



**ALLIANCEBERNSTEIN®**

June 30, 2020







# SUSTAINABLE GLOBAL THEMATIC

## SECOND QUARTER 2020

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# Sustainable Thematic Equity Platform: \$12.6 Billion in AUM

	AB Sustainable Global Thematic	AB Sustainable Intl Thematic	AB Sustainable US Thematic	AB Sustainable European Thematic
				
<b>Regional Focus</b>	Global Equities	Non-US Equities	US Equities	European Equities
<b>Benchmark</b>	MSCI ACWI	MSCI ACWI ex-US	S&P 500	MSCI Europe
<b>Number of Holdings</b>	30–60	30–60	30–60 (40-60 for SMA)	30–60
<b>AUM</b>	\$2.9 Billion	\$1.6 Billion	\$8.1 Billion*	—
<b>Vehicles</b>				
<b>Separate Account</b>	December 31, 2008	December 31, 2002	December 31, 2015	—
<b>US Mutual Fund</b>	March 1, 1982	June 2, 1994	—	—
<b>FlexFee Fund</b>	—	—	June 28, 2017	—
<b>Retail SMA</b>	June 30, 2016	June 30, 2019	December 31, 1981	—
<b>Lux Fund</b>	October 25, 1991	—	April 24, 2001	April 30, 2019

\*Includes Strategic Research Balanced

As of August 31, 2020

Source: AB



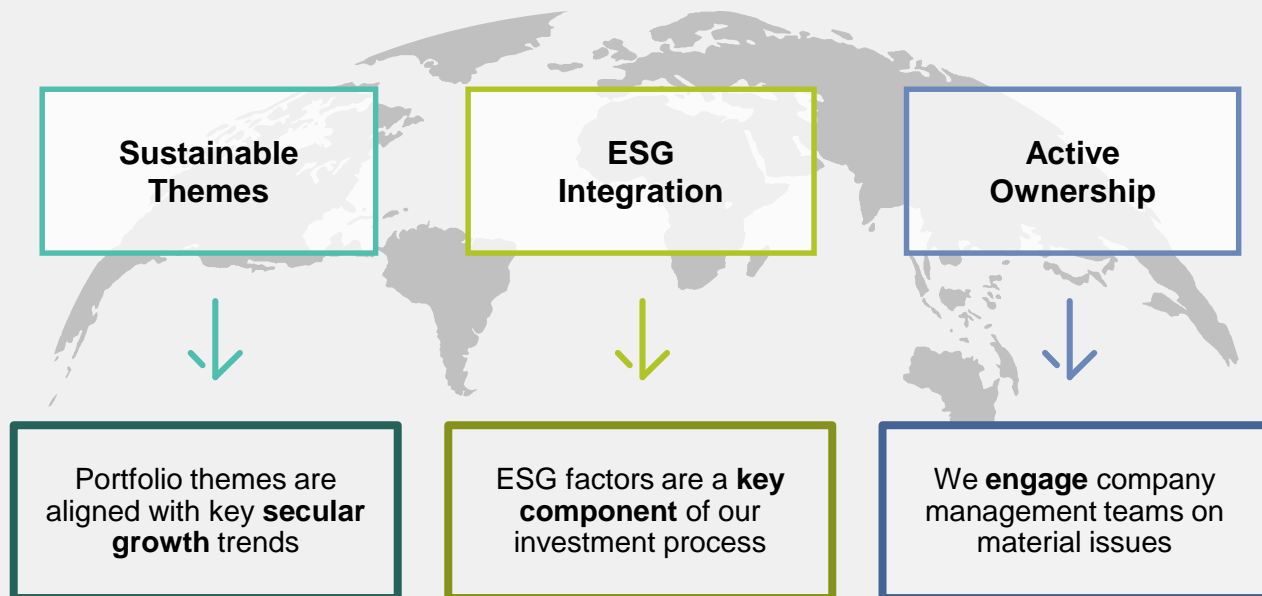
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# Sustainable Global Thematic: Overview

## Key Characteristics

Benchmark	MSCI ACWI
Number of Holdings	30–60
Active Share*	85%–90%
Up/Down Capture (%)†	116/90
Beta‡	0.95–1.10
Turnover	30%–70%
Capitalization	Large/Mid

## Seeking Superior Financial and Social Outcomes



**Past performance does not guarantee future results.** Holdings are subject to change.

\*Active share vs. MSCI ACWI

†Up/down capture is vs. MSCI ACWI since June 2013 (when Daniel Roarty took over the strategy)

‡Beta is a measure of an investment's sensitivity to the market as a whole. A beta below 1 indicates lower sensitivity to the market; a higher beta indicates higher sensitivity.

As of June 30, 2020

Source: MSCI and AB



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# Investment Team

## Sustainable Thematic Equities



### Daniel Roarty, CFA

Chief Investment Officer—Sustainable Thematic Equities

27 years in Industry

9 years with AB



### Ed Bryan, CFA

Healthcare

13 Years in Industry

13 Years with AB



### William Johnston

Financials

34 Years in Industry

22 Years with AB



### Lei Qiu

Technology &

Comm. Services

21 Years in Industry

8 Years with AB



### Ben Ruegsegger, CFA

Technology

19 Years in Industry

19 Years with AB



### Joseph Sun, CFA

Consumers

10 Years in Industry

9 Years with AB



### David Wheeler, CFA

Energy & Industrials

28 Years in Industry

12 Years with AB



### Amy Yang

Quantitative

7 Years in Industry

7 Years with AB

### Team Average

+ 20 Years in Industry

+ 12 Years with AB

As of June 30, 2020



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# Philosophy

We seek to generate  
**superior financial returns**  
through investments that  
contribute to **positive social**  
**and environmental**  
**outcomes.**

# Sustainable Themes Provide Compelling Investment Opportunities

Themes Expected to Persist, Irrespective of Changing Geopolitical or Economic Factors

## Three Primary Themes

Supported by Dynamic, Narrow and Definable Sub-Themes



### Climate

#### Sub Themes

- + Cleaner Energy
- + Resource Efficiency
- + Sanitation and Recycling
- + Sustainable Transportation



### Health

#### Sub Themes

- + Access to Quality Care
- + Food Security and Clean Water
- + Medical Innovation
- + Well Being



### Empowerment

#### Sub Themes

- + Education and Employment Services
- + Financial Security and Inclusion
- + Information and Communication Technologies
- + Sustainable Infrastructure

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# The World's Biggest Challenges Require Innovative Solutions

Enablers of Innovation Are at the Heart of Sustainable Opportunities



**Challenge:** The probability of dying from cardiovascular disease, cancer, chronic respiratory disease or diabetes between the ages of 30 and 70 is approximately 20%

**Solutions:**

- + Innovative personalized treatments, better diagnostics and preventable measures



**Challenge:** Access to the traditional financial system is difficult and costly for many people and smaller businesses

**Solutions:**

- + Digital and mobile payment platforms provide access to capital, personalized services, security and lower costs



**Challenge:** Rising global temperatures threaten quality of life for many populations

**Solutions:**

- + Advances in chemistry and technology drive broader electric vehicle adoption
- + Power semiconductors and new materials drive down the cost of renewable energy



**Challenge:** Close to 40% of all countries have fewer than 10 doctors per 10,000 people

**Solutions:**

- + Telemedicine applications better utilize finite healthcare resources and improve quality of care

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Source: United Nations (UN) and AB



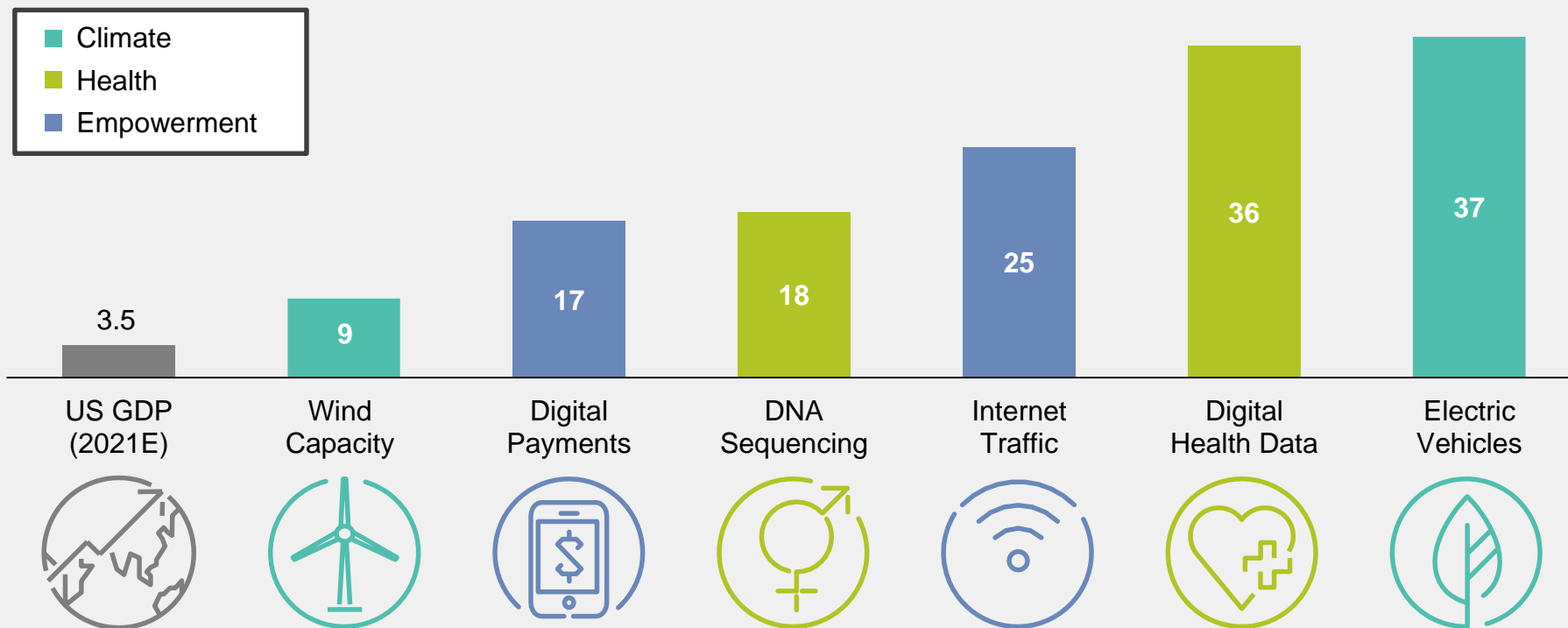
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# Sustainable Themes Offer Differentiated Opportunities for Secular Growth

