RESEARCH REPORT
AB

MERCER ASSESSMENT

Strategy	**AB Concentrated Global Growth**
Category	**International Equity, Global Equity - Core All Countries**
Date	**October 2020**

Idea Generation	■■■■	
Portfolio Construction	■■■■	
Implementation	■■■□	
Business Management	■■■□	
Rating	**A (T)**	**ESG2**

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OVERALL ASSESSMENT

The appeal of this strategy rests on the clear philosophy, the well-structured and disciplined process, and the leadership provided by Mark Phelps as portfolio manager. He demonstrates passion for understanding companies and brings clarity of focus to generating ideas globally. The small, dedicated regional teams provide strong support, showing a similarly high level of passion and commitment to their approach and displaying a collegiate culture. Despite being part of AB (since 2013), this team operates independently and we believe the affiliation is actually additive to the potential success for the strategy. Overall, with a clear philosophy and a robust process, a passionate and committed team, and strong support from their parent, we believe this strategy merits our highest conviction rating.

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STRATEGY SUMMARY

Overview

AB Concentrated Global Growth's portfolio of approximately 30 stocks is built from regional universes of sustainable growth companies where in-depth, bottom-up research has been conducted. Strict adherence to a valuation discipline determines the holdings at any one point in time.

Summary facts and figures	
Firm-wide assets	$600 billion as at 30 Jun 2020
Inception year	2005
Assets in strategy	$4.6 billion as at 30 Jun 2020
Estimated capacity	$15-20 billion ($25 billion across the team's product suite)
Open/closed	Open to All Investors
Most suitable benchmark	MSCI All Country World
Outperformance target range (% pa)	There is no explicit performance objective for the Strategy.
Expected tracking error range (% pa)	Typical range of 3%-7%.
Vehicle type	Segregated
Indicative fee (% pa)*	0.83% on $100m
Universe median fee (% pa)*	0.65% on $100m
Persistent factor exposure**	Profitability/Quality

**In practice fees may be negotiable.*

***Persistent factor exposure is relative to an All Cap Core benchmark.*

Firm Background and History

AB (formerly AllianceBernstein) is a majority-owned indirect subsidiary of Equitable Holdings, Inc (EQH). EQH has an approximate 65% economic interest in AB's business. The remaining interest is owned by the public and employees. In October 2000, Alliance Capital, as the firm was then known, purchased Sanford C. Bernstein Inc. (Bernstein), a well-known value equity manager and investment research firm headquartered in New York. The Bernstein equity team was incorporated within Alliance Capital, but kept separate from Alliance Capital's growth equity team. On the fixed income side, the Bernstein team was merged into the much larger Alliance Capital team. In February 2006, Alliance Capital changed its name to AllianceBernstein and in 2015 rebranded as AB. The firm is headquartered in Nashville, Tennessee and has significant investment offices in New York, London, Tokyo, Hong Kong and Sydney. Over the years, AB has acquired other boutique asset managers, including WP Stewart Asset Management and CPH Capital.

Product History

The strategy was launched in 2004 at WP Stewart under the management of Bill Stewart and Alex Farman-Farmaian. Mark Phelps took over leadership of the strategy when he joined WP Stewart in 2005.

Key Decision Makers

The strategy is managed by Mark Phelps, who joined AB through its acquisition of WP Stewart in 2013 and is based in London. Previously, Phelps was President and CEO of WP Stewart, which he joined in 2005. Phelps has held senior positions with Dresdner Bank in both London and San Francisco, holding the role of CIO for global equities at Dresdner RCM in San Francisco.

Phelps is supported by Dev Chakrabarti, who is senior analyst and co-PM on the Concentrated International Growth strategy. Chakrabarti joined WP Stewart in 2005, and, earlier in his career, worked as an M&A analyst at Merrill Lynch, a financial analyst at Unilever and an equity analyst at JP Morgan Securities.

Phelps is further supported by regional teams in the US (6 analysts), Asia (4) and Europe (3 in addition to Chakrabarti and Phelps).

Investment Style/Philosophy

The team believes that long-term, consistent earnings growth drives long-term investment returns. They look to invest in high quality, growing companies producing superior and sustainable returns over the long term whilst minimizing risk.

Investment Process

The initial universe of approximately 2,500 stocks is screened on market capitalization (in excess of $2bn) and earnings growth (greater than 10%). In addition, companies are excluded if they have exhibited low ROE, low growth, high debt ratios, and are commoditized businesses. This reduces the opportunity set to approximately 250. Additional sources of ideas include broker analysts, which the regional teams keep close to. The focus is on finding companies with superior businesses, consistent positive earnings, a high degree of predictability and industry leadership, reducing the universe further to approximately 100 stocks.

Each analyst covers around 8 or 9 stocks. Their research includes building a detailed model of explicit 5-year projections of earnings. The terminal value in year five is a P/E ratio based on the subjective assessment of whether a stock should trade at a premium or discount to the market P/E. With these inputs, earnings are then discounted back to a present value. The discount rate used makes an assumption for the risk-free rate and adds an equity risk premium dependent on the risk classification "bucket" of a stock (in Asia, this will be more stock specific as well as considering country and currency risks).

Stocks are debated throughout the process, and finally for inclusion in the universe. The universe is regularly monitored and ranked according to expected upside based on the current price compared to the estimate of fair value. This highlights stocks with potential for inclusion in the portfolio and tests the attractiveness of current holdings.

The portfolio manager will be guided by this current ranking of stocks, and will typically look for a minimum of 15% to 20% upside potential. However, he has full discretion in constructing the portfolio on a bottom-up basis from the investable universe. Portfolios are concentrated, with 25-35 holdings, and only constrained in the regional allocations: region weights (North America/ Europe/ Asia) should be within 20% of the index.

Turnover is expected to be low: 10-15% in the universe and 30-40% in the portfolio. Currency hedging is client-specific, and will typically be a passive hedging strategy. Cash levels will be low.

IDEA GENERATION

Key takeaway: The focused team spread across the US, Asia and Europe is dedicated to finding companies they believe are capable of providing superior sustainable earnings growth. The team are committed to the robust process and led by Mark Phelps, whom we hold in high regard as an experienced and insightful investor.

