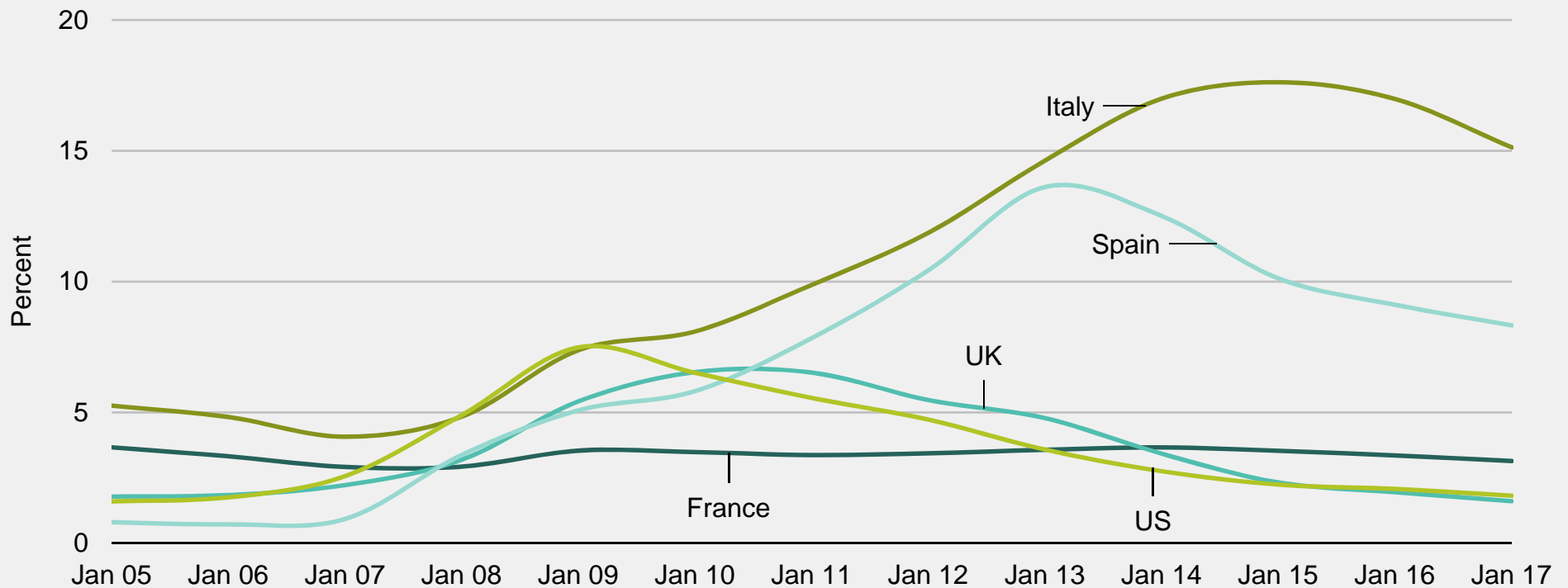
Source: EBA and AB



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Better Asset Quality Although Pockets of Weakness Persist

Non-Performing Loans as a Percentage of Total Loans



As of 31 December 2017

Historical analysis does not guarantee future results.