Growth Isn't Always About the Economy

## Representative Secular Tailwinds

Compounded Annual Growth Rates (Percent)



### Current forecasts do not guarantee future results.

US GDP estimate from AB economists as of March 31, 2020. Wind capacity 2019–2025; global digital payments 2020–2024; global DNA sequencing 2020–2023; global internet traffic 2015–2020; digital health data 2018–2025; and electric vehicle units 2020–2025

As of June 30, 2020

Source: BCC Research, Cisco Systems, Global Wind Energy Council, IDC, Morgan Stanley, Statista and AB



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# UN Sustainable Development Goals Provide a Map for Thematic Investors

The Goals Represent Tremendous Investment and Social Opportunity

## The SDGs are a Powerful Framework of 17 Goals



The goals address challenges relating to **economic prosperity, environmental sustainability** and **social inclusion**

## Why Align a Portfolio with the SDGs?

### Thematic Relevance

The Sustainable Development Goals (SDGs) offer a road map for identifying thematic opportunities that are **underappreciated by traditional investors**

### Investment Opportunity

The estimated investment required to achieve the SDGs is massive—**roughly US\$90 trillion**

### Global Consensus

**193 nations committed** to achieving the goals, signaling broad global consensus and creating a powerful tailwind for aligned companies

### Social and Environmental Objectives

Investments that align with the SDGs can help to end poverty, protect the planet and **improve the lives and prospects of everyone, everywhere**

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Source: UN and AB



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# Grassroots Research Helps Narrow Thematic Investment Focus

Boots on the Ground Research Clarifies the World's Largest Challenges and Opportunities



## Indonesia (2016)



Access to Quality Care,  
Financial Security &  
Inclusion, Information &  
Communication Technologies



## South Africa (2018)



Information & Communication  
Technologies, Sanitation &  
Recycling, Food Security &  
Clean Water

**2011** Inner  
Mongolia

**2012** India

**2013** Ghana  
Nigeria  
South Africa  
Thailand  
Philippines  
Indonesia

**2014** Brazil  
Chile  
Peru  
Colombia  
Mexico  
China

**2015** Vietnam  
China  
South Korea  
India

**2016** Japan  
Indonesia  
Philippines

**2017** China  
India

**2018** China  
South Africa

**2019** Tennessee



## India (2015)



Access to Quality Care,  
Financial Security &  
Inclusion, Well Being



## China (2017)



Sustainable Infrastructure,  
Information & Communication  
Technologies, Financial Security  
& Inclusion, Resource Efficiency

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Source: AB

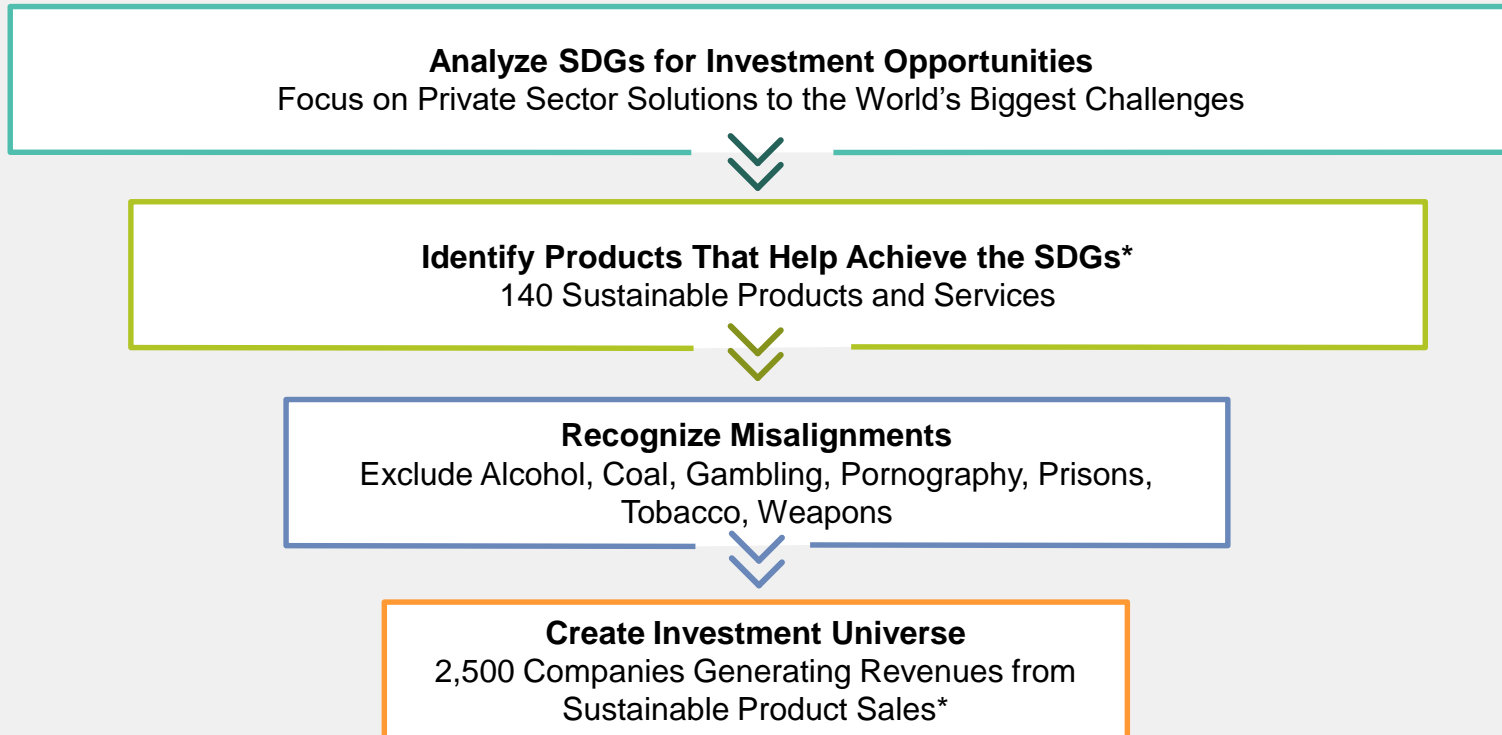


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# Proprietary Analysis of UN's SDGs Identifies Aligned Thematic Opportunities

Deep Research, Bolstered by Big Data, Sharpens Investment Focus

Deep Understanding of SDGs and Related Products Drives Universe Creation



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\*A minimum of 25% of revenue from aligned products is required for universe inclusion.