Pros

- The team is experienced and collegiate and has been working together, following this focused approach, for many years.
- They are led by an enthusiastic and insightful investor in Mark Phelps.
- The strategy follows a clear and compelling philosophy to which each member of the team is fully committed.
- The process is robust, disciplined and helps the team build a deep understanding of businesses through diligent research.
- Each step of the modelling reflects a significant amount of thought and insight that has gone into it.
- The valuation discipline ensures the portfolio holds the best opportunities within the subset of companies already meeting their sustainable earnings growth criteria.
- We think the team's passion for their approach creates an environment where constructive challenge is the order of the day. We believe diverse views are welcomed and this adds to the robustness of stock decisions.

Cons

- Although we believe the regional teams collegiate in nature, to what extent does their local focus create silos?
- We believe Phelps and Chakrabarti complement each other's strengths and form a strong investment duo. Were either to leave, we would review our rating.

PORTFOLIO CONSTRUCTION

Key takeaway: Portfolios are constructed in a bottom up manner that gives little consideration to the benchmark. The style and characteristics of the portfolio are consistent with what we would expect given the investment philosophy and process.

Pros

- Portfolios reflect the best stock ideas from across the regions that are displaying the most attractive upside potential within the previously vetted universe of high quality stocks.
- The factor style exposure and characteristics of the portfolio are consistent with what we might expect given the team's philosophy and process.
- The style exposures are also persistent through time.
- Phelps has a sound understanding of the risks in the portfolio. AB pays significant attention to the oversight of portfolio risk but we have not seen any interference in the management of the portfolio from them based on their reporting. Whilst the potential of such interference is a small concern, we believe AB will continue to adopt a supportive but "hands-off" environment to the portfolio managers.

Cons

- The concentrated nature of the portfolio means that every stock will impact the outcome – mistakes will be felt, although the quality focus of the strategy is likely to mitigate the risk in this aspect of portfolio construction.
- There are regional constraints in the construction of the portfolio, although we note that these are broad enough that we do not believe they will lead to compromise in the quality of the ideas when building the portfolio.
- AB appointed Chris Hogbin as Head of Equities in 2020. Whilst there is a risk that this could result in greater interference in the decision-making process (particularly risk control), in practice we think this is unlikely. However, it does remain an issue to watch.

IMPLEMENTATION ■■■□

Key takeaway: Capacity limits have been in place for many years and for a strategy that is low turnover and mainly large cap, we believe these to be reasonable and take account of strategy overlap. The strategy benefits from AB's efficient trading and execution capabilities.

Pros

- Even at low levels of assets, the team put in place a capacity limit that has remained static for many years. We are impressed by their pro-active thinking in this respect.
- The capacity limits are across the suite of strategies the team run. This clearly takes into account the overlap between the different mandates.
- Turnover is relatively low and the strategy is likely to tilt toward larger businesses. This enhances the strategy's liquidity profile.
- AB has separate dealing teams who manage the implementation of the trading decisions taken by the portfolio manager. This should create efficiencies.

Cons

- We have not had sight of any analysis of the costs of trading. This is not a significant factor in our view, given the low level of turnover for the portfolio.
- Fees are optically higher than the median fee within the global equity universe, but we do note that AB is open to negotiating on this and appear to be eager to find fee structures that are aligned with client interests.

BUSINESS MANAGEMENT ■■■□

Key takeaway: AB is part of a publicly listed organization. This creates some challenges. It has been restructured in recent years to better reflect the changing needs of the broad client base and to diversify its business. Whilst there is the risk that the firm's strengths are diluted, we view the changes positively.

Pros

- AB is a large international organization that has the scale to adequately resource its investment teams and invests in the areas they believe will generate growth for the business. This seems to be done with a focus on adding to AB's investment strengths. The size, scale and reputation of AB gives investors access to companies, policy makers and thought leaders that might not be possible for those working in other organizations. In addition, the firm's investment in technology is impressive, and the quality and breadth of proprietary tools at investors' disposal sets AB apart.
- The firm has committed to diversifying their business away from the historical reliance on specific strategies. In our view, this has been done in a thoughtful way, acquiring discrete teams and developing new innovative products to meet the changing needs of current and prospective clients with a focus on areas where they believe they have an investment edge.
- The senior management of the different asset class businesses has been stable and in place for many years. They are given significant freedom to manage their respective business units.
- AB promotes a collaborative working environment, evident through the team interaction required to develop proprietary tools as well as both formal and informal framework for meetings between portfolio managers and researchers.
- Remuneration is thoughtfully structured and aligns the interests of investors and clients.

Cons

- AB's majority owner is a listed financial services company. While AB has been able to operate independently from its parent company EQH to date, there is no guarantee this independence will continue to be enjoyed.
- To what extent do short to medium-term growth and profitability pressures affect the alignment between the business and clients? We have seen these affect strategies with staff departures and are wary of the potential impact of future pressures.
- AB experienced some turmoil in 2008/09 when performance across a number of strategies struggled. We believe they have righted the ship but to what extent does corporate memory affect their future decisions?
- AB's objective of diversifying the business leads the firm to build alternative capabilities and products through existing teams and through the acquisition of independent external teams. This latter approach is a new path for AB and whilst it seems positive, there is the risk that it introduces organizational friction. In addition, product proliferation is a potential risk.
- We note that AB had a change in CEO in 2017. Whilst this was a sudden change, it is not necessarily negative. Further turnover amongst senior leadership would be cause for concern.

ESG AND ACTIVE OWNERSHIP ESG2

Key takeaway: The consideration of environmental, social and governance factors is systematically applied. The team will engage with management on these issues from time to time, and vote all proxies.

ESG Integration

The investment philosophy and process lends support to emphasizing ESG factors within the research process given the focus on the long-term sustainability of earnings. This is done systematically, taking into account the MSCI ESG ratings and the team's view over and above that through a '+', '-', or '='. These symbols indicate the team's view of whether they think the business is better, worse, or in line with the MSCI rating. This view is captured in a separate report that decomposes the drivers of the MSCI rating and why the team's view differs (if it does). The ESG report is not in great depth, which we think is appropriate given its objective, but it does set out clearly the reason for the view. In addition to the expression of the view, the ESG standing of a company impacts the return required from the business in the investment thesis.

Resources (Internal / External)

The team utilizes the ESG scores from MSCI data as a basis for their ESG view.

AB also have a dedicated ESG committee who seek to coordinate the ESG efforts across the business. AB has also developed a collaborative tool (Esight) which creates a platform for investment teams to share their views and engagements on environmental, social and governance issues faced by a business.

ISS is used for voting recommendations.

Engagement on ESG

On voting, although ISS is used to make recommendations according to a central policy, the teams make the decision on voting.