Source: CBRC, ECB, Haver Analytics, US Federal Reserve, World Bank and AB



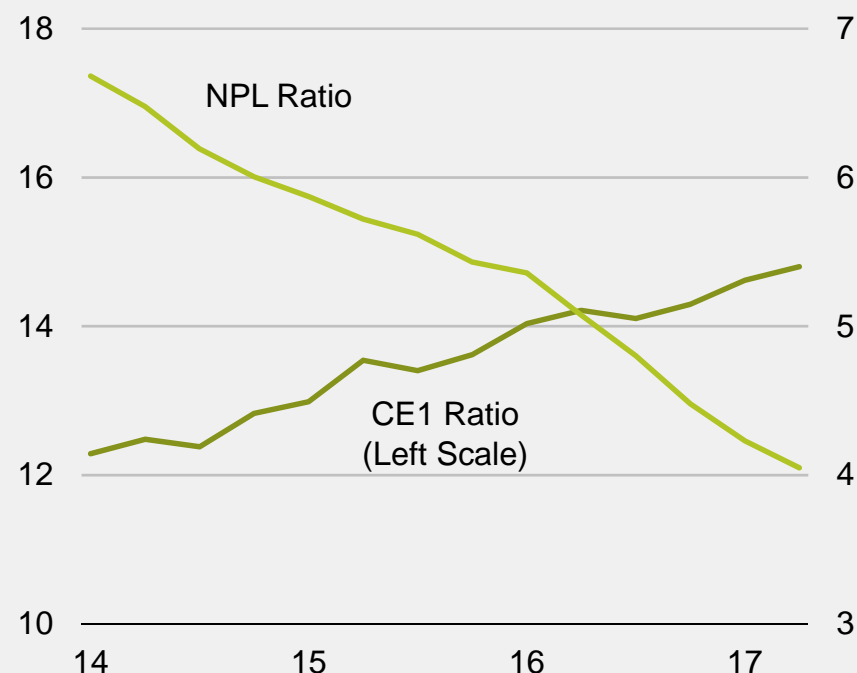
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The European Banking Sector Remains Resilient Despite Political Events



European Bank CET1 and NPL Ratios Continue to Improve (Percent)*



As of 31 August 2018

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*Data through 31 Dec 2017

Source: Bloomberg Barclays, European Banking Authority and Morgan Stanley and AllianceBernstein