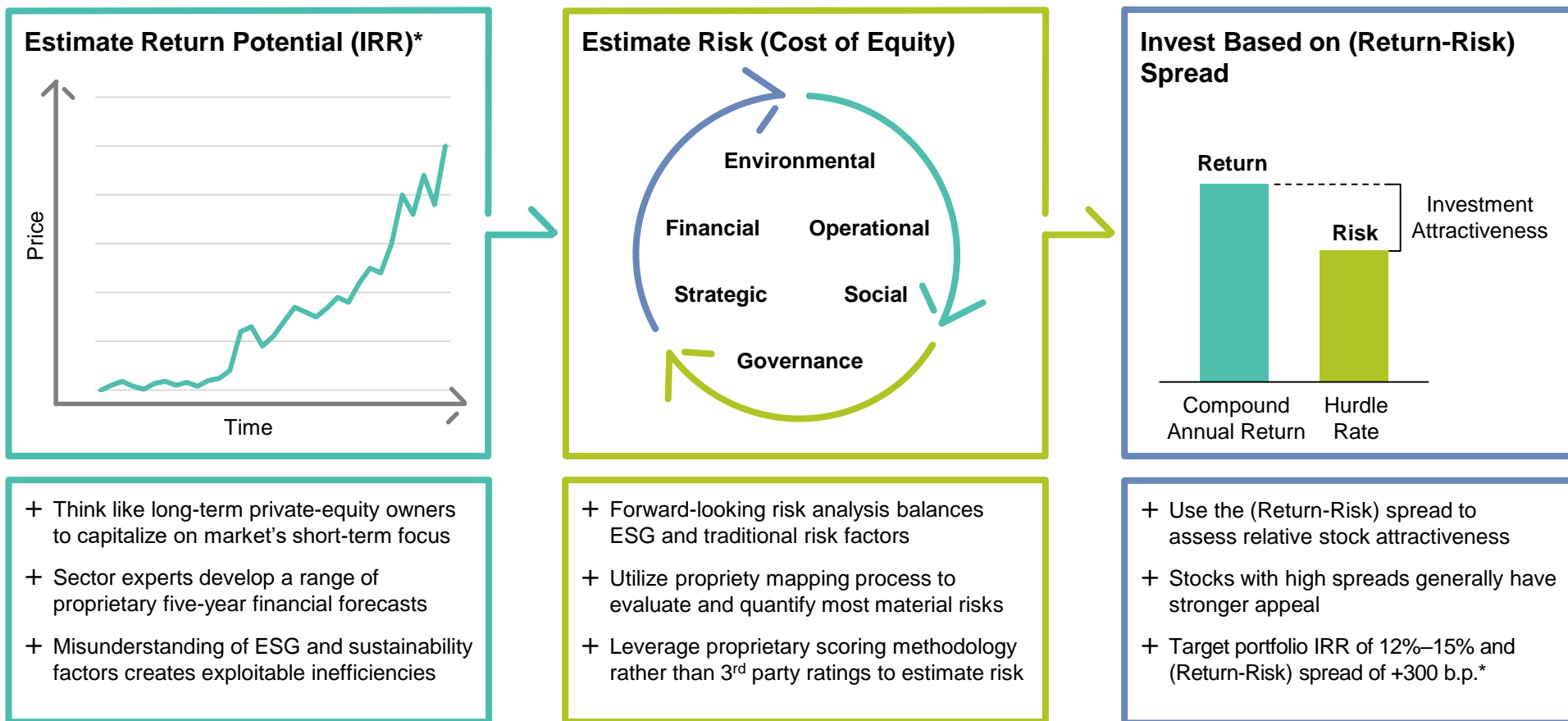
Source: UN and AB



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# Private Equity-Like Mentality Improves Stock Selection

Focus on Economic Value Creation Rather than Short-Term Earnings Multiples



**There can be no guarantee that any investment objectives will be achieved.** For informational purposes only

\*IRR: internal rate of return. This analysis targets a portfolio IRR of 12%–15% based on the weighted average of analyst estimates for individual securities in the portfolio.

Source: AB



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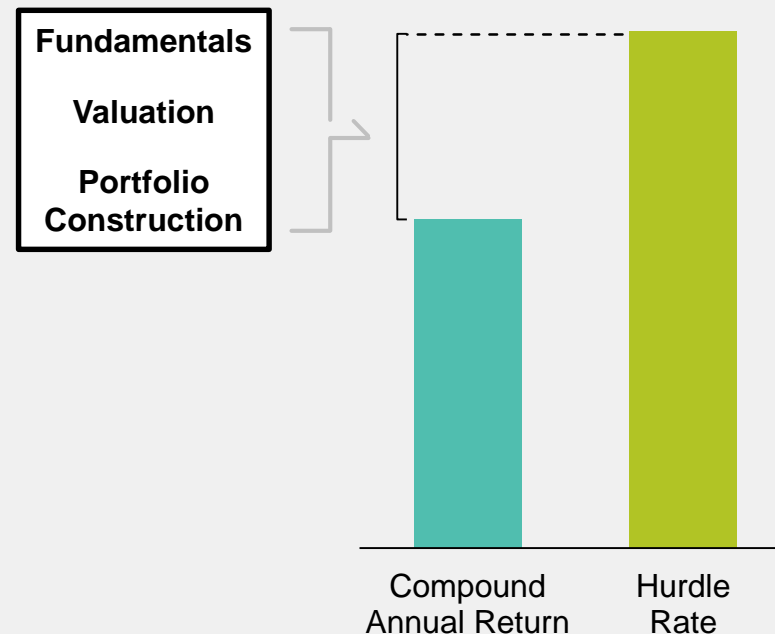
# Risk Management and Sell Discipline

Alignment Between Fundamental Conviction and Risk Is Dynamically Monitored

## Risk Management

Stock Risk	+	Focus on fundamental conviction and thesis risk
	+	Valuation (IRR–Cost of Equity Framework)
Portfolio Risk	+	Individual stock contribution to active risk, risk boundaries and alignment with conviction
	+	Thematic exposure
Style Risk	+	Minimize unintended factor exposures
	+	Emphasize idiosyncratic over style risk
ESG Risk	+	Ensure SDG company alignment
	+	Monitor for major ESG controversies

## Sell Discipline



**No predefined formula or mechanical trading rules—  
all transactions require a qualified review**

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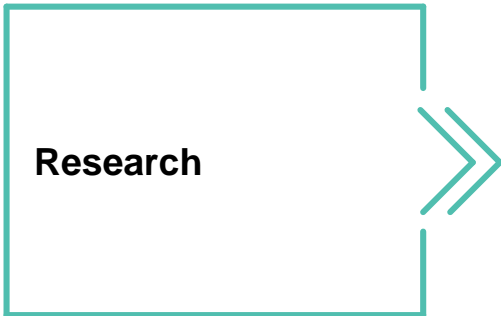


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# Engagement Is Fundamental to Sustainable Investing

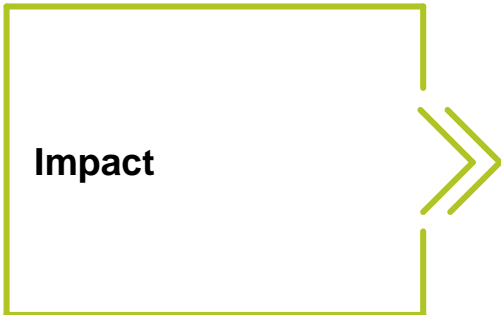
Active Engagement Enhances Both Research Outcomes and Social Impact

## Engagement Purpose



## Activities

- + Meet with management and board to discuss impact, strategy and response to ESG issues
- + Develop in-house view on current ESG credentials instead of relying on simplistic and backward-looking third-party ratings



- + Encourage firms to improve their business activities and responsibility practices to create additional shareholder value
- + Focus on company-specific material issues as well as thematic topics across portfolio companies



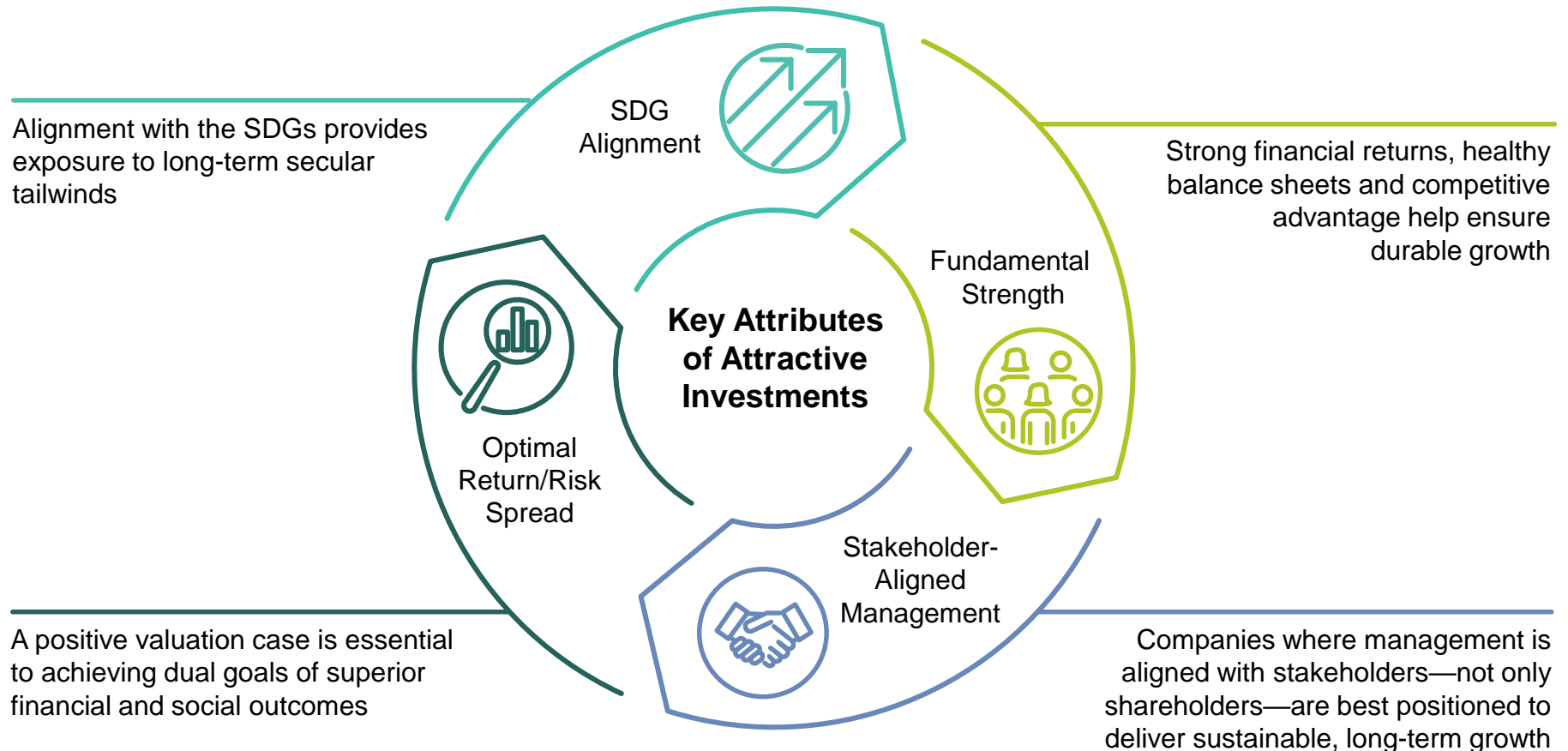
ESG: environmental, social and governance