The team will meet with management in the course of their fundamental analysis and have provided examples to Mercer that demonstrate that they engage on environmental, social and governance issues with the company. As an example, they have visited companies' factories and held dialogues with manufacturers on supply chain issues.

Firm-wide Commitment

Public RI/ESG Policy	Yes
PRI Signatory Year Joined	Yes 2011
UK Stewardship Code	

ASSESSMENT OF ORGANIZATION/TEAM

Business Structure

AllianceBernstein L.P's (AB) beneficial ownership is split, with c. 65% held by Equitable Holdings Inc (EQH), c. 22% publicly listed and the remainder held by directors, officers and employees. EQH is the majority shareholder and has largely supported independent operation, it reshuffled the Board in 2017 and 2019, increasing the number of independent directors. Whilst we have been reassured of a return to AB's operational independence, further interference remains a potential risk. EQH is a listed company and up until its public offering in 2019 it was owned by AXA Financial.

AB's equity portfolios experienced poor performance around the time of the Global Financial Crisis (GFC, 2008). This contributed to assets under management (AUM) falling from their peak of $790 billion at the end of 2007. However, AUM has grown since its trough of just over $400 billion at the end of 2011 and the level appears to have stabilized since. We note that the composition of the AUM has shifted over time. In 2007, 74% of the AUM was held in equity strategies; however, this has steadily declined and equities comprised around 25% of the firm's AUM at the end of 2019. In contrast, AB's Fixed Income products have grown and now represent the largest component of the firm's AUM (at more than 50%). Whilst the addition of different asset classes and the shift in the asset mix has given the firm greater stability, it also has an impact on AB's overall profitability, as fixed income is a lower margin business. We note, however, that the business remains highly profitable.

Within the equity business, significant changes were made post the disappointing performance through the GFC to strengthen the area. Part of this has been the acquisition of discrete teams in what they describe as an effort to diversify their equity business. In reality, the total level of AUM from these teams is less than 20% of the total equity business, and less than 5% of the overall AUM. We question the extent to which this is truly a diversifier for the business. In addition, this is a relatively new expansionary area for AB.

Environment and Culture

In 2019, the firm moved its headquarters from New York to Nashville, Tennessee. New York remains a significant investment office, together with offices in London, Tokyo, Hong Kong, Taipei, Montreal, and Seoul.

AB is a large organization with scale to adequately resource teams so that they are able to focus on investing. Research, portfolio management, and trading are seen as three different career paths and each are heavily involved in the investment process.

The firm stresses its collaborative culture and all teams share one Economic Research Group, one Credit Research Group, one Securitized Asset Research Group, and one Quantitative Research Group. The acquisition of discrete teams adds to the complexity of the business, but the model of having boutiques within a larger organization is not uncommon; even within AB; the traditional Value and Growth equity teams remain fairly autonomous. We get a sense that while AB is a strong proponent of collaboration, it does not enforce it on individuals. Instead, collaboration is encouraged where possible, with the intention that these teams maintain their distinct culture and participate in discussions when it is mutually beneficial. However, we are mindful of the potential challenge for AB to preserve this balance between cross-collaboration and non-interference in each team's investment approach.

Remuneration and Alignment

Remuneration is structured to align investors' interests with those of AB's clients through variable compensation based on a long-term view of performance (one, three and five years). In addition, meaningful investment in the products they manage serves to adequately align interests with those of clients.

Part of the annual incentive compensation is paid as a cash bonus and part through the firm's Incentive Compensation Award Plan (ICAP). The ICAP award vests over a four-year period and is typically in the form of publicly traded AB equity.

The total compensation for portfolio managers is determined by both quantitative and qualitative factors. The quantitative component typically includes measures of absolute, relative and risk-adjusted investment performance. Relative and risk-adjusted returns are compared to the benchmark and versus peers over 1-, 3- and 5-year periods, with more weight given to longer time periods, which we like. The qualitative component tends to incorporate the softer issues: thought leadership, collaboration with other investment professionals at the firm, and building a strong talent pool, amongst other factors.

For analysts, compensation is based on the performance of their recommendations, as well as the breadth and depth of their research knowledge and their broader collaboration. For junior analysts, compensation is largely salary based but quickly caps out as the variable compensation grows to become the dominant portion of compensation.

Overall, we believe compensation for investment team members is sensible and competitive, serving to promote stability of the investment team.

Team and Resources

The team that joined AB from WP Stewart (WPS) is notably cohesive. They display a strong sense of purpose and clarity of focus. The team has been largely stable for many years. They are collegiate, and very willing to engage with AB colleagues in discussion on companies. This means that the move to AB in 2013 invigorated them as they gained easy access to a sizeable team of investment professionals.

The Concentrated team is organised into three regional teams: US, Asia and Europe. Within these teams, the assignment of work differs according to the need – in Asia, a regional approach is adopted as there is value in individuals being familiar with the nuances of language and culture of the diverse countries the team cover. There has clearly been some thought put into this. In the US, where responsibilities are more sector-based, there is still a significant level of overlap in terms of discussion and the various individuals bring their perspectives to bear on any given stock. There is also a level of inter-regional discussion and collaboration. We believe this makes the discussion more robust and strengthens the case for any holding.

The Asian team was housed within Bowen Asia (Bowen), a separate business founded by Lisa Stewart, daughter of Bill Stewart. Although separate entities, the Bowen team had been associated with WPS by providing research to the global team. In 2012, Bowen was bought by WPS and fully integrated before the AB acquisition of WPS. The Asian team is led by Celina Lin. Lin joined Bowen in 1994, a few months after it was launched, and took over leadership in 2009. She started her career in the industry in 1989. There are a total of four investors on the Asian team.

The European team has historically been light on resources, with until 2014 only Dev Chakrabarti and Mark Phelps covering European equities. Phelps joined the industry in 1986 and WPS in 2005. He is impressive – he displays enthusiasm, demonstrates insights and shows a thoughtfulness to the way the strategy is structured. Chakrabarti does seem to be a good foil to him, with a greater focus on detail than Phelps demonstrates. However, they recognized that greater analytical support would be better and recruited John Keith in 2014, Nick Timpson in 2018 and Arpita Bhabhera in 2020. All three of these additions came from AB's sell-side sister company, Sanford Bernstein, and we note they bring a depth of detail and strength of analysis to the discussions. The team in Europe now feels adequately resourced.

