

BERNSTEIN GLOBAL STRATEGIC VALUE
GLOBAL EQUITY: MSCI ACWI BENCHMARK

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

MANAGER PERFORMANCE CALCULATIONS

* 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 GSV	3.07%	9.56%	1.81%	-1.43%	2.95%
MSCI ACWI	6.12%	15.30%	16.52%	8.99%	10.21%
Russell 3000	7.24%	15.93%	21.44%	13.95%	13.86%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

PORTFOLIO PERFORMANCE: During August, the portfolio increased in absolute terms but underperformed the MSCI ACWI, before fees, as both stock and sector selection dragged on relative returns. Stock selection within, and an underweight to, the technology sector detracted most. These losses were mitigated by stock selection within energy and finance. Our lack of exposure to Apple was the most significant detractor from performance for the second month in a row. Shares of the company continued to rally in advance of a 4-for-1 stock split at the end of the month. Demand for the stock is expected to rise as a result of the per-share price reduction as shares appear more accessible to retail investors. In addition to consistently strong earnings results, Apple continues to benefit from the shift to work-from-home and is also nearing release of four iPhone models that utilize 5G technology. Shares of memory-chip producer Western Digital moved lower after the company announced quarterly results that met expectations but disappointed on near-term outlook. Americold Realty Trust detracted as 2Q:20 results came in below analyst expectations despite showing improvement in both income and revenue. Americold's network of temperature-controlled warehouses supports the global food supply chain and has been instrumental in keeping food retailers stocked during the pandemic; however, temporary closure of some plants and lower volumes offset gains from strength in the retail market. Nintendo, the Japan-based gaming giant, contributed after reporting a dramatic increase in quarterly profits, driven by demand for its Switch console and its new hit game Animal Crossing: New Horizons. Global sales of the Switch device, which can be used on the go or with a screen, rose substantially during lockdowns amid a general increase in demand for online entertainment options. Sports-betting and gaming company GVC Holdings outperformed after the company issued encouraging guidance and expressed optimism about the opportunity in the still-nascent US sports-betting industry. Additionally, investors were encouraged following the disclosure that its CEO purchased a large number of shares. **OUTLOOK:** The flight from value that has occurred in recent years and the current disparity between growth stocks and value stocks are unlikely to persist. Indeed, the valuation gap between value and growth stocks is above or near historic levels. This has historically been a precursor to a market rotation in favor of value stocks. It is also important to remember that the years following recessions are typically beneficial to value-style stocks. We remain focused on searching for opportunities in two areas: attractively priced cyclicals and better-quality names trading at a discount to their historical norms. While this unprecedented environment has created unforeseen challenges for all types of investors, we continue to be optimistic about the future of value investing and remain focused on building portfolios of attractively valued stocks with solid fundamentals. Our goal remains to construct portfolios that will not be adversely impacted by macroeconomic or geopolitical events.

ORGANIZATIONAL/PERSONNEL CHANGES

Investment decisions for Global Strategic Value are made by the cross border team of Chief Investment Officers and Directors of Research. There were no changes to the key personnel responsible for GSV in August 2020.

ACCOUNT TURNOVER

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

MANAGER STYLE SUMMARY

Bernstein is a research-driven, value-based, "bottom-up" manager, whose process is driven by individual security selection. Country allocations are a by-product of the stock selection process, which drives the portfolio country over and under weights. They invest in companies with long-term earnings power, which are undervalued due to an overreaction by the market. This value bias will result in a portfolio which will tend to have lower P/E and P/B ratios and higher dividend yields, relative to the market. The Global Strategic Value product is a concentrated global equity portfolio, and as such, may experience more volatility relative to the market.

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PORTFOLIO GUIDELINE COMPLIANCE

AUGUST

2020

Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 10% of the account @ purchase						ok
B4. Number of issues		74.0		25	75	ok
B5. Normal Regional Exposures (* benchmark +/- min/max):						
United States *	59%	46%		25%	25%	ok
Europe ex U.K. *	13%	22%		15%	15%	ok
UK *	4%	6%		10%	10%	ok
Japan *	7%	5%		10%	10%	ok
Emerging Markets		12%		0%	20%	ok
Other		8%		0%	20%	ok
Total		100%				
B6. Normal Global Portfolio Characteristics (MSCI ACWI)						
Capitalization	238,366	63,134	26%	50%	100%	check
Price/Book Value	2.5	1.5	59%	50%	100%	ok
Price/Earnings (Next 12 mo)	23.9	17.9	75%	50%	100%	ok
Price/Cash Flow	13.8	6.3	45%	50%	100%	check
Dividend Yield	2.0	2.8	143%	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
Forwards executed with Custodian <= 100% of the total mv of account, given credit check						ok
F2. Brokerage commissions not to exceed \$0.05/share for U.S. equities						ok
F3. Annual turnover		42%		30%	40%	check
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

- B6. Capitalization: We find smaller cap ideas attractive. Benchmark is driven by gains of large high quality companies. We are mindful of liquidity in making investment
- F3. Annual Turnover: Turnover will vary throughout market cycles based on the level of volatility in markets and the changing nature of the value opportunity.□
- B6. Price/Cash Flow: The benchmark has a lot of expensively valued companies. This has become more acute as growth stocks have materially outperformed value stocks.