

BERNSTEIN EMERGING MARKETS VALUE
EMERGING MARKETS EQUITY: MSCI EM BENCHMARK

FOR THE MONTH OF: **AUGUST** **2020**

	* Annualized returns				
	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Bernstein EMV	-0.47%	11.29%	2.74%	-3.09%	5.20%
MSCI EMF	2.21%	19.53%	14.49%	2.83%	8.66%

COUNTRY ALLOCATION COMPARISON					
<u>Over-weight</u>	<u>Bernstein</u>	<u>EMF</u>	<u>Under-weight</u>	<u>Bernstein</u>	<u>EMF</u>
Korea	20.87%	11.47%	China	34.02%	42.53%
Russia	7.87%	2.93%	Taiwan	5.54%	12.45%
Hong Kong	2.33%		India	3.96%	8.30%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

PORTFOLIO PERFORMANCE: In August, the portfolio decreased in absolute terms and underperformed its benchmark, before fees, as stock and sector selection weighed on relative returns. Stock selection within consumer discretionary, including our underweight to the sector, detracted most; however, selection within financials and an underweight to communication services contributed, mitigating losses. Country selection was also positive, as our holdings within Taiwan added to performance. China-based internet businesses have been favored by investors interested in business models, such as online retailing and food delivery, which have benefited from the pandemic. Our lack of exposure to these companies—including Alibaba Group and Meituan-Dianping—detracted, as these stocks outperformed. The largest held detractor from performance during the month was Nanya Technology. As a manufacturer of semiconductor products including dynamic random-access memory (DRAM) chips and modules, shares of Nanya declined on the back of weak DRAM prices. China-based Guangzhou Automobile Group Co. detracted, as shares of local its brands declined somewhat. Shares of Times China Holdings moved lower during the month. Although real estate sales in China have been robust, investors are concerned that recent economic strength may reduce the odds of additional interest rate cuts—which would have supported continued sales growth. Leading contributors to performance included South Korea-based Kumho Petrochemical, as its latex business benefited from increased demand for rubber gloves due to COVID-19. Our lack of exposure to Chinese internet giant Tencent helped the portfolio, as shares of the company pulled back on fear that the US would ban WeChat. Emirates NBD, one of the top banks in the United Arab Emirates, contributed, as investors reacted favorably to its increased weight in the EM benchmark. Shares of FPT, the largest information technology (IT) service company in Vietnam, added to performance. Second- quarter earnings results were better than forecasted as trends in IT services continue to experience double-digit growth. ALDAR Properties, a real estate development, management and investment company, contributed, as retail sales in its malls have begun to recover. **OUTLOOK:** Mispricing among EM stocks remains significant. We believe the opportunity for value stocks is similar to what it was during the worst periods of the Global Financial Crisis. While the pace of improvement may vary, we see EM equities as providing attractive valuations and solid earnings into 2021 and 2022. Our portfolio continues to offer a highly attractive blend of traits, trading at a material discount to overall emerging and developed markets with similar profitability. We remain confident this combination can drive outperformance on any improvement in risk appetites.

MANAGER STYLE SUMMARY

Bernstein a value-oriented, "bottom-up" manager, focusing on individual security selection, where country and sector allocations are an outgrowth of stock selection. As with their global product, they seek companies which are undervalued relative to their long-term earnings prospects due overreaction by the market. Although country selection is a by-product of the stock selection process, Bernstein seeks to reduce risk and enhance returns by limiting country concentration and maintaining stable country weights, as compared to the historical volatility of country weightings in the MSCI Em Index.

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PORTFOLIO GUIDELINE COMPLIANCE				AUGUST		2020
Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 8% of the account @ purchase						ok
B4. Number of issues		87		70	100	ok
B5. Normal Regional Exposures (* benchmark +/- min/max):						
Latin America *	8%	10%		15%	15%	ok
Asia *	81%	73%		15%	15%	ok
EMEA *	2%	16%		15%	15%	ok
Other		1%		0%	20%	ok
Total		100%				
B6. Normal Portfolio Characteristics (MSCI EM)						
Capitalization	172,819	47,730	28%	25%	100%	ok
Price/Book Value	1.8	0.8	45%	30%	100%	ok
Price/Earnings (Next 12 mo)	17.9	10.2	57%	30%	100%	ok
Price/Cash Flow	11.4	4.7	41%	30%	100%	ok
Dividend Yield	2.3	4.2	184%	75%	200%	ok
C1. Currency or cross-currency position <= value of hedged securities						ok
No executed forward w/o a corresponding securities position.						ok
C2. Max forward w/ counterparty <= 30% of total mv of account						ok
F3. Annual turnover		35%		30%	40%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

There were no deviations.

ORGANIZATIONAL/PERSONNEL CHANGES

Investment decisions for Emerging Markets Value are made by the Chief Investment Officer and Director of Research. For the month of August 2020, there were no personnel changes for the EMV portfolio.

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m)	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m)	\$	-
	Reason(s):				