During 2020, Chris Hogbin (previously COO for equities) took over the Head of Equities role from

Sharon Fay, who moved into the position of Chief Responsibility Officer. This transition took place over a two-year period with Fay acting in more of a supporting role during the latter part of the handover. We believe AB took a sensible approach to the transition and Hogbin comes across as someone who could build on what Fay had achieved. He also brings a depth and breadth of experience to the role and seems to have been accepted by the senior investors in the business.

ASSESSMENT OF PHILOSOPHY/PROCESS

History

The approach followed by the Concentrated team at AB was initially conceived by Bill Stewart in 1975. Stewart launched a global strategy in 2004 and Phelps took on the management of the strategy on joining WPS in 2005. Although Phelps has managed the strategy since then, we note that from 2008 until WPS was acquired by AB in December 2013, Phelps was also CEO of WPS.

Philosophy and Process

The philosophy is appealing in its simplicity: long-term, consistent earnings growth drives long-term investment returns. The commitment to this belief is clearly seen across the team.

The philosophy provides a sound framework for the process. In the process, this AB team has struck a balance between independence of thought and accountability for work on the one hand, and collaboration and sharing of research trips and stock views on the other. The team culture (cohesive and collegiate) is a strength in the implementation of the process, facilitating constructive challenge. The underlying due diligence that vets each investment idea is thorough but is also focused on what really matters. This focus is encouraged through discussions within and between regional teams, and by the framework set for research.

Elements of the process show a significant amount of thought. An example is the bucketed discount rates that prevent the likelihood of the analysts getting distracted by overly-engineering the model. The slight variation on this in Asia clearly reflects the different environment of the region and we view the thoughtful flexibility of a disciplined process positively.

The valuation-based ranking of the universe is another example of the team's thoughtfulness, building discipline into their approach that might otherwise become overly positive on the growth prospects of stocks.

Although the philosophy and process have remained consistent, Phelps and the team do also apply some thought to the evolution of the approach over time, not chasing change but also ensuring the approach does not stagnate. We view this positively.

Portfolio Construction and Risk Management

Portfolios hold a relatively small number of names, but the philosophy's focus on the sustainability of earnings growth does reduce the risk usually inherent in such a concentrated portfolio. Portfolios are built from the most attractively valued opportunities in the investable universe that have already met the quality criteria through in-depth due diligence. This means that global portfolios are able to hold the best ideas from across the regions. We note that Phelps has an awareness of portfolio-level risk and will not allow the portfolio to be overly exposed to any one macro factor.

AB as an organization also prides itself on the calibre of their risk management and has dedicated functions focusing on each of operational risk, investment risk and counterparty risk. A series of independent risk committees oversee portfolio exposures across the business. This is meaningless unless there is a real understanding of the input of the systems and the output of reports. Discussions with the team in the past have highlighted that they have this understanding.

Trading

AB has a dedicated dealing team. Globally, they employ more than 10 equity traders located in Hong Kong, Sydney, London and New York. The average industry experience of the traders is more than 15 years and the average tenure with AB is around 10. Authorized investment professionals (approved portfolio managers) enter their trade orders into an order management system that electronically routes the instruction to the dealing team. Only the dealing team is authorized to communicate orders to a broker or dealer, and AB's team will only act on orders recorded in the system. Trades are monitored for best execution. AB's infrastructure appears strong and seems to have significant levels of checks and balances in place to ensure effective implementation of investment decisions.

Turnover

Turnover has averaged c. 30%-40% for the history of the strategy. AB tells us approximately half of this is name turnover, with the remainder being from the management of position sizes. The difference in the universe turnover (lower) and the portfolio turnover resonates with the tension between the philosophy's long term perspective and the process' sensitivity to valuation. We believe it is still relatively low and is in line with our expectations from the range indicated by AB, and the team's description of their process.

Capacity and Liquidity Management

The AB Concentrated team has consistently held to a capacity limit of US$15 to US$20 billion for Global, and $25 billion across the strategies they offer. There is significant room for the strategies to grow before they reach these levels.

At capacity, the global portfolio appears to remain fairly liquid and, given the low turnover of the strategy, we have no concerns on the team's management of this aspect.

Fees

Fees for separate accounts are on a sliding scale, starting at 90 bps. For a $100 million mandate, the fee is 83 bps. This represents 28% of the outperformance target of 3%. We note that this is toward the higher end of the universe range, but in reality AB has shown a willingness to negotiate on the fee, and to consider performance fees. We believe a better alignment of interests is achievable when engaging with AB.

ASSESSMENT OF TRACK RECORD

Track Record	AB Concentrated Global Growth (ALBGEQ)	**Mercer Universe**	Global Equity (Core All Countries)
Base Currency	$US	**Track Record Type**	Composite
Gross/Net of Fees	Gross	**GIPS Compliant**	Yes
Benchmark	MSCI AC World (MSACW)	**Track Record Assets**	US$2.9 billion as at 30 Jun 20

Over its full history, AB's Concentrated Global Growth strategy has outperformed the benchmark, even on a net of fees basis.

The process does not specifically target a lower volatility than the market but the focus on the sustainability of earnings growth does result in the strategy investing in businesses that typically have a lower volatility in earnings than the broader market. This has resulted in the strategy's performance also being less volatile than the market – an outcome we would broadly expect. However, this characteristic of the performance track record should not lead to the conclusion that this is a defensive strategy: it has only outperformed in roughly half the down markets over the history of the strategy.

We would expect the portfolio to outperform in steady growth markets, but the performance is likely to lag in momentum-driven rallies. Similarly, the strategy is likely to lag the benchmark when value as a factor drives the market, or when lower quality, highly leveraged strategies dominate the performance charts.

