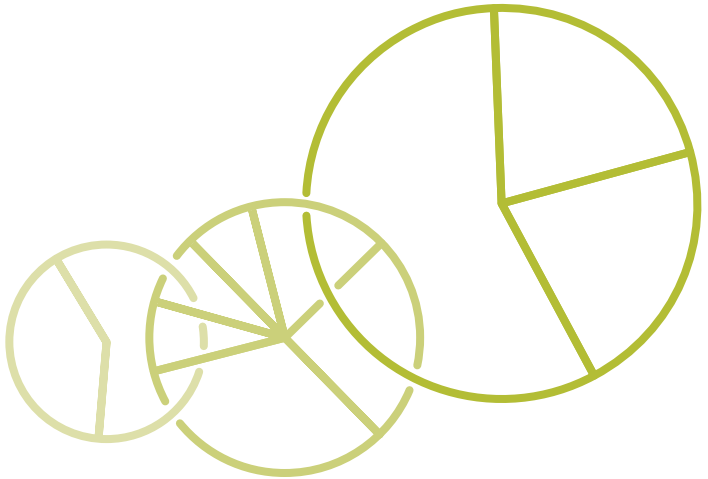




## ANNUAL REPORT

**AB INTERNATIONAL STRATEGIC  
CORE PORTFOLIO**

As of January 1, 2021, as permitted by new regulations adopted by the Securities and Exchange Commission, the Fund's annual and semi-annual shareholder reports are no longer sent by mail, unless you specifically requested paper copies of the reports. Instead, the reports are made available on a website, and you will be notified by mail each time a report is posted and provided with a website address to access the report.

You may elect to receive all future reports in paper form free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports; if you invest directly with the Fund, you can call the Fund at (800) 221 5672. Your election to receive reports in paper form will apply to all funds held in your account with your financial intermediary or, if you invest directly, to all AB Mutual Funds you hold.

Investment Products Offered • Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed

**Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at [www.abfunds.com](http://www.abfunds.com) or contact your AB representative. Please read the prospectus and/or summary prospectus carefully before investing.**

This shareholder report must be preceded or accompanied by the Fund's prospectus for individuals who are not current shareholders of the Fund.

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AB's website at [www.abfunds.com](http://www.abfunds.com), or go to the Securities and Exchange Commission's (the "Commission") website at [www.sec.gov](http://www.sec.gov), or call AB at (800) 227 4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund's Form N-PORT reports are available on the Commission's website at [www.sec.gov](http://www.sec.gov). The Fund's Forms N-PORT may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC 0330. AB publishes full portfolio holdings for the Fund monthly at [www.abfunds.com](http://www.abfunds.com).

**AllianceBernstein Investments, Inc. (ABI)** is the distributor of the AB family of mutual funds. ABI is a member of FINRA and is an affiliate of AllianceBernstein L.P., the Adviser of the funds.

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## FROM THE PRESIDENT



Dear Shareholder,

We're pleased to provide this report for the AB International Strategic Core Portfolio (the "Fund"). Please review the discussion of Fund performance, the market conditions during the reporting period and the Fund's investment strategy.

At AB, we're striving to help our clients achieve better outcomes by:

- + Fostering diverse perspectives that give us a distinctive approach to navigating global capital markets
- + Applying differentiated investment insights through a connected global research network
- + Embracing innovation to design better ways to invest and leading-edge mutual-fund solutions

Whether you're an individual investor or a multibillion-dollar institution, we're putting our knowledge and experience to work for you every day.

For more information about AB's comprehensive range of products and shareholder resources, please log on to [www.abfunds.com](http://www.abfunds.com).

Thank you for your investment in AB mutual funds—and for placing your trust in our firm.

Sincerely,

A handwritten signature in black ink, appearing to read "Onur Erzan". The signature is stylized with a large "O" and a long, sweeping underline.

Onur Erzan

President and Chief Executive Officer, AB Mutual Funds

ANNUAL REPORT

August 11, 2021

This report provides management’s discussion of fund performance for the AB International Strategic Core Portfolio for the annual reporting period ended June 30, 2021.