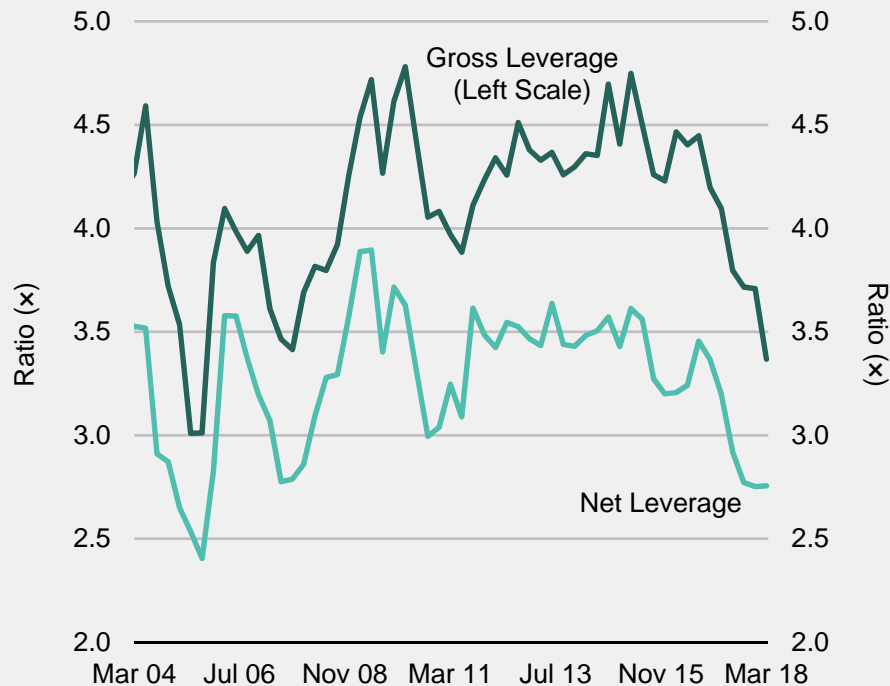


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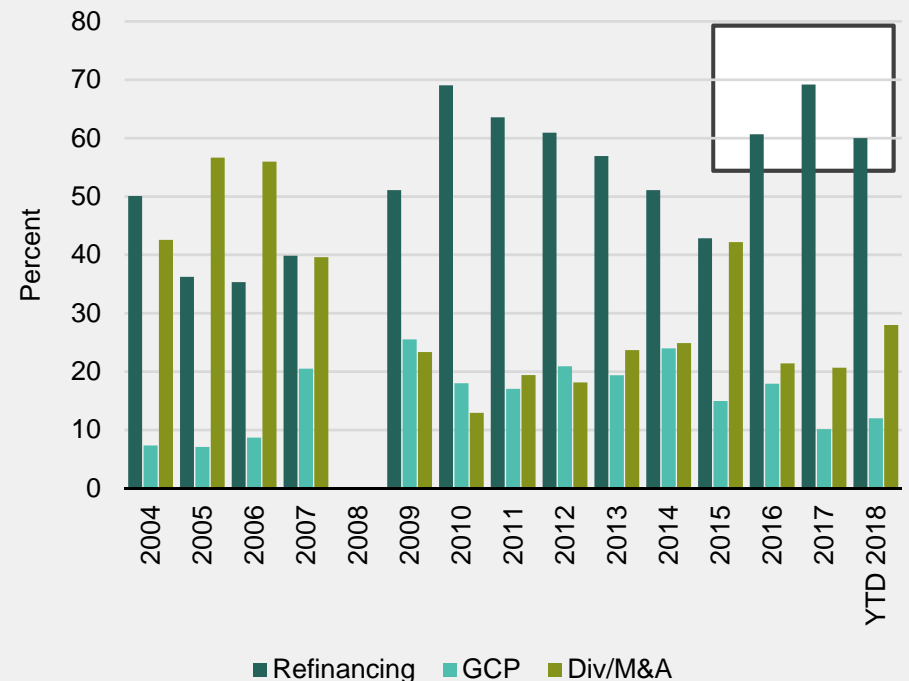
Euro High Yield: Still in Deleveraging Mode

Corporates Continue to Deleverage as New Issuance Is Driven by Refinancing Needs

European Corporate Fundamentals Have Steadily Improved



While Refinancing Continues to Drive issuance
Percentage of European High Yield Market Issuance



Left Display as of 31 March 2018; Right Display as of 30 June 2018

Historical and current analyses do not guarantee future results.

GCP stands for General Corporate Purpose

Source: J.P. Morgan, Morgan Stanley, and AB



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Fixed Income Investment Implications

- As the economic cycle matures focus more on defensive and flexible fixed income strategies - i.e. **keep duration low (but not zero) and selectively overweight credit**
- **Favour Euro fixed income as the cost of hedging is high** and are likely to remain high in 2019
- **Financials remain still an attractive opportunity** although political risk may bring higher volatility in the sector
- **Diversify the risk through more uncorrelated sources of risk such as CRTs** and securitized investments
- **Remain cautious and selective on Emerging Markets** as political risk remains high, FED may continue to tighten and trade tensions may continue to weigh on EM

For illustrative purposes only - Current analysis does not guarantee future results.

There can be no assurance that projections and investment objectives will be met.

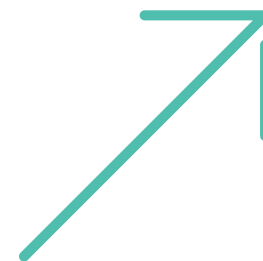
Credit Risk Transfer: A financial transaction, that changes who bears the risk of default or changes in the creditworthiness of a counterparty or debtor.