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# We Invest in High-Quality Companies Aligned with Sustainable Themes

## Key Attributes of Attractive Investments



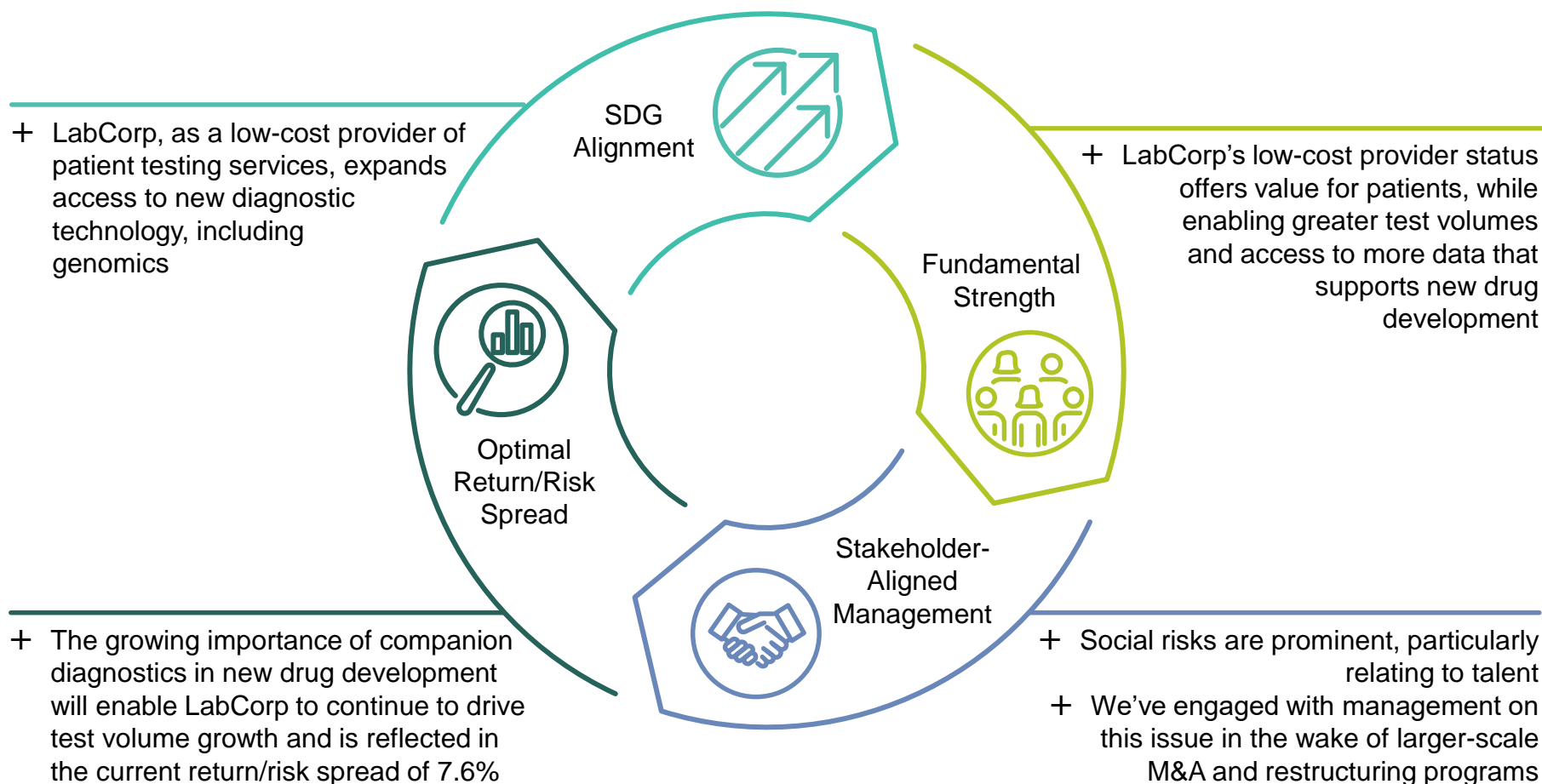
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# Laboratory Corporation of America

## Enabling Personalized Medicine



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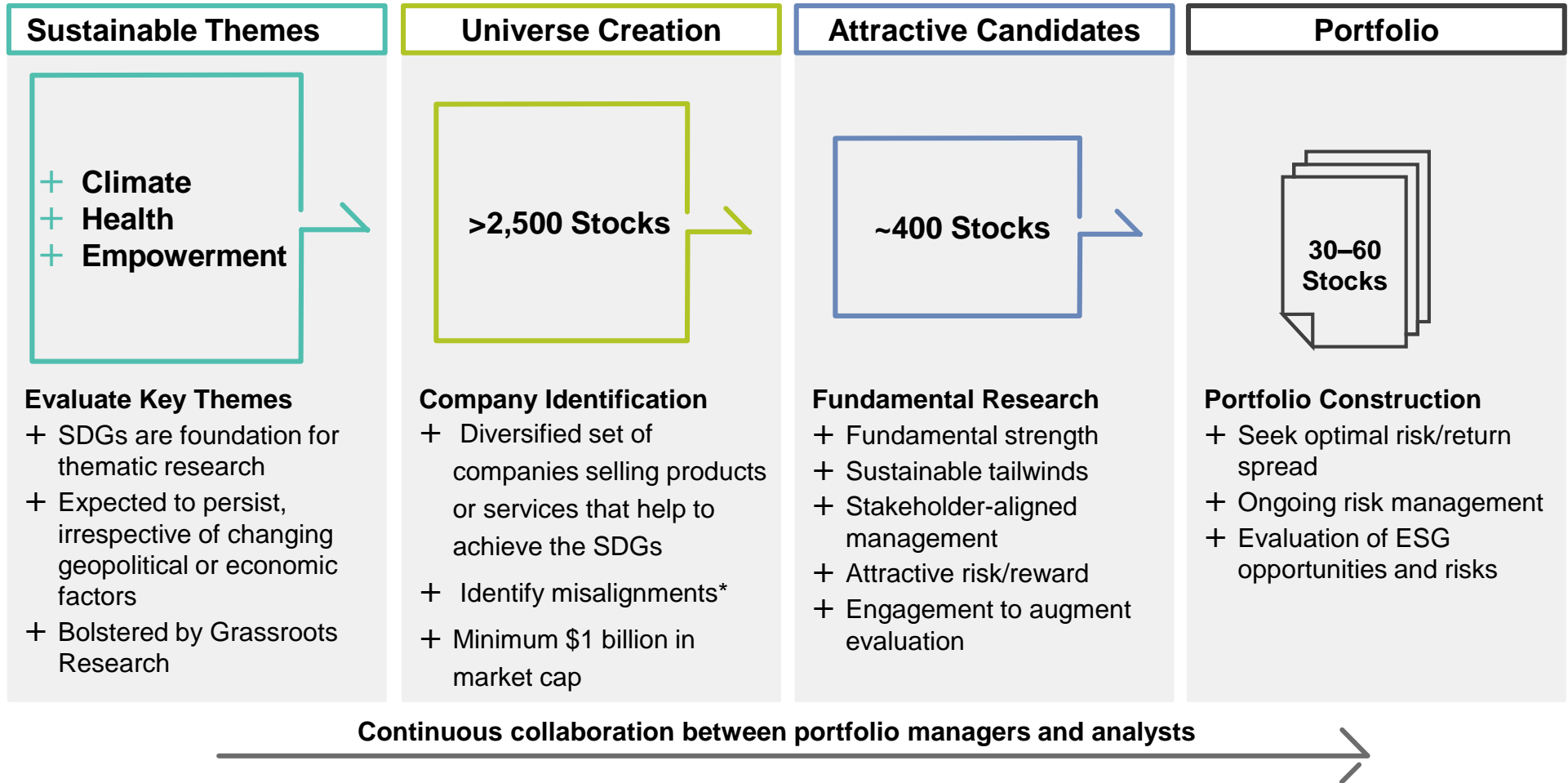


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# Investment Process Summary

## Sustainable Global Thematic



\*Companies selling products or services that don't contribute to the achievement of the SDGs are excluded. This includes alcohol, coal, gambling, pornography, prisons, tobacco, weapons



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# Externally Recognized for Excellence in Sustainable Investing

Awarded Both the Label ISR and LuxFLAG ESG Label

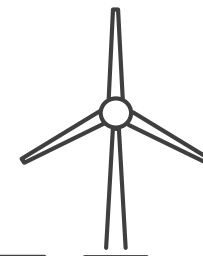
## Label ISR: Saving Toward a More Sustainable World Awarded February 2019

- + The Label ISR (or SRI—Socially Responsible Investing) helps investors choose sustainable and responsible investments
- + Created and supported by the Finance Ministry in France, the purpose of the label is to increase the visibility of socially responsible investment products
- + The Label ISR aims to reconcile economic performance with social and environmental impact by facilitating investments in companies that contribute to sustainable development



## LuxFLAG ESG Label: Raising Awareness of ESG Investing Awarded March 2019

- + LuxFLAG (the Luxembourg Finance Labelling Agency) is an independent body that raises awareness of and promotes the responsible investment industry
- + The ESG Label is awarded to funds that screen 100% of the portfolio using ESG criteria
- + AllianceBernstein is the first US-based asset manager to be awarded the ESG Label for an equity strategy\*



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ESG: environmental, social and governance

\*The Sustainable Global Thematic Portfolio was awarded the LuxFLAG ESG Label concurrently with one other US-based manager.