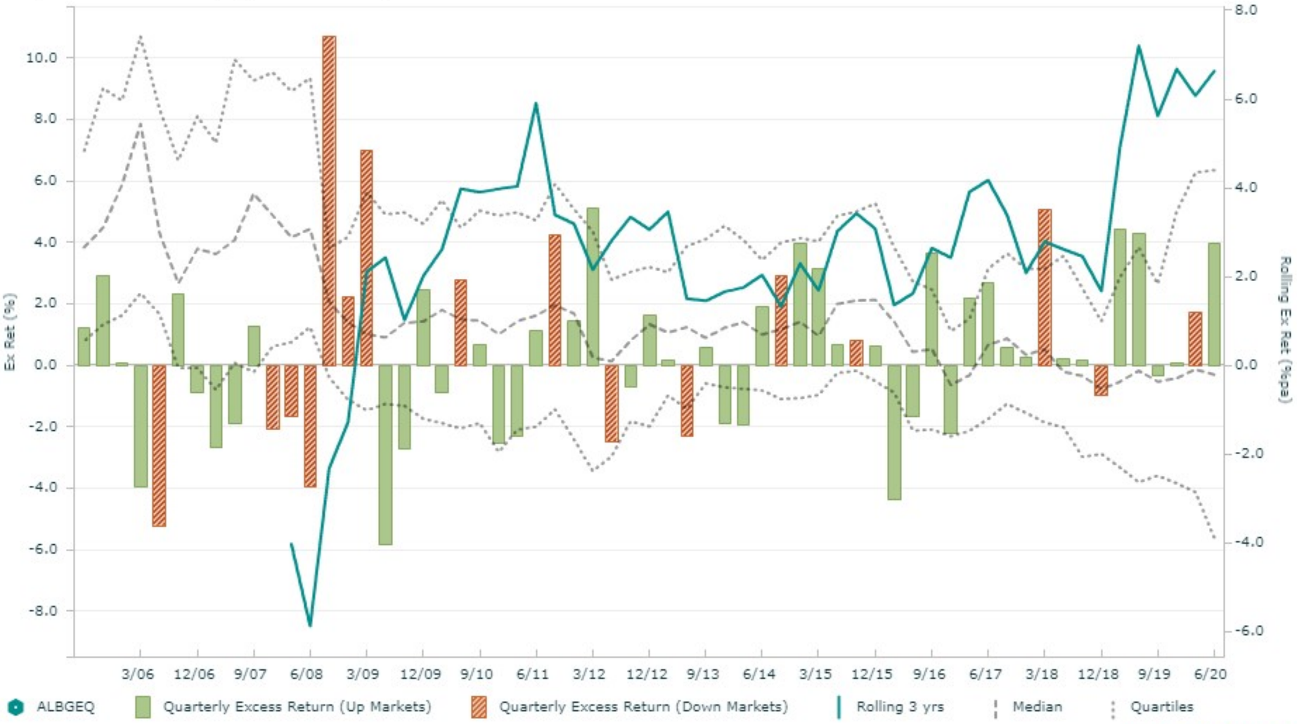
When comparing the track record to MSCI Momentum, Growth and Quality indices (given the style bias of the strategy), we observe no notable patterns. AB presents evidence that demonstrates that the strategy's track record has delivered returns in excess of the performance from the portfolio's naïve factor exposures.

Overall, we believe performance has been in line with our expectations.

AB - Concentrated Global Growth

Quarterly Excess Return vs. MSCI AC World with rolling 3 yr line in $US (before fees) over 15 yrs and 1 quarter ending June-20

Comparison with the Global Equity (Core All Countries) universe

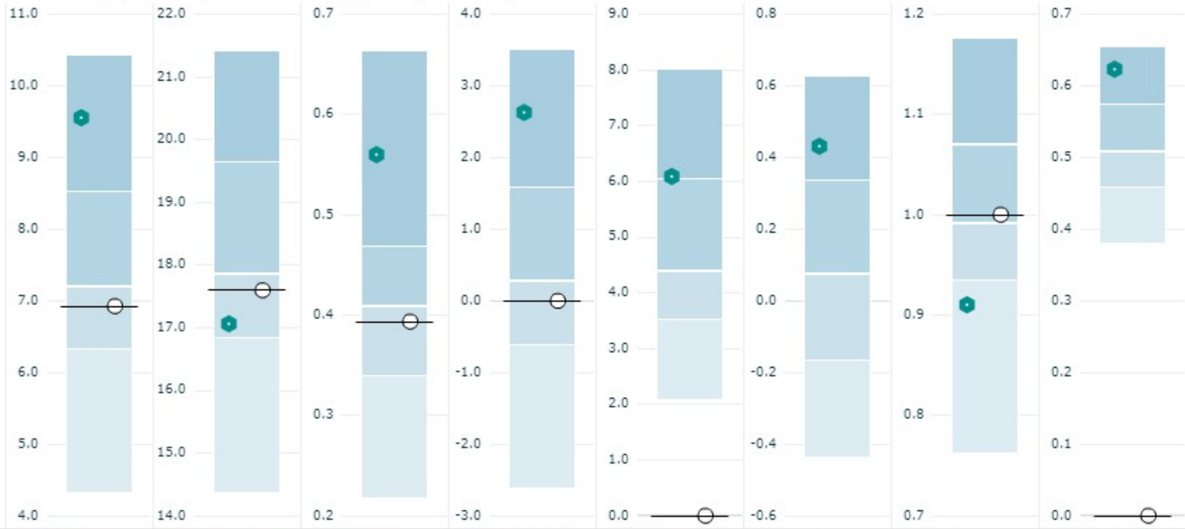


MERCER

AB - Concentrated Global Growth

Performance characteristics vs. MSCI AC World in $US (before fees) over 15 yrs and 1 quarter ending June-20

Comparison with the Global Equity universe (Percentile Ranking) (quarterly calculations)