Source: AB



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AB FIXED INCOME SOLUTIONS



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AB European Income Portfolio: Snapshot

Investment Strategy	+ Euro fixed income portfolio focused on a balanced approach between interest rates and credit risk which seeks to improve consistency of returns, both income and capital appreciation, while reducing volatility and drawdown
Inception Date	+ 26 February 1999
Peer Group	+ Morningstar: European Flexible Bond + Lipper: Bond Europe
Base Currency	+ Euro
Key Investment Guidelines*	+ Minimum two-thirds invested in bonds issued by European companies or governments + Maximum 50% below-investment-grade† + At least 65% Euro-denominated securities + Derivatives may be used for both hedging and investment purposes
Investment Universe	+ Government and corporate bonds denominated in European currencies
ISINs	+ A: LU0095025721 + I: LU0095024757 + A2: LU0095024591 + I2: LU0249549782
Currency Hedged Share Classes Available	+ Australian Dollar, Hong Kong Dollar, Chinese Renminbi, Singapore Dollar, Swiss Franc and US Dollar
AUM	+ €2,133.68 million

As of 30 June 2018

Portfolio characteristics are subject to change.

Internal investment guidelines are not shown in the prospectus, and are therefore subject to change without notification.

*We do not show the entirety of the Portfolio's investment guidelines

†Credit-quality breakdown is a measure of the quality and safety of a bond or portfolio, based on the issuer's financial condition as rated by S&P. AAA is highest (best) and D is lowest (worst)

Source: AB

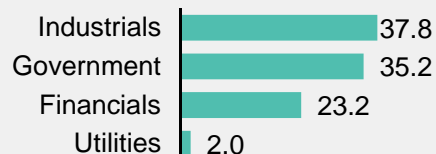


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European Income Portfolio: Characteristics

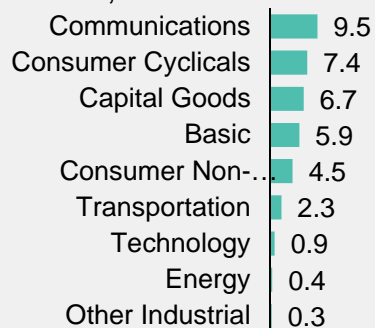
Sector Allocation

Percent, Market Value



Industrials Sub-Sector Allocation

Percent, Market Value

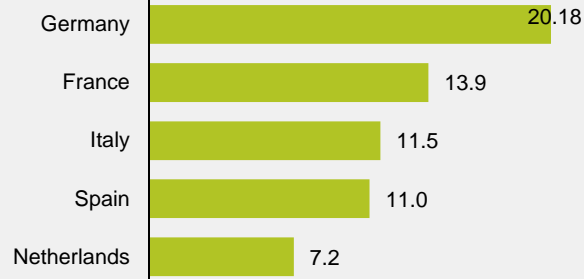


Portfolio Characteristics

Duration (Years)	4.89
Yield to Worst	2.45%

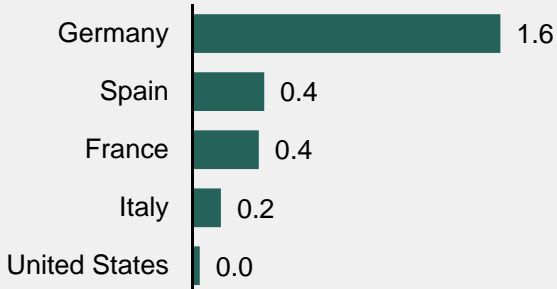
Top Five Countries

Percent, Market Value



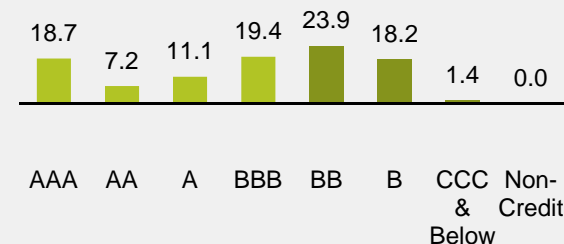
Top Five Countries

Years, Duration Contribution



Credit Quality Exposure†

Percent



As of 30 September 2018.

Current analysis does not guarantee future results.

Portfolio characteristics are subject to change and come from AB internal system RAP. Numbers may not sum due to rounding.

