

Bernstein Emerging Markets Value
Emerging Markets Equity: MSCI EM Benchmark

For the month of: **February** **2023**

Manager Performance Calculations

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Bernstein EMV	-5.78%	1.17%	-15.11%	4.26%	-0.34%
MSCI EMF	-6.48%	-0.52%	-15.28%	0.97%	-1.87%

Country Allocation Comparison

<u>Over-weight</u>	<u>Bernstein</u>	<u>EMF</u>	<u>Under-weight</u>	<u>Bernstein</u>	<u>EMF</u>
Vietnam	4.15%		India	5.54%	13.23%
Korea	15.65%	11.74%	Saudi Arabia		3.85%
Phillippines	4.59%	0.73%	Taiwan	12.21%	15.26%

Performance Attribution & Strategy Comments

Portfolio Performance:The Emerging Markets Value Portfolio declined in absolute terms, outperforming its MSCI EM benchmark in February (gross and net). During the month, gross of fees, security selection contributed to relative returns, while sector selection detracted. Security selection within consumer discretionary and utilities contributed the most, while selection in financials and an overweight to utilities detracted. Country positioning was positive. An overweight to South Korea contributed, while an overweight to Vietnam detracted. Shares of South Korea-based Kia Motors were buoyed by strong earnings results with high margins on the back of the normalization of chip supply and a reduction of incentives given strong demand and the delivery of positive, albeit perhaps overly optimistic, guidance for 2023. However, we have pared back our exposure somewhat given our large position size. A number of semiconductor and integrated circuit (IC) design companies, including UMC and Novatek Microelectronics, rebounded amid signs that we are close to the bottom of this inventory correction cycle. **Outlook:** We see several cyclical forces that may allow for better times ahead, while the structural outlook for EM (and thus the need for investors to maintain a strategic allocation) remains intact. After all, EM represent over 60% of the global population and more than 40% of the current world GDP (and greater than 60% of future growth), yet only approximately 12% of the MSCI All Country World Index. Looking ahead, unlike in most other parts of the world, economic growth is set to accelerate in EM, bolstered in part by China's reopening, while GDP growth is expected to soften in developed markets (DM), and with that an acceleration of the EM/DM growth delta. Similarly, we are starting to see inflation weighing on companies' margins in DM, with likely more to come, as inflation is much stickier in DM (due to the core nature of inflation versus commodity-driven inflationary pressures in EM). In turn, earnings are poised to grow faster than we are likely to see elsewhere. High inflation and interest rates, even if moderating somewhat in the coming quarters, should continue to benefit the business of many of the companies we hold; these same trends should also continue to cap valuations of shares of high-growth parts of the markets. A large policy shift is under way in China that bodes well for market performance. Indeed, China's lockdowns created significant pressure on consumer confidence and demand along with a pickup in risk premium. The relaxation of zero-COVID policy post-20th Party Congress alongside pro-growth policies to support a weak economy, and the abatement of regulatory pressure, could lead to a multi-quarter recovery in both earnings and market performance. As this becomes evident, we expect investors to continue rotating back to China and acquiring quality companies, presently on sale.

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

Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 8% of the account @ purchase						ok
B4. Number of issues		77		70	100	ok
B5. Normal Regional Exposures (* benchmark +/- min/max):						
Latin America *	9%	6%		-6%	24%	ok
Asia *	79%	74%		64%	94%	ok
EMEA *	13%	10%		-2%	28%	ok
Other		9%		0%	20%	ok
Total		100%				
B6. Normal Portfolio Characteristics (MSCI EM)						
Capitalization	96,080	30,592	32%	25%	100%	ok
Price/Book Value	1.6	1.0	63%	30%	100%	ok
Price/Earnings (Next 12 mo)	10.4	6.7	65%	30%	100%	ok
Price/Cash Flow	8.2	4.1	50%	30%	100%	ok
Dividend Yield	3.3	4.0	121%	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		45%		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

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

Total Firm Assets Under Management (\$m) as of:

Qtr 4 \$ 646,422

Organizational/Personnel Changes

Investment decisions for Emerging Markets Value are made by the Chief Investment Officer and Director of Research. For the month of February 2023 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): as of December 2022, information updated quarterly