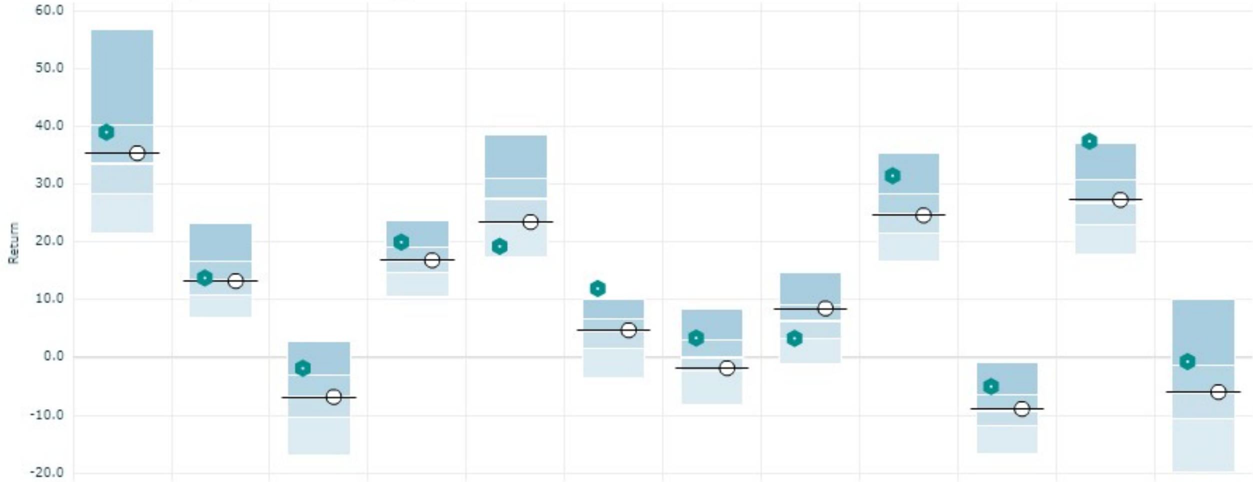
	Ret (%pa)	Std Dev (%pa)	Ret/SD	Ex Ret (%pa)	TE (%pa)	IR	Beta	Bat Av
ALBGEQ	9.6(11)	17.1(70)	0.6(11)	2.6(11)	6.1(24)	0.4(16)	0.91(78)	0.62(10)
MSACW	6.9(59)	17.6(56)	0.4(56)	0.0(59)	0.0(100)	-	1.00(48)	0.00(100)
5th Percentile	10.4	21.4	0.7	3.5	8.0	0.6	1.18	0.66
Upper Quartile	8.5	19.7	0.5	1.6	6.0	0.3	1.07	0.57
Median	7.2	17.9	0.4	0.3	4.4	0.1	0.99	0.51
Lower Quartile	6.3	16.8	0.3	-0.6	3.5	-0.2	0.94	0.46
95th Percentile	4.3	14.4	0.2	-2.6	2.1	-0.4	0.76	0.38
Number	126	126	126	126	126	126	126	126

MERCER

AB - Concentrated Global Growth

Return in $US (before fees) over last 12 calendar years ending June-20

Comparison with the Global Equity universe (Percentile Ranking)



	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	6 mths to 6/2020 (%)
ALBGEQ	39.0 *(29)*	13.8 *(46)*	-1.9 *(17)*	20.0 *(20)*	19.3 *(91)*	11.9 *(2)*	3.4 *(23)*	3.3 *(76)*	31.5 *(14)*	-5.0 *(18)*	37.4 *(4)*	-0.7 *(23)*
MSACW	35.4 *(42)*	13.2 *(52)*	-6.9 *(50)*	16.8 *(51)*	23.4 *(75)*	4.7 *(47)*	-1.8 *(71)*	8.5 *(30)*	24.6 *(52)*	-8.9 *(46)*	27.3 *(46)*	-6.0 *(50)*
5th Percentile	56.7	23.4	2.7	23.6	38.6	10.1	8.4	14.6	35.4	-0.9	37.2	10.1
Upper Quartile	40.2	16.7	-3.0	19.1	30.9	6.6	3.0	9.1	28.3	-6.5	30.7	-1.4
Median	33.6	13.4	-6.8	16.9	27.6	4.5	0.1	6.4	24.8	-9.4	26.7	-6.0
Lower Quartile	28.4	10.8	-10.2	14.7	23.3	1.7	-2.4	3.4	21.6	-11.9	23.0	-10.7
95th Percentile	21.5	6.8	-16.9	10.6	17.3	-3.6	-8.2	-1.2	16.6	-16.8	18.0	-20.0
Number	376	380	381	418	439	472	517	546	560	580	580	618

ASSESSMENT OF PORTFOLIO HOLDINGS

Portfolio Characteristics

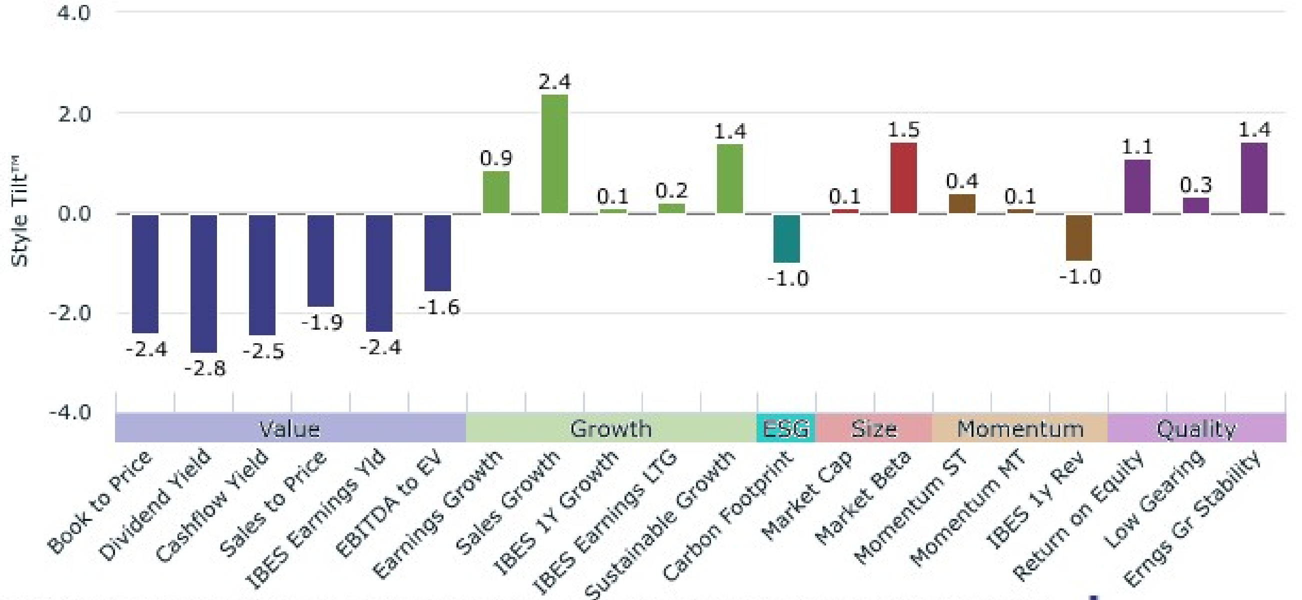
Date of analysis	30 Jun 2020	**Adjustment used for style tilts**	Unadjusted
Benchmark used for analysis	MSCI ACWI	**Cash**	2.7%
Number of stocks	31	**Selected portfolio fundamentals**	Weighted Average (Benchmark)
Effective number of stocks	28	- **Forward earnings yield**	3.3% (4.9%)
Predicted tracking error	3.9%	- **Market cap**	$239bn ($233bn)
Predicted beta	0.99	- **ROE**	24.2% (20.3%)
Coverage ratio	9.8%	- **Dividend yield**	1.1% (2.3%)
Predicted vol (benchmark)	15.0% (14.6%)	- **Debt/Equity ratio**	94.4 (101.5)

The portfolio's characteristics and style factor exposures over time have persistently reflected the philosophy of the team, with strong tilts to quality and sustainable earnings growth.