†Other includes sectors with allocations less than 20 b.p. such as CMBS and Options. ‡Credit quality is a measure of the creditworthiness and risk of a bond or portfolio, based on the issuer's financial condition. AAA is highest and D is lowest. Ratings may not accurately reflect credit risk and are subject to change.

Source: AB

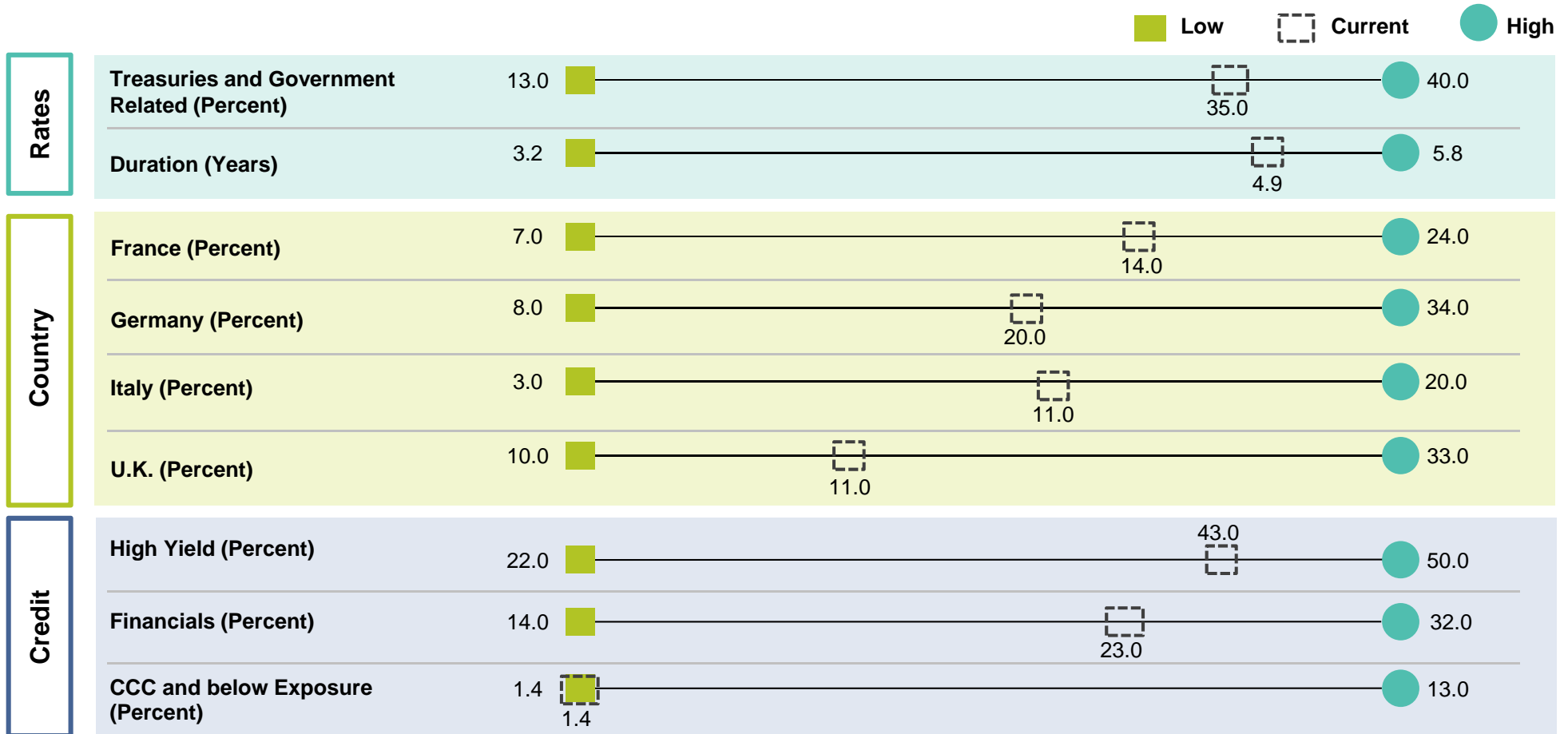


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AB European Income Portfolio: Historical Allocation Ranges

December 2008— September 2018



As of 30 September 2018

Historical allocations will vary over time and are subject to change and fluctuations.

