

BERNSTEIN GLOBAL STRATEGIC VALUE
GLOBAL EQUITY: MSCI ACWI BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **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	-2.56%	5.16%	-5.43%	-3.46%	3.51%
MSCI ACWI	-3.22%	8.13%	10.44%	7.12%	10.30%
Russell 3000	-3.64%	9.21%	15.00%	11.65%	13.69%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

PORTFOLIO PERFORMANCE: During September, the portfolio decreased in absolute terms but outperformed the MSCI ACWI, before fees, driven by positive stock selection. Stock selection within the consumer-cyclicals and technology sectors contributed, offsetting losses from selection within capital equipment and medical.

GVC Holdings contributed as the sports-betting and gaming company was helped by Caesars Entertainment's take-over bid for competitor William Hill, which highlighted the importance of the US sports-betting opportunity for GVC, which is still in its early stages. Comcast outperformed in September due to a very strong update on 3Q:20 broadband trends and on news that an activist investor has taken a stake in the company, which the market believes could lead to value-creating actions. Samsung Electronics contributed to performance on the expectation of continued earnings growth, supported by rebounding TV and smartphone sales, accelerating demand and improved pricing for memory chips, and an expanding foundry customer base. With a leading position across memory and display, Samsung also stands to benefit from Huawei Technologies' loss of market share in handsets outside of China and from increased data center demand driven by cloud and work-from-home trends. Juniper Networks traded down during the beginning of September after a competitor, Ciena, released earnings results that included a worse-than-expected outlook that drove down next-quarter consensus sales expectations considerably. Ciena attributed the outlook to weaker end-customer demand and deployment limitations, primarily from service providers. Although service providers are Juniper's largest customer group, we anticipate that the actual impact will be more moderate than what Ciena is calling for due to differences in technology and product portfolio. Aircraft leasing company AerCap detracted as the economic effects of the COVID-19 pandemic continue to weigh down the airline industry. After initially canceling or deferring orders in the wake of the pandemic, AerCap reduced its order book and is now fully leased through the end of 2021. Papa John's International detracted after a management update indicated that, while sales growth remains in double-digit territory, it has retreated somewhat from highs reached during the early stages of the pandemic. Papa John's, and the pizza market in general, had experienced robust demand from consumers who had few options due to mandated restaurant closures; however, since restrictions have eased, demand has leveled off. **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.

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 September 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

SEPTEMBER

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 *	58%	47%		25%	25%	ok
Europe ex U.K. *	13%	21%		15%	15%	ok
UK *	4%	6%		10%	10%	ok
Japan *	7%	6%		10%	10%	ok
Emerging Markets		12%		0%	20%	ok
Other		8%		0%	20%	ok
Total		100%				
B6. Normal Global Portfolio Characteristics (MSCI ACWI)						
Capitalization	278,952	61,451	22%	50%	100%	check
Price/Book Value	2.5	1.4	58%	50%	100%	ok
Price/Earnings (Next 12 mo)	23.4	17.4	74%	50%	100%	ok
Price/Cash Flow	13.7	5.8	43%	50%	100%	check
Dividend Yield	2.0	2.8	138%	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		43%		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: Smaller cap ideas are attractive. Capitalisation is driven by share gains of large quality companies. We are mindful of liquidity in making investment decisions.
- 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: We find companies valued on cash flow basis, and benchmark has expensive companies. Growth stocks have materially outperformed value stocks.