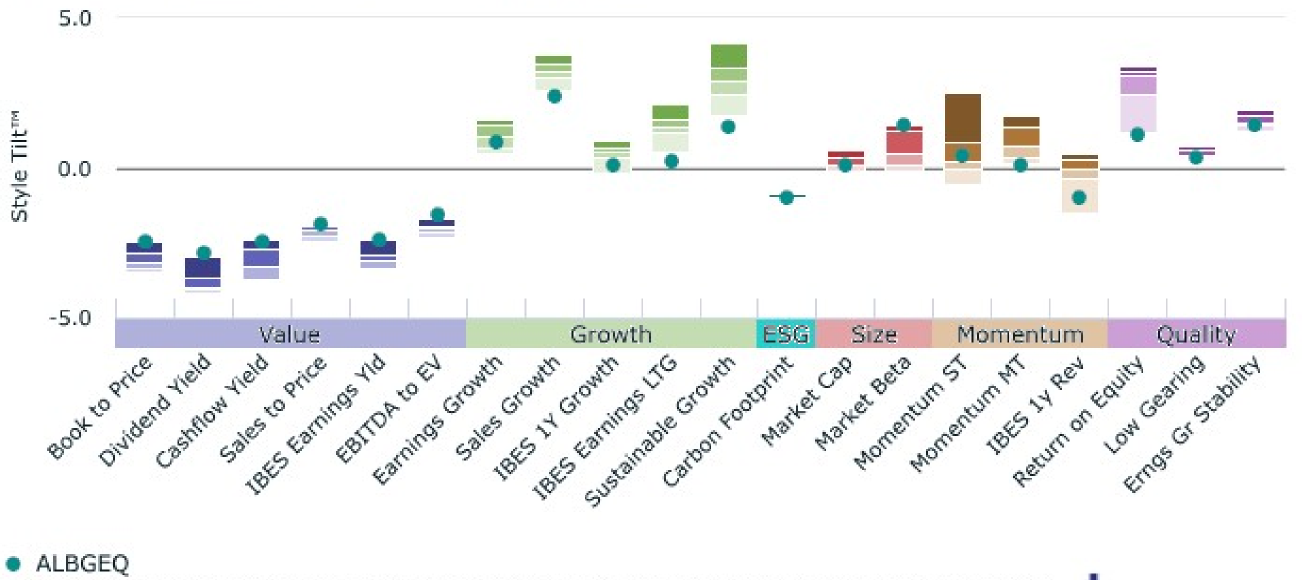
Sector and regional positioning, although built from the bottom-up stock selection, have tended to be persistent.

Although portfolios are concentrated, the team is aware of the risk within the portfolio and seeks diversification from each position held. This is seen in the effective number of stocks being close to the actual number of stocks. The portfolio also displays a reasonably modest predicted tracking error, which is unusual given its concentrated nature and high active coverage. This is likely driven by the exposure to larger cap names in the portfolio. We believe the unconstrained nature of the approach and the concentrated portfolio can lead to a relatively high tracking error.

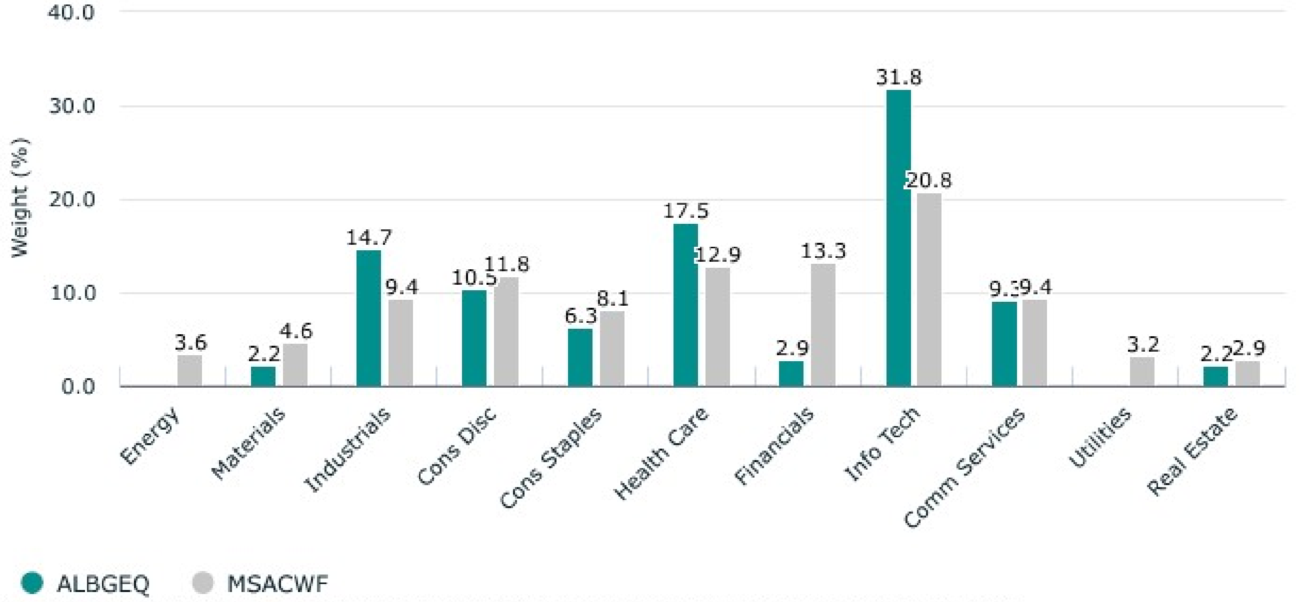
Mercer Selected Style Skyline™ vs. MSCI ACWI as at June-20



Mercer Selected Style Skyline™ vs. MSCI ACWI as at June-20
Comparison with historical range (September-18 to June-20)



Sector Allocation vs. MSCI ACWI as at June-20



* For sector allocation analysis prior to October 2018, the sector Communication Services was known as Telecommunication Services.