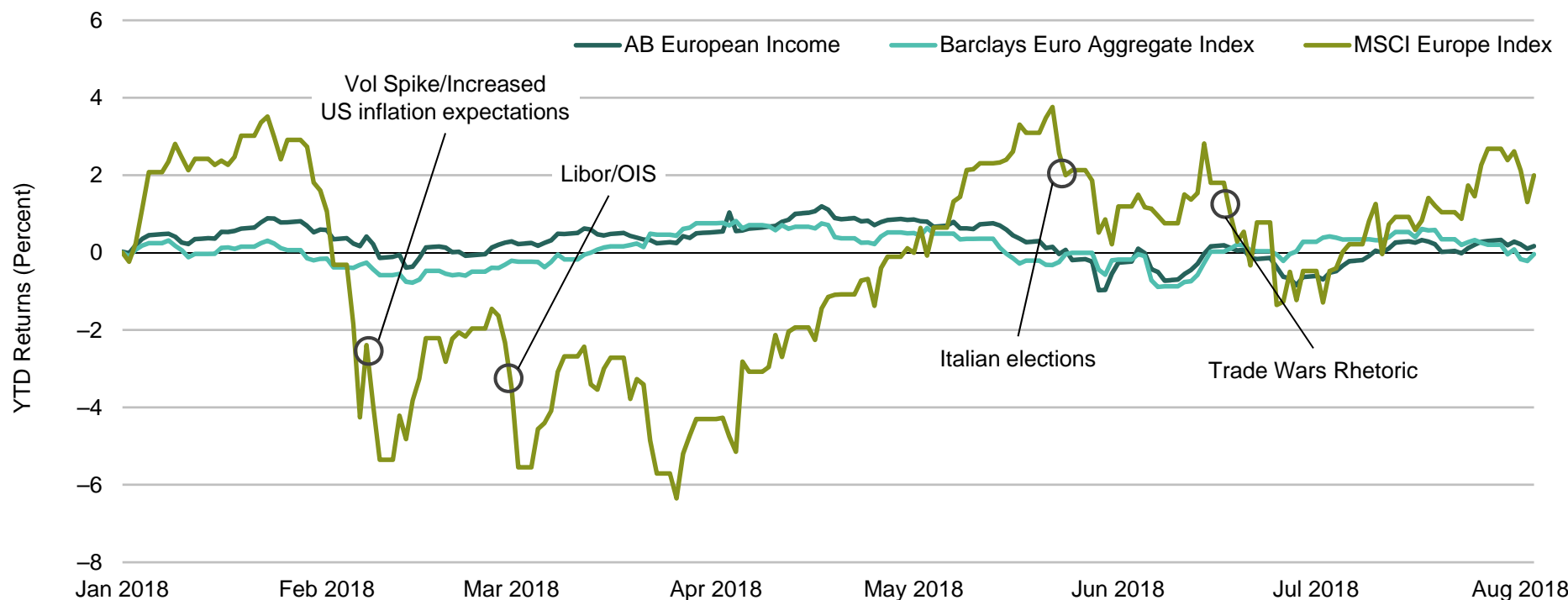
Numbers are generated from internal reporting and may vary from official books and records. Based on monthly data points.