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Source: Label ISR and LuxFLAG



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# CURRENT STRATEGY & REVIEW



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# Sustainable Global Thematic

## Total Returns

	2Q 2020	Jan–Jun 2020	Periods Ended June 30, 2020			
			One Year	Three Years	Five Years	Manager Tenure
<b>Sustainable Global Thematic</b>	<b>27.5%</b>	<b>7.5%</b>	<b>15.8%</b>	<b>13.3%</b>	<b>11.1%</b>	<b>12.4%</b>
MSCI ACWI	19.2	(6.3)	2.1	6.1	6.5	7.3
Relative Performance	+8.3%	+13.8%	+13.7%	+7.2%	+4.6%	+5.1%

**Past performance does not guarantee future results.** Historical information provided is for illustrative purposes only.

In US dollars

Data are preliminary.

Manager tenure date: Sustainable Global Thematic—June 2013

Periods of more than one year are annualized. Numbers may not sum due to rounding. Past performance is no guarantee of future results. This is supplemental information to the GIPS-compliant performance and disclosure page. The returns presented above are gross of fees. The results do not reflect the deduction of investment-management fees; the client's return will be reduced by the management fees and any other expenses incurred in the management of its account. For example, a US\$100 million account paying a 0.50% annual fee with a given rate of 10% compounded over a 10-year period would result in a net-of-fee return of 9.5%. Investment advisory fees are described in Part 2A of AB's Form ADV.

Source: MSCI and AB; see Performance Disclosure.



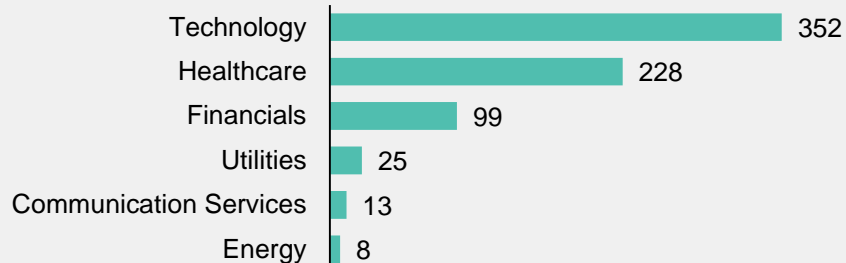
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# Attribution

2Q:2020 (Basis Points)

## Attribution by Sector\*



## Contributors

Company	Sector	Theme	Attribution
Adyen	Technology	Empowerment	+105
Square	Technology	Empowerment	+84
Tesla	Cons. Discretionary	Climate	+81
PagSeguro Digital	Technology	Empowerment	+75
Infineon Technologies	Technology	Climate	+65

## Attribution by Theme†



## Detractors

Company	Sector	Theme	Attribution
Xylem	Industrials	Health	(39)
Kerry Group	Consumer Staples	Health	(29)
AIA Group	Financials	Empowerment	(23)
American Water Works	Utilities	Climate	(21)
Apple	Technology	Climate	(20)

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\*Sector attribution includes sector-allocation effect and stock-selection effect, showing top three and bottom three; numbers may not sum due to rounding.

†Theme attribution is based on AB's own theme assessment for the individual holdings in both the portfolio and benchmark.

As of June 30, 2020

Source: MSCI and AB; see Disclosures and Important Information.

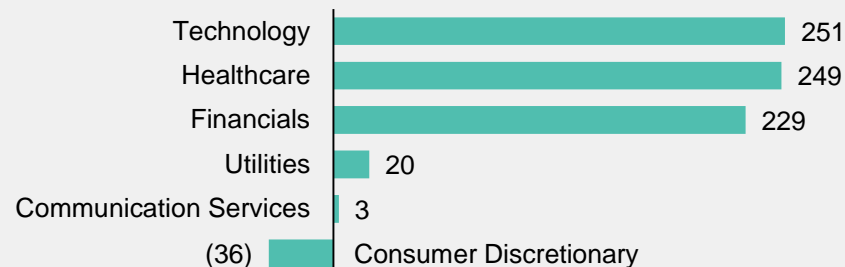


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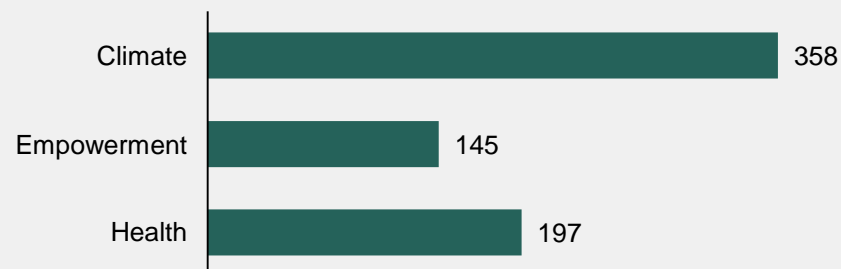
# Attribution

Trailing 12 Months (Basis Points)

## Attribution by Sector\*



## Attribution by Theme†



## Contributors

Company	Sector	Theme	Attribution
Adyen	Technology	Empowerment	+163
West Pharmaceutical Serv.	Healthcare	Health	+119
NVIDIA	Technology	Empowerment	+106
Tesla	Cons. Discretionary	Climate	+99
Bio-Rad Laboratories	Healthcare	Health	+87

## Detractors

Company	Sector	Theme	Attribution
Amazon.com	Cons. Discretionary	Empowerment	(97)
Erste Group Bank	Financials	Empowerment	(92)
Xylem	Industrials	Health	(65)
Etsy	Cons. Discretionary	Empowerment	(50)
HDFC Bank	Financials	Empowerment	(46)

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\*Sector attribution includes sector-allocation effect and stock-selection effect, showing top three and bottom three; numbers may not sum due to rounding.

†Theme attribution is based on AB's own theme assessment for the individual holdings in both the portfolio and benchmark.

As of June 30, 2020

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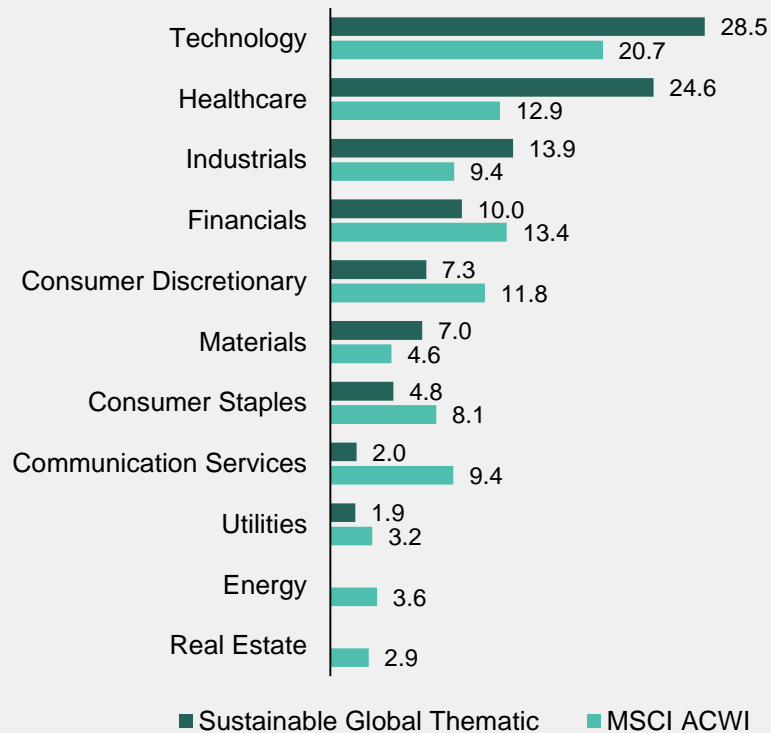


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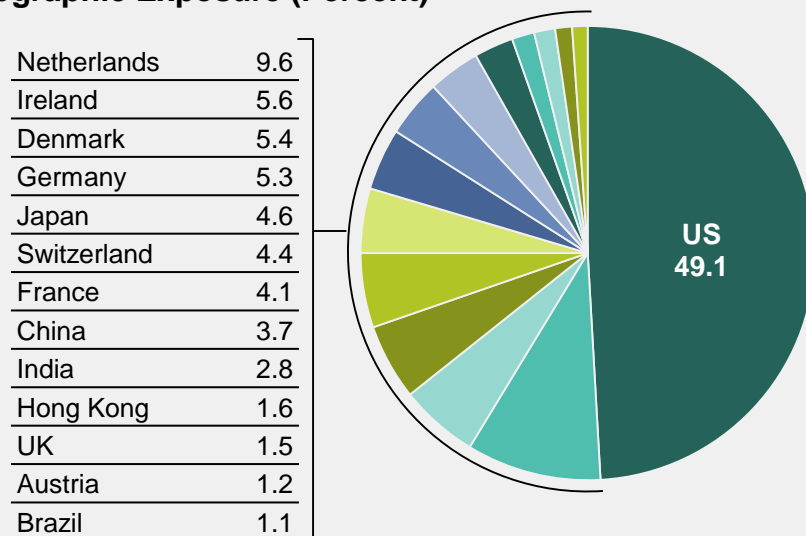
# Sector and Geographic Exposure

2Q:2020

## Sector Overview (Percent)



## Geographic Exposure (Percent)



	Region of Domicile	Region of Revenue Exposure*
Developed Markets	91.2	70.7
Emerging Markets	8.8	29.3

**Sector weights and holdings are subject to change.** For illustrative purposes only. Numbers may not sum due to rounding.