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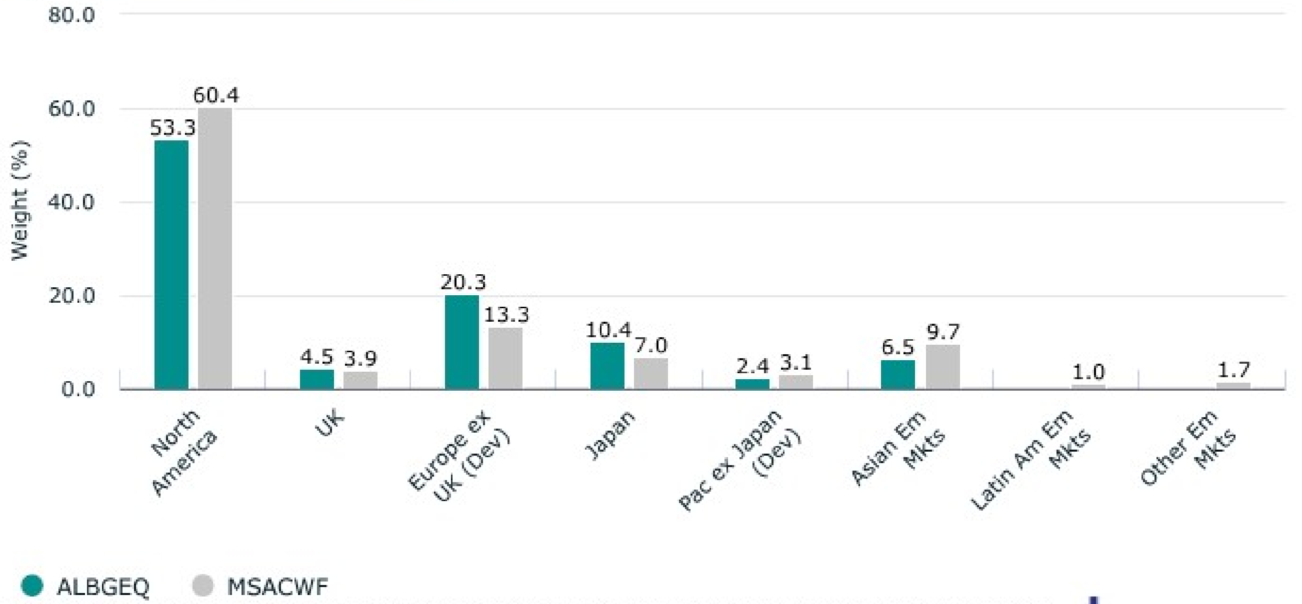
Region Allocation vs. MSCI ACWI as at June-20



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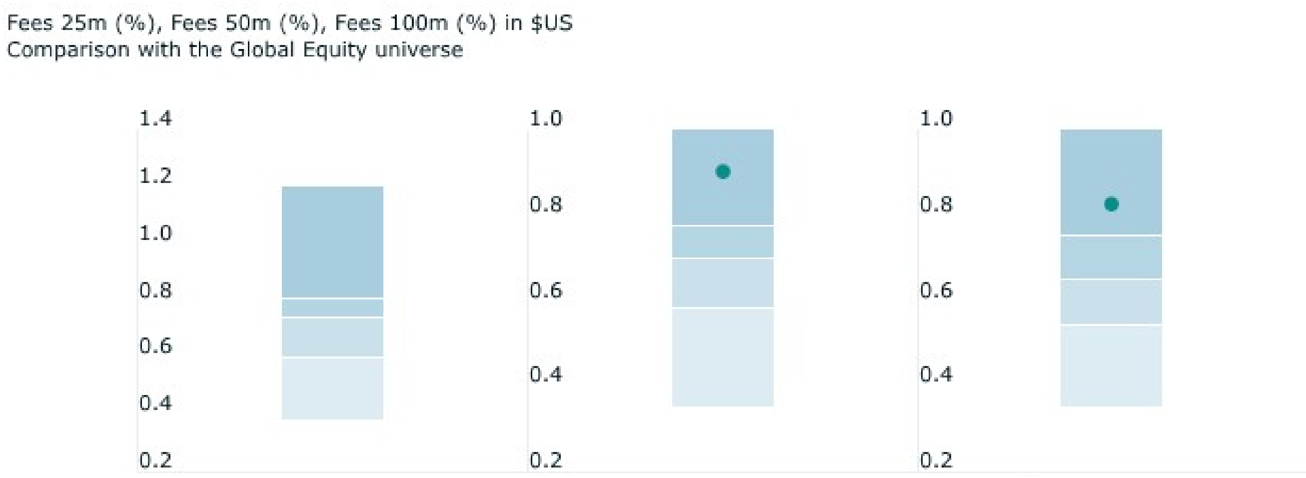
APPENDIX 1

Fee Schedule

The table below shows the fee scale applicable for a representative vehicle for this strategy. Note that this may only include the manager's remuneration and may not include other expenses that investors may incur. Fees may be negotiable, particularly for larger mandates, and a performance related fee scale may be offered.

Vehicle name	Vehicle type	Fee scale	Minimum account size
AB Concentrated Global Growth	Segregated	0.9% on the first $50 million 0.75% on the next $50 million 0.65% on the balance	$50m

The exhibit below shows the manager's stated fee payable for this vehicle for a variety of mandate sizes compared to the universe of stated fees. Again we note that in practice fees are often negotiable. This universe comprises all vehicle types.



	Fees 25m (%)	Fees 50m (%)	Fees 100m (%)
ALBGEQ	-	0.90	0.83
5th Percentile	1.21	1.00	1.00
Upper Quartile	0.81	0.78	0.75
Median	0.74	0.70	0.65
Lower Quartile	0.60	0.58	0.54
95th Percentile	0.38	0.35	0.35
Number	399	498	539

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- Certain investments, such as illiquid, leveraged or high-yield instruments or funds and securities issued by small capitalization and emerging market issuers, carry additional risks that should be considered before choosing an investment manager or making an investment decision.
- For higher volatility investments, losses on realisation may be high because their value may fall suddenly and substantially.
- Where investments are not domiciled and regulated locally, the nature and extent of investor protection will be different to that available in respect of investments domiciled and regulated locally. In particular, the regulatory regimes in some domiciles are considerably lighter than others, and offer substantially less investor protection. Where an investor is considering whether to make a commitment in respect of an investment which is not domiciled and regulated locally, we recommend that legal advice is sought prior to the commitment being made.