**The Fund’s investment objective is to seek long-term growth of capital.**

NAV RETURNS AS OF JUNE 30, 2021 (unaudited)

	6 Months	12 Months
<b>AB INTERNATIONAL STRATEGIC CORE PORTFOLIO</b>		
Class A Shares	5.95%	22.81%
Class C Shares	5.60%	21.89%
Advisor Class Shares <sup>1</sup>	6.15%	23.26%
Class Z Shares <sup>1</sup>	6.16%	23.17%
MSCI EAFE Index (net)	8.83%	32.35%

1 Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.

**Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.**

INVESTMENT RESULTS

The table above shows the Fund’s performance compared to its benchmark, the Morgan Stanley Capital International Europe, Australasia and the Far East (“MSCI EAFE”) Index (net), for the six- and 12-month periods ended June 30, 2021.

For both periods, all share classes of the Fund underperformed the benchmark, before sales charges. During the 12-month period, overall stock selection detracted, relative to the benchmark, mainly due to selection within the technology and industrials sectors, while selection within financials and consumer staples contributed. Underweights to materials and consumer discretionary detracted, while an overweight to technology and an underweight to health care contributed. Country allocation (a result of bottom-up security analysis combined with fundamental research) detracted, particularly an overweight to Portugal; an overweight to the Netherlands contributed.

For the six-month period, overall stock selection was negative. Selection within technology and consumer discretionary detracted, while selection

within financials and health care contributed. Overweights to financials and communication services detracted, while an overweight to technology and an underweight to health care contributed. Country selection modestly detracted from performance, led by an overweight to Portugal; an underweight to Japan contributed.

The Fund utilized derivatives in the form of currency forwards for hedging purposes, which detracted from absolute performance for both periods, and futures for investment purposes, which added to performance for both periods.

## **MARKET REVIEW AND INVESTMENT STRATEGY**

International equities recorded extraordinary double-digit returns for the 12-month period ended June 30, 2021, as rising vaccination rates and the continued reopening of economies drove rapid increases in output and strong company earnings growth. Markets became more volatile as inflationary fears precipitated a rise in longer-term interest rates, which pressured the valuations of many market-leading growth stocks and boosted a rotation into value-oriented shares. Global monetary policy remained very dovish, with central banks emphasizing the transitory nature of higher current inflation and their commitment to avoid withdrawing support prematurely. Somewhat more hawkish comments from the US Federal Reserve sparked a brief market reversal, but inflationary fears calmed significantly as economic data continued to reflect higher prices, yet suggested a moderating pace of recovery. Small-cap stocks significantly outperformed large-cap stocks on a relative basis, and intervals of market rotation helped value-style stocks narrowly outperform their growth-style peers.

The Fund's Senior Investment Management Team continues to strive to build a macro-resilient portfolio and to invest in companies that it believes will succeed over time, regardless of how the pandemic unfolds or how geopolitical or macro risks rear their heads.

### **INVESTMENT POLICIES**

The Adviser seeks to achieve the Fund's investment objective by investing, under normal circumstances, primarily in common stocks of non-US companies, and in companies in at least three countries other than the United States.

The Fund invests in companies that are determined by the Adviser to offer favorable long-term sustainable profitability, price stability, and attractive valuations. The Adviser employs an integrated approach that combines both fundamental and quantitative research to identify attractive investment opportunities. Factors that the Adviser considers

(continued on next page)

in this regard include: a company's record and projections of profitability, accuracy and availability of information with respect to the company, success and experience of management, competitive advantage, low stock price volatility, and liquidity of the company's securities. The Adviser compares these results to the characteristics of the general stock markets to determine the relative attractiveness of each company at a given time. The Adviser weighs economic, political and market factors in making investment decisions. The Adviser seeks to manage the Fund so that it is subject to less share price volatility than many other international mutual funds, although there can be no guarantee that the Adviser will be successful in this regard.

The Fund primarily invests in mid- and large-capitalization companies, which are currently defined for the Fund as companies that have market capitalizations of \$1.5 billion or more. The Fund's holdings of non-US companies will generally include some companies located in emerging markets.

Fluctuations in currency exchange rates can have a dramatic impact on the returns of equity securities. The Adviser may adjust the foreign currency exposure resulting from the Fund's security positions through the use of currency-related derivatives, primarily in an effort to minimize the currency risk to which the Fund is subject. However, the Adviser is not required to use such derivatives.