Numbers are net of cash.

\*Estimates from Morningstar

As of June 30, 2020

Source: Morningstar, MSCI and AB



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# Holdings by Theme



## Health: 36.4%

### Access to Quality Care

- + Apollo Hospitals
- + Danaher
- + Gerresheimer
- + UnitedHealth Group

### Food Security and Clean Water

- + Chr. Hansen
- + Ecolab
- + Kerry Group
- + DSM
- + Xylem

### Medical Innovation

- + Abcam
- + Bio-Rad Laboratories
- + Bruker
- + ICON
- + Philips
- + LabCorp
- + Tecan
- + West Pharmaceutical Services

### Well-Being

- + Unicharm



## Empowerment: 30.3%

### Education and Employment Services

- + Recruit Holdings

### Financial Security and Inclusion

- + Adyen
- + AIA Group
- + Charles Schwab
- + Erste Group Bank
- + HDFC Bank
- + MSCI
- + PagSeguro Digital
- + Square
- + Visa

### Info. and Communication Technologies

- + Alibaba Group
- + Microsoft
- + NVIDIA
- + Proofpoint
- + Tencent
- + Zendesk

### Sustainable Infrastructure

- + Partners Group



## Climate: 33.2%

### Cleaner Energy

- + Vestas Wind Systems

### Resource Efficiency

- + Apple
- + Dassault Systèmes
- + Flex
- + Infineon Technologies
- + Keyence
- + Kingspan
- + Nike
- + NXP Semiconductors
- + Procter & Gamble
- + Schneider Electric
- + Trex

### Sanitation and Recycling

- + American Water Works
- + Waste Management Inc.

### Sustainable Transportation

- + Aptiv
- + Cree
- + Tesla

Investment theme weightings are subject to change. References to specific securities are presented to illustrate the application of our investment philosophy only and are not to be considered recommendations by AB. The specific securities identified and described herein do not represent all of the securities purchased, sold or recommended for the fund, and it should not be assumed that investments in the securities identified were or will be profitable. Holdings are subject to change.

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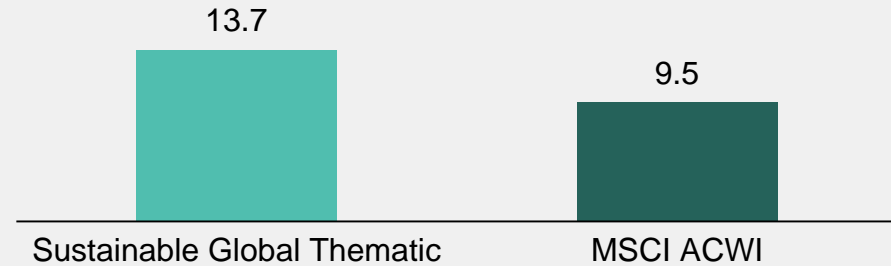
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# Strong Fundamental Characteristics

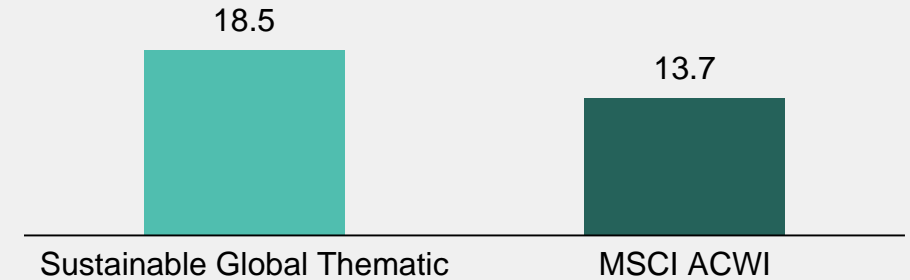
## Revenue Growth

Five-Year History (Percent)



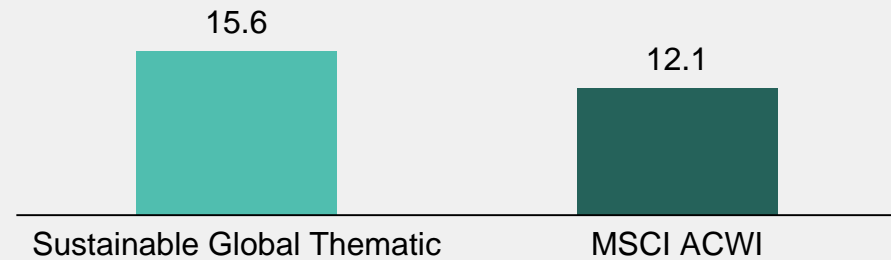
## EPS Growth

Past Five Years (Percent)



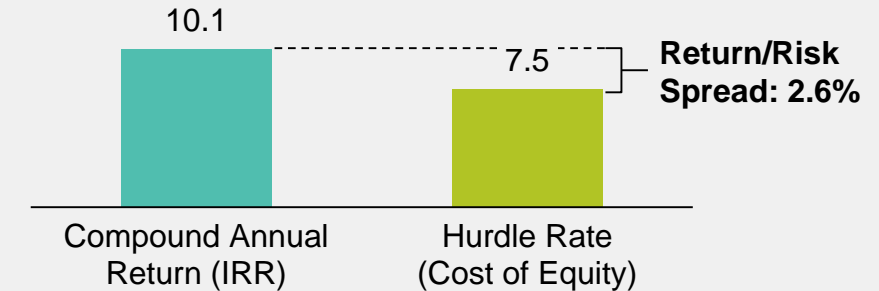
## ROE

Next 12 Months (Percent)



## Portfolio Return/Risk Spread

Weighted Average (Percent)\*



**Past performance does not guarantee future results.**

\*Weighted average of analyst-estimated internal rate of return (IRR) and cost of equity

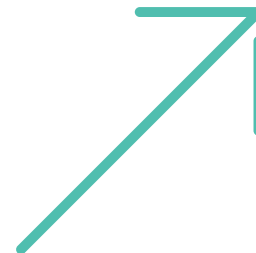
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Source: MSCI and AB



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# OUTCOME REVIEW



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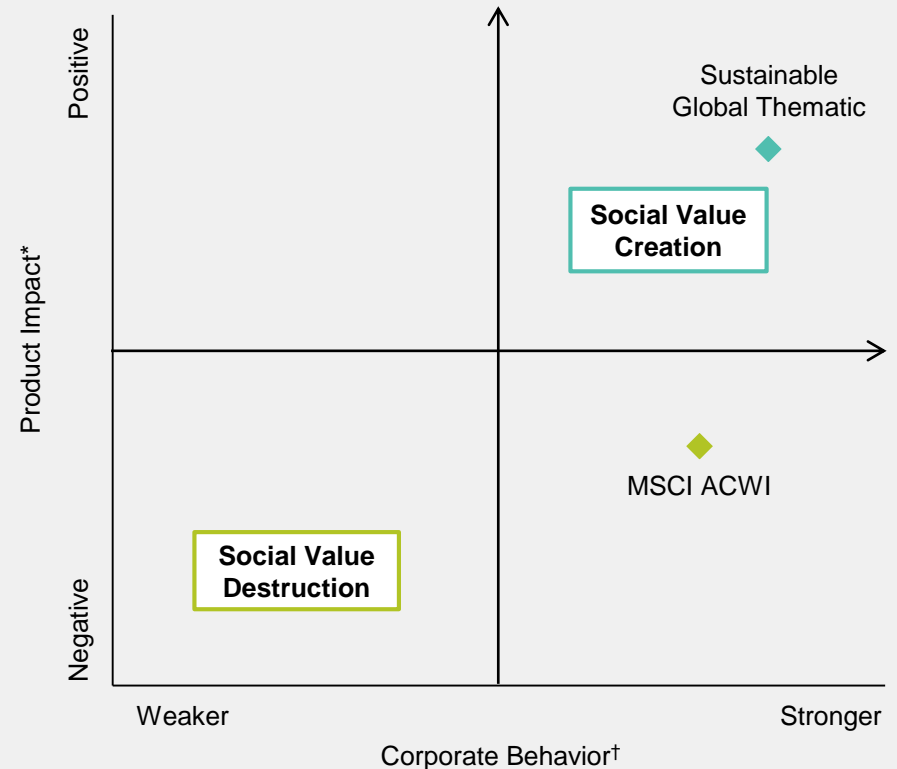
# Social Value Creation

## A Practical Framework for Assessing Enterprise Impact

### The Big Idea

- + Investors often confuse two types of impact:
  - + **Investment Impact:** Did my specific investment create measurable social impact?
  - + **Enterprise Impact:** Are the companies I invest in having a positive impact on society?
- + **Enterprise Impact** is most relevant for investors, who must choose appropriate **metrics** to match their objectives
  - + Firms can sell products that help (vaccines) or hurt (tobacco) society
  - + Corporate behavior can be positive (fair gender pay) or negative (corruption and bribery)
- + All companies—and portfolios—can be evaluated on these two dimensions
- + We believe that social value creation and economic value creation are mutually reinforcing

### Measuring Enterprise Impact



### Past performance does not guarantee future results.

\*Product impact reflects our assessment of net revenue exposure (revenue from aligned products minus misaligned products) to the SDGs.

†Corporate behavior score leverages MSCI ratings to assess corporate behavior relative to peers as well as changes in behavior over time.

