

Bernstein Global Strategic Value

Global Equity: MSCI ACWI Benchmark

For the month of: **August** **2021**

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	2.30%	0.28%	40.96%	8.31%	9.68%
MSCI ACWI	2.50%	4.57%	28.64%	14.34%	14.29%
Russell 3000	2.85%	7.17%	33.04%	17.85%	17.97%

Performance Attribution & Strategy Comments

PORTFOLIO PERFORMANCE: For August, the Portfolio increased in absolute terms but underperformed its benchmark, before fees. Sector selection had a negative impact on relative returns, while stock selection was positive. Stock selection within finance and utilities detracted the most, but contributions from selection within the medical and consumer-staples sectors offset some of these losses. US-based security company ADT detracted following a disappointing second-quarter earnings report that showed quarterly revenue was down from the same period last year. Despite the short-term weakness, we remain optimistic about the company's fundamentals going forward. US-based orthopedic-device maker Zimmer Biomet underperformed on news it was lowering its expectations for 2021 earnings and reported margins below expectations. However, second-quarter results remain ahead of analyst estimates. US-based computer hard disk drive manufacturer and data storage company Western Digital detracted for the period, with ongoing component supply issues negatively affecting its stock price. However, an earnings report during the month showed sales up from last year and above analyst estimates. Shares of the company also rallied at the end of the month following news of a potential merger talk with Japan's Kioxia. As a result, we remain optimistic about the company's prospects going forward. Bank of Ireland Group contributed after reporting that 1H:21 profits had recovered to pre-pandemic 2019 levels. Investors also responded positively as the Irish government began to sell its stake in the bank, confirming its readiness to step back from involvement following the 2009 bailout prompted by Ireland's real estate market crash. Bank of Ireland is poised to benefit from increased scale and industry concentration as well as cost reductions from restructuring plans. Hong Kong-based oil and gas company Kunlun Energy outperformed, with rising oil prices continuing to drive its share price higher. The company also reported strong 1H:21 earnings results, ahead of expectations, as their gas distribution business continues to grow. An overweight to Australian bancassurance company Suncorp Group contributed, as its full-year results showed strength in all operations, in conjunction with a strong balance sheet. **OUTLOOK:** Investor uncertainty has increased in recent months amid growing concern around the delta variant and its potential impact on the world economy. This, together with concerns regarding the direction of monetary and fiscal policy in light of uncertainty around growth and inflation, has dominated investors' attention. Value stocks had been beneficiaries of renewed investor confidence earlier in the year as widening COVID-19 vaccine distribution enabled economic reopening around the world. This provided investors with greater clarity and confidence around companies' future earnings prospects. As uncertainty has increased recently, however, inexpensive value stocks have been pressured as investors have become more skeptical about the certainty of many companies' future earnings prospects. Yet neither the economic recovery nor the value recovery was ever likely to progress without any bumps in the road. Despite recent challenges, the reasons for our optimism about the long-term prospects for value stocks remain in place. Value stocks now trade at an even more compelling discount to growth stocks, and the opportunity to find idiosyncratic value opportunities within equity markets remains significant. We have made a few adjustments to the Portfolio to ensure it remains well positioned to capitalize on the widespread disconnect between fundamentals and valuation, but we largely remain confident in the return prospects of our holdings, which offer idiosyncratic performance drivers even amid a more challenged style environment.

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

Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 10% of the account @ purchase						ok
B4. Number of issues		68.0		25	75	ok
B5. Normal Regional Exposures (* benchmark +/- min/max):						
United States *	60%	54%		35%	85%	ok
Europe ex U.K. *	13%	23%		-2%	28%	ok
UK *	4%	3%		-6%	14%	ok
Japan *	6%	2%		-4%	16%	ok
Emerging Markets		9%		0%	20%	ok
Other		8%		0%	20%	ok
B6. Normal Global Portfolio Characteristics (MSCI ACWI)						
Capitalization	353,800	101,168	29%	50%	100%	check
Price/Book Value	3.1	2.0	64%	50%	100%	ok
Price/Earnings (Next 12 mo)	19.5	14.1	72%	50%	100%	ok
Price/Cash Flow	15.0	7.7	52%	50%	100%	ok
Dividend Yield	1.7	2.0	115%	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		47%		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: Our portfolio average capitalisation weight relative to the benchmark is driven by two factors. We find some smaller cap ideas very attractive.
- 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 2 \$738,379

Organizational/Personnel Changes

Investment decisions fo Global Strategic Value are made by the Chief Investment Officer and Director of Research. For the month of August 2021 there were no personnel changes for the GSV portfolio.

Account Turnover

Gained: Number of Accounts: 2 Total Market Value (\$m): \$ 149.0

Lost: Number of Accounts: 0 Total Market Value (\$m):

Reason(s): as of July 2021, updated quarterly