Source: AB Internal System: RAP



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An Alternative to De-Risk Your Portfolio While Avoiding Sacrificing the Yield



As of 3 August 2018

Past performance and current analysis does not guarantee future results. For illustration purpose only

Performance are gross of fees

Source: Bloomberg Barclays and AB



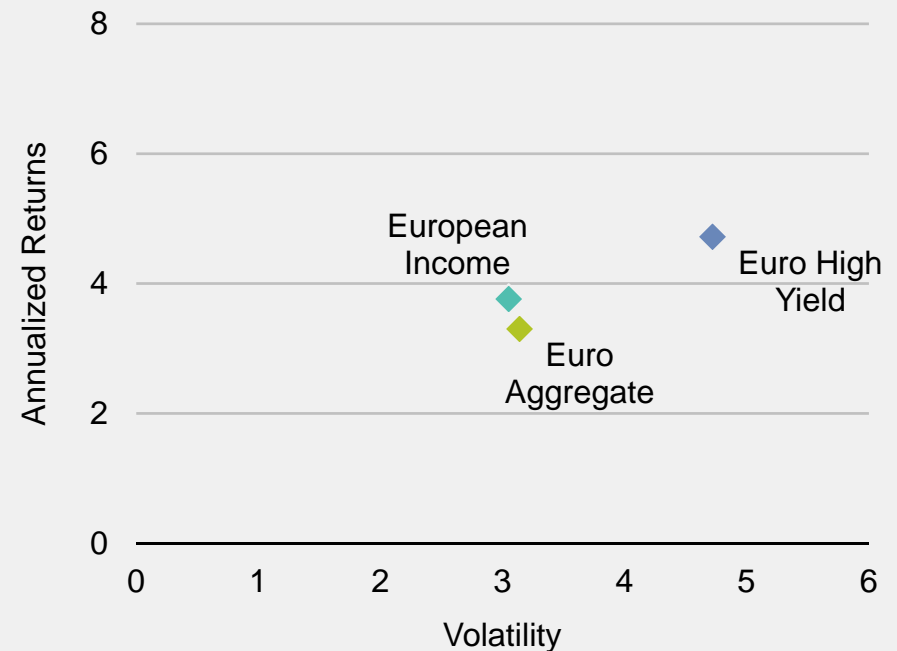
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Better Risk-Adjusted Returns than a Traditional Euro Aggregate Portfolio

European Income Portfolio Is Not Expected to Increase Significantly the Volatility of a Traditional Euro Aggregate Portfolio

- + European Income Portfolio (EIP) historically provided better returns than a traditional Euro Aggregate portfolio
- + Importantly, the volatility of EIP has been similar to the Euro Aggregate index despite a higher exposure to high yield (with a focus on short dated bonds)

Risk/Return Profile Five Years



As of 30 September 2018

Past performance is no guarantee for future results.

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Based on five years monthly returns for the I share class (net of fees).

Source: Bloomberg Barclays and AB



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European Income Portfolio: Performance vs. Benchmark

Performance Summary (%)

	Periods Ended 30 September 2018						
	3Q 2018	YTD 2018	One Year	Three Years	Five Years	Ten Years	Since Inception
European Income Portfolio	0.61	-0.45	0.38	3.33	3.76	7.00	4.82
Bloomberg Barclays Euro Aggregate Bond Index*	-0.70	-0.45	0.10	1.35	3.26	4.53	4.01
Relative Performance vs. Benchmark	+1.32	0.00	-0.28	+1.97	+0.51	+2.47	+0.81

As of 30 September 2018; data are preliminary; numbers may not sum due to rounding.

Past performance does not guarantee future results.

In Euros; Inception date: European Income Portfolio (class I2)—26 February 1999

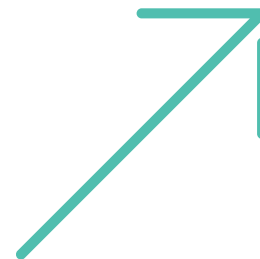
The Fund is not managed against a particular benchmark or index, and any reference to a particular benchmark or index is made solely for risk or performance comparison purposes.