As of June 30, 2020

Source: MSCI and AB

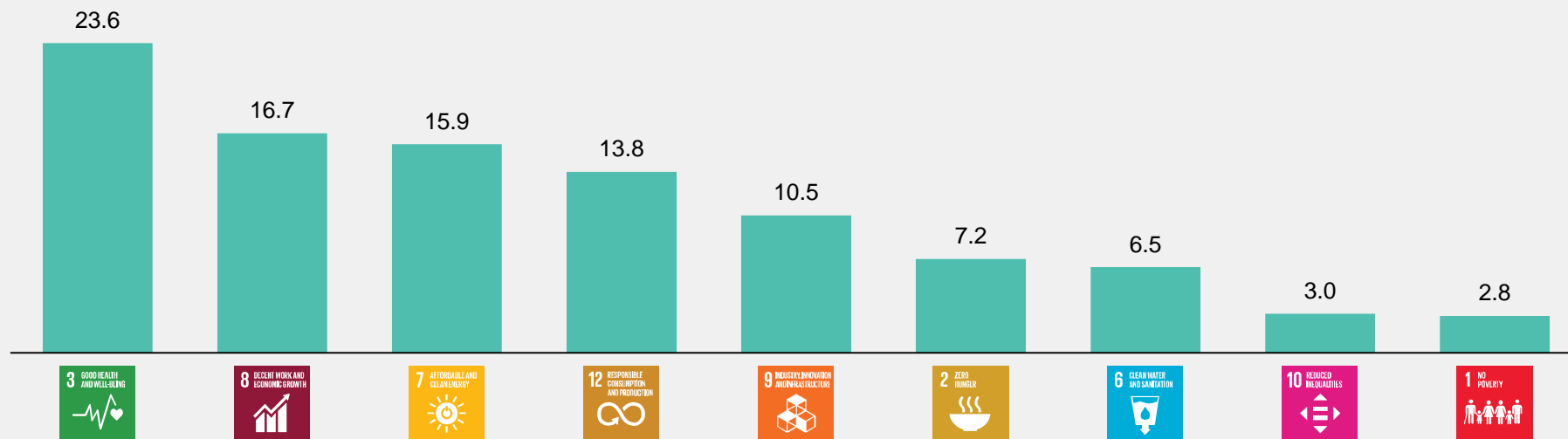


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# Measuring Allocation to SDGs

## Tilted Toward the Most Attractive Opportunities for Private Capital

**Allocation to SDGs in Portfolio**  
Portfolio Weight (Percent)



- + Goal 3 (Good Health and Well Being) and Goal 8 (Decent Work and Economic Growth) are the most common SDG exposures
- + Over 70% of our Portfolio is invested in SDGs: 3, 8, 7, 12 and 9
- + Some relevant products apply equally to multiple SDGs, which makes precise portfolio mapping to the SDGs difficult. We map our holdings in this case to one SDG

**Past performance does not guarantee future results.** For informational purposes only. Each SDG includes a series of specific targets to help assess the progress toward achieving each of the 17 goals. The portfolio is designed to maximize exposure to the most attractive opportunities (goal or target) for private capital. Numbers are net of cash.

As of June 30, 2020

Source: MSCI, UN and AB



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# 2Q:2020 ESG Engagement Summary

## ESG Engagement

<b>Total Meetings</b>	43
<b>Total Companies</b>	34
<b>Topic Focus</b>	COVID-19, Employee Health & Safety
<b>Sector Focus</b>	Healthcare, Consumers

## Factor Included in Discussion

<b>E</b> Number of Environmental Factors Discussed	23
<b>S</b> Number of Social Factors Discussed	65
<b>G</b> Number of Environmental Governance Factors Discussed	58

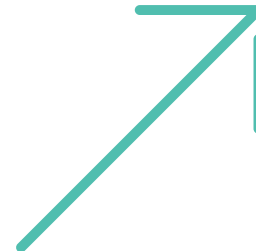
## Companies Engaged

Aptiv	COVID-19, Employee Health & Safety, Supply Chain Risk
Visa	Board, Opportunities in Financial Inclusion, Carbon Emissions
Bruker	Employee Health & Safety, Labor Management, Supply Chain Risk
Apollo Hospitals	Insuring Health & Demographic Risk, Employee Health & Safety
Gerresheimer	COVID-19, Opportunities in Healthcare
Rockwell Automation	Supply Chain Risk, COVID-19
ICON	COVID-19
Aflac	Carbon Emissions, Combined CEO and Chair

References to specific securities discussed are not to be considered recommendations by AllianceBernstein L.P.  
As of June 30, 2020



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# APPENDIX



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# Why Sustainable Global Thematic?

## Why AB?

- + Long history of thematic research and investment in forward-looking themes
- + Firmwide commitment to responsible investing, leveraging the resources of nearly 200 experienced global research analysts
- + Proprietary technology (eSight) to document and share ESG analysis and engagement

## Why Now?

- + Significant and underappreciated role for the private sector in achieving global sustainability
- + Companies offering persistent growth not tied to policy or macroeconomic drivers should be rewarded moving forward
- + ESG increasingly influencing investor behavior

## Why Sustainable Global Thematic?

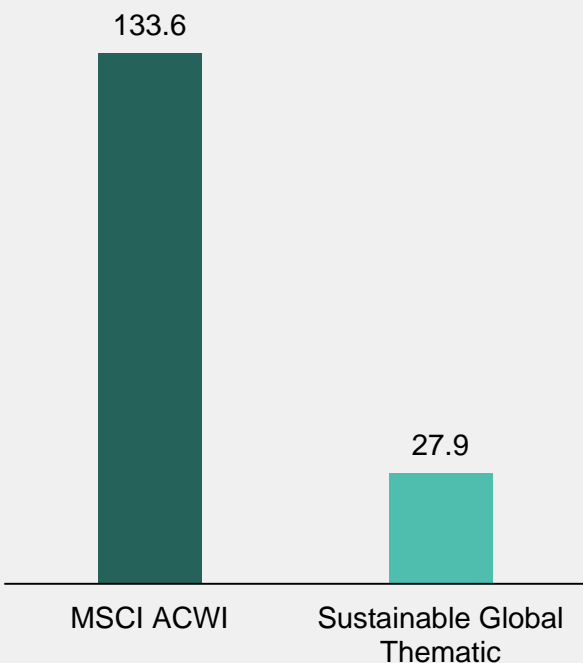
- + Built around forward-looking secular investment themes, not backward-looking benchmarks
- + A high-conviction strategy, informed by in-depth long-term research, exploiting price dislocations created by the market's short-term focus
- + Thematic alignment with the SDGs links positive social and financial outcomes

# Measuring ESG: Select Portfolio Metrics

We Seek Strong Relative Performance and Continuous Improvement

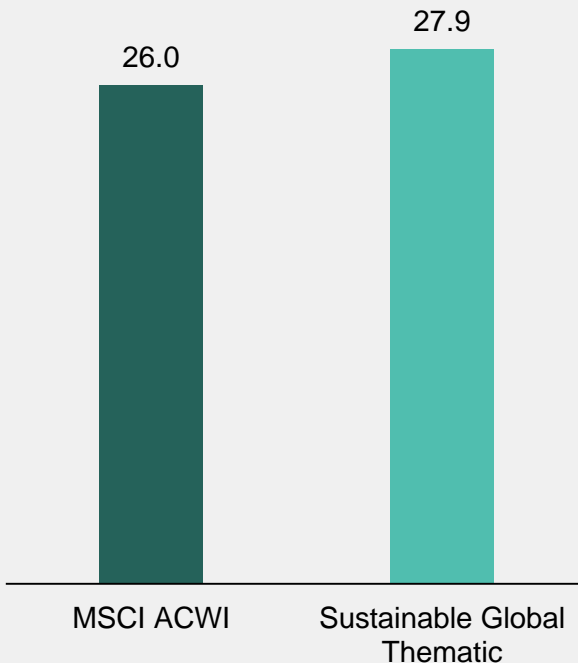
## Environmental: Carbon Footprint

Tons CO<sub>2</sub>e/USD Millions Invested



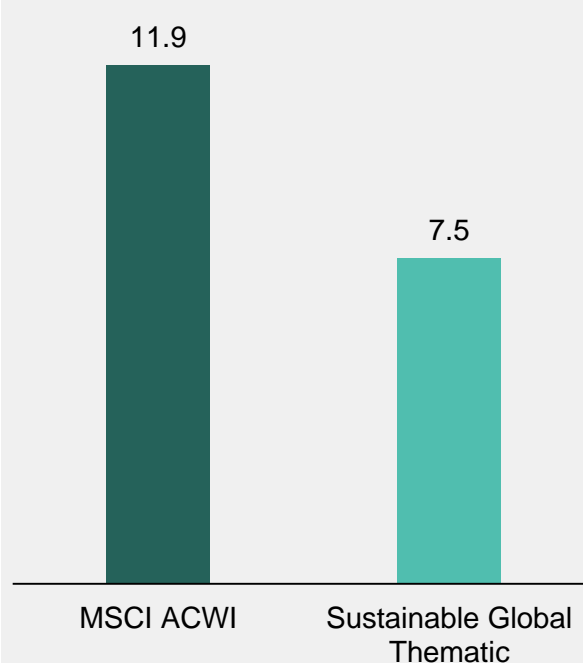
## Social: Companies with Female Representation in Executive Ranks\*

Percent



## Governance: Companies with ESG-Linked Executive Compensation†

Percent



**Current analysis does not guarantee future results and is for illustrative purposes only.**

Carbon emissions are defined as tons per million dollars invested. \*Female representation in executive ranks: Percentage of women on the board of directors, as reported by the company. This is updated annually by the companies. In Europe, where the company has a supervisory board and a management board, this is the percentage of women on the supervisory board. †Companies with ESG-linked executive compensation: Companies report whether their executive compensation is linked to ESG goals. This is updated annually by the companies.

As of June 30, 2020

Source: Bloomberg, MSCI Barra, S&P, Sustainalytics and AB













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# Top Holdings: Product Impact

## How Our Companies Are Creating Social Value

Security	SDG	Investment Thesis
Adyen		Adyen's comprehensive platform makes digital transactions for businesses more accessible. The company's differentiated offerings are expected to position Adyen to be a key beneficiary of the secular shift toward digital payments
Chr. Hansen		Chr. Hansen's products help increase the supply of food, increase the health and nutrition of food, and improve human health. Consumers' desire for natural, nutritious, protein-rich, safe food with longer shelf life is a strong tailwind for the company
MSCI		MSCI provides data services for the risk analysis and safe functioning of markets for regulators and investors, and is expected to be a key beneficiary of globalization in markets that we believe will be more enduring than market expectations
Gerresheimer		Gerresheimer enables safe and effective distribution of medicine and vaccines. Demand is expected to increase as the overall volume of drugs consumed globally continues to grow
Bio-Rad Laboratories		Bio-Rad is a key supplier of systems and reagents to research and diagnostic labs, and is developing tools that enable personalized medicine. The company is a leader in many markets, with 70% of revenues recurring
Philips		With a range of "connected devices" and software offerings, Philips is enabling more efficient delivery of healthcare, such as tele/remote medicine and using AI/algorithms to analyze medical images. Philips is expected to continue leveraging its strong capabilities for innovation, brand value and portfolio transformation to drive growth in attractive markets
West Pharmaceutical Services		West enables more effective, consumer-friendly drug consumption via novel delivery systems and easier-to-use syringes. The company's durable, high-return franchise occupies an attractive niche in the pharmaceutical supply chain that benefits from the introduction of new drugs with differentiated delivery devices
Infineon Technologies		As the leader in power management semiconductors, Infineon helps enable more efficient energy use in everything from washing machines to power turbines. Infineon has a strong presence in key growth areas within semiconductors and enjoys a cost advantage versus peers
Tecan		Tecan is an enabler of personalized medicine and more advanced diagnostics as the leading manufacturer of lab automation equipment. The company is a well-respected leader in its industry and benefits from having a fragmented end market
Vestas Wind Systems		Vestas manufactures and services wind turbines and wind farms, which help reduce carbon emissions and increase renewable energy penetration in the global energy mix. Wind power adoption should experience strong secular growth, driven by cost competitiveness, progress with energy storage and policy support

### Current analysis does not guarantee future results and is for illustrative purposes only.

References to specific securities are presented to illustrate the application of our investment philosophy only and are not to be considered recommendations by AB. The specific securities identified and described herein do not represent all of the securities purchased, sold or recommended for the portfolio, and it should not be assumed that investments in the securities identified were or will be profitable. Holdings are subject to change.

As of June 30, 2020

Source: Company reports and AB



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## Facilitates Collaboration Across Asset Classes, with the Goal of Driving Better Investment Outcomes

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## Company Analysis - BIO-RAD LABORATORIES INC

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**Filters:** Global Thematic & Sustainable

☒ All
☐ Research
☐ Engagement

**Jan 21, 2020**  
Edward Bryan | Global Thematic & Sustainable

**E Supply Chain - Environmental** Rating: 2  
Relatively low risk given the nature of Bio-Rad products (small quantities of high value re-agents).

**S Human Capital Development, Insuring Health & Demographic Risk** Rating: 5  
Human capital development: Retaining/attracting superior talent to improve execution and management of the company. BIO is frugal with executive compensation but they would benefit from high-caliber operators in their corporate restructuring efforts (recently brought on a new CFO and COO). Reimbursement cuts pressure lab customers.

**G Corporate Governance, Business Ethics** Rating: 5  
An always-present risk in emerging markets and historical decentralized management - but Bio-Rad receives a good score here from MSCI. High founding family ownership (via separate B shares that control voting).

Last updated on Jan 20, 2020

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 Comment

Controversies		Date	Controversy Rating
<b>+</b> Sustainability Report	Ratings Methodology	Jun 18, 2020	2
UNGC	Ratings Methodology	Oct 07, 2019	Compliant

Proxy Vote	Date	Mgmt	Board	Comp	SHP
<b>+</b> AB Vote Against Mgmt	Apr 28, 2020	Yes	No	Yes	N/A

MSCI 
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BB

Environmental	Exp	Mgmt	Wgt	Score	Quartile
<b>Climate Change</b>			5		
Carbon Emissions	2.6	2	5	6.40	4
<b>Natural Capital</b>			0		
Water Stress	4.3		0		
<b>Pollution &amp; Waste</b>			0		
Toxic Emissions & Waste	4.4		0		
<b>Total Environment</b>			5	6.40	4

Social	Exp	Mgmt	Wgt	Score	Quartile
<b>Human Capital</b>			23		
Health & Safety	2.2		0		
Human Capital Development	7.9	3	23	2.10	4
Labor Management			0		
<b>Product Liability</b>			16		
Product Safety & Quality	5.9	6.5	16	7.60	2
<b>Total Social</b>			39	4.40	4

Governance	Exp	Mgmt	Wgt	Score	Quartile
<b>Corporate Behavior</b>			23		
Anticompetitive Practice	NA		0		
Business Ethics and Fraud	NA		0		
Corruption & Instability	7.7	6.5	23	5.80	1

Source: MSCI, Sustainalytics and AB



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# Performance Disclosure

## Sustainable Global Thematic (Currency Hedged to Benchmark) Composite (in US Dollar)

Period	Composite Assets (USD millions)	Composite Accounts at End of Period	Gross Return (%)	Net Return (%)	Internal Composite Dispersion (%)	Composite 3 Year Ann. Ex Post Standard Deviation (%)	Benchmark 3 Year Ann. Ex Post Standard Deviation (%)	Total Firm Assets (USD billions)	MSCI ACWI Index Return (%)
2019	2,091.5	3	31.00	29.96	0.15	11.95	11.22	574.4	26.60
2018	1,653.9	3	(8.75)	(9.47)	0.03	12.70	10.48	473.5	(9.42)
2017	2,033.0	3	37.89	36.80	0.11	12.54	10.36	512.9	23.97
2016	1,348.3	3	(0.06)	(0.85)	0.24	13.66	11.06	444.5	7.86
2015	863.3	3	3.89	3.07	0.18	12.40	10.79	432.1	(2.36)
2014	898.8	3	6.01	5.17	0.14	14.77	10.50	440.7	4.16
2013	1,005.3	3	24.41	23.42	0.04	19.06	13.94	416.5	22.80
2012	1,032.8	3	14.73	13.82	0.11	21.92	17.13	395.7	16.13
2011	1,182.4	3	(22.46)	(23.07)	0.15	24.46	20.59	336.5	(7.35)
2010	1,673.6	3	20.17	19.22	0.53	N/A	N/A	399.8	12.67
3 Years *			18.13	17.19					12.44
5 Years *			11.35	10.46					8.41
10 Years *			9.21	8.34					8.79

N/A = Not Applicable, less than minimum time period

\*annualized through most recent year-end

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**COMPOSITE DESCRIPTION**—The performance results displayed herein represent the investment performance record for the Sustainable Global Thematic (Currency Hedged to Benchmark) Composite (the “Composite”). The Composite includes all fee-paying discretionary non-tax-managed accounts and, when applicable, pooled investment vehicles. The Thematic Research investment team seeks to generate a premium through top-down and bottom-up research while minimizing currency risk relative to the benchmark. The portfolio manager uses research produced by sector analysts to create a diversified portfolio of US and non US companies that are beneficiaries of major secular themes. The creation date of this Composite is prior to December 2008. Prior to April 2019, the Composite was known as the Global Thematic Research (Currency Hedged to Benchmark) Composite.

For the performance period presented, investment professionals may have changed or departed, none of which in the Firm’s view have altered the composite’s strategy.

Accounts in the Composite may utilize derivative contracts, including but not limited to, swaps, swaptions, options, futures, options on futures and currency transactions for risk-management purposes or for enhancing expected returns by adjusting exposure to the markets, sectors, countries, currencies or specific securities permitted by these guidelines. The impact of all derivatives is fully incorporated into the calculation of risk and return and the use of derivatives shall not violate the investment guidelines that limit exposure to markets, sectors, countries, currencies or specific securities. Investment in non-exchange-traded (over-the-counter) derivatives exposes the accounts within the Composite to counterparty risk.

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0.800% on the first 25 million in US Dollars  
0.600% on the next 25 million in US Dollars  
0.500% on the next 50 million in US Dollars  
0.400% on the balance

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**DISPERSION**—Internal dispersion is calculated using the asset-weighted standard deviation of all accounts included in the Composite for the entire year; it is not presented for periods less than one year or when there were fewer than two accounts in the Composite for the entire year. The three-year annualized ex post standard deviation measures the variability of the Composite and the benchmark returns over the preceding 36-month period; it is not presented for periods of less than three years.

The benchmark, which is not covered by the report of independent verifiers, is the MSCI ACWI Index.



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