*Performance is represented by Class I shares and is calculated at net asset value with all dividends reinvested. Performance for more recent periods may be different from that shown. Total returns, provided by AB, reflect the change in net asset value and assume reinvestment of any distributions paid on Fund shares for the period shown, but do not reflect sales charges. Accordingly, these figures do not represent actual returns to an investor. The investment return and principal value of an investment in the Fund will fluctuate as the prices of the individual securities in which it invests fluctuate, so that shares, when redeemed, may be worth more or less than their original cost

Source: Bloomberg Barclays and AB



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APPENDIX



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A Word About Risk

European Income Portfolio - Investment in the Fund entails certain risks. Investment returns and principal value of the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Dividends are not paid for all share classes and are not guaranteed. The Fund is meant as a vehicle for diversification and does not represent a complete investment program. Some of the principal risks of investing in the Fund include country risk, emerging markets risk, liquidity risk, focused portfolio risk, portfolio turnover risk, derivatives risk, OTC derivatives counterparty risk, structured investments risk, fixed-income securities risk-general, fixed-income securities risk-lower-rated and unrated instruments, credit risk – sovereign debt obligations, credit risk – corporate debt obligations. These and other risks are described in the Fund's prospectus. Prospective investors should read the prospectus carefully and discuss risk and the fund's fees and charges with their financial adviser to determine if the investment is appropriate for them.

Mortgage Income Portfolio - Investment in the Fund entails certain risks. Investment returns and principal value of the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Dividends are not paid for all share classes and are not guaranteed. The Fund is meant as a vehicle for diversification and does not represent a complete investment program. Some of the principal risks of investing in the Fund include liquidity risk, allocation risk, portfolio turnover risk, derivatives risk, OTC derivatives counterparty risk, structured investments risk, fixed income securities risk, lower-rated and unrated instruments, sovereign debt obligations risk and corporate risk obligations risk. These and other risks are described in the Fund's prospectus. Prospective investors should read the prospectus carefully and discuss risk and the fund's fees and charges with their financial adviser to determine if the investment is appropriate for them.

Financial Credit Portfolio - Investment in the Fund entails certain risks. Investment returns and principal value of the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund is meant as a vehicle for diversification and does not represent a complete investment program. Some of the principal risks of investing in the Fund include emerging-market risk, turnover risk, smaller capitalization companies risk, derivatives risk, OTC derivatives counterparties risk, equity securities risk and REITs. These and other risks are described in the Fund's prospectus. Prospective investors should read the prospectus carefully and discuss risk and the Fund's fees and charges with their financial adviser to determine if the investment is appropriate for them.

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A Word About Risk

The Financial Credit Portfolio will suit medium to higher risk tolerant investors.

Terms to Understand:

Below Investment Grade Fixed Income Securities Risk/Lower-rated and Unrated Instruments: These securities are subject to a greater risk of loss of capital and interest. They are usually less liquid and more volatile. There may also be a higher risk of default. Some may be high yielding fixed-income securities, so the risk of depreciation and capital losses may be unavoidable.

Contingent Convertibles (CoCos): A more complex type of bond which generally converts to equity should a pre-specified trigger event occur. The risk of investing in these types of instruments is the holders of CoCos will suffer losses ahead of other equity investors and may not receive the return of their investment.

Derivatives: Financial contracts whose value depends on or is derived from the value of an underlying assets, reference rate, index, or other security. Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general, and exposing the fund to potential losses greater than the cost of the derivative. Derivatives are subject to the risks of the underlying asset(s), typically in modified and greatly amplified form, as well as carrying their own risks.

Hybrid Debt Securities: Subordinated debt securities that combine certain characteristics of both debt and equity securities. The risk of investing in these types of instruments is the holders of these securities will suffer losses ahead of other equity investors and may not receive the return of their investment.

Subordinated Debt: A type of debt that ranks lower than an issuer's more senior debt and may only be paid when more senior debt holders have already been paid. The risk of investing in these types of instruments is the holders of securities will suffer losses ahead of other equity investors and may not receive the return of their investment.



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