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## DISCLOSURES AND RISKS

### Benchmark Disclosure

**The MSCI EAFE Index is unmanaged and does not reflect fees and expenses associated with the active management of a mutual fund portfolio.** The MSCI EAFE Index (net, free float-adjusted market capitalization weighted) represents the equity market performance of developed markets, excluding the US and Canada. MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI. Net returns include the reinvestment of dividends after deduction of non-US withholding tax. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Fund.

### A Word About Risk

**Market Risk:** The value of the Fund's assets will fluctuate as the stock or bond markets fluctuate. The value of the Fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events, including public health crises (including the occurrence of a contagious disease or illness), that affect large portions of the market. It includes the risk that a particular style of investing may underperform the market generally.

**Sector Risk:** The Fund may have more risk because it may invest to a significant extent in one or more particular market sectors, such as the information-technology or financial-services sector. To the extent it does so, market or economic factors affecting the relevant sector(s) could have a major effect on the value of the Fund's investments.

**Foreign (Non-US) Risk:** Investments in securities of non-US issuers may involve more risk than those of US issuers. These securities may fluctuate more widely in price and may be more difficult to trade due to adverse market, economic, political, regulatory or other factors. These risks may be heightened with respect to investments in emerging-market countries, where there may be an increased amount of economic, political and social instability.

**Currency Risk:** Fluctuations in currency exchange rates may negatively affect the value of the Fund's investments or reduce its returns.

**Capitalization Risk:** Investments in mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in mid-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.

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## DISCLOSURES AND RISKS (continued)

**Derivatives Risk:** Derivatives may be difficult to price or unwind and leveraged so that small changes may produce disproportionate losses for the Fund. Derivatives, especially over-the-counter derivatives, are also subject to counterparty risk.

**Management Risk:** The Fund is subject to management risk because it is an actively managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Fund, but there is no guarantee that its techniques will produce the intended results. Some of these techniques may incorporate, or rely upon, quantitative models, but there is no guarantee that these models will generate accurate forecasts, reduce risk or otherwise perform as expected.

These risks are fully discussed in the Fund's prospectus. As with all investments, you may lose money by investing in the Fund.

### **An Important Note About Historical Performance**

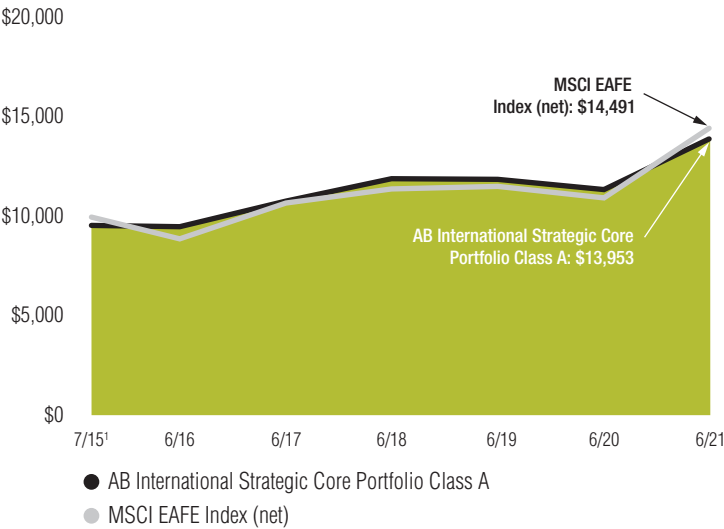
**The investment return and principal value of an investment in the Fund will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Performance shown in this report represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting [www.abfunds.com](http://www.abfunds.com).**

**All fees and expenses related to the operation of the Fund have been deducted. Net asset value ("NAV") returns do not reflect sales charges; if sales charges were reflected, the Fund's quoted performance would be lower. SEC returns reflect the applicable sales charges for each share class: a 4.25% maximum front-end sales charge for Class A shares and a 1% 1-year contingent deferred sales charge for Class C shares. Returns for the different share classes will vary due to different expenses associated with each class. Performance assumes reinvestment of distributions and does not account for taxes.**



# HISTORICAL PERFORMANCE

## GROWTH OF A \$10,000 INVESTMENT IN THE FUND (unaudited) 7/29/2015<sup>1</sup> TO 6/30/2021



This chart illustrates the total value of an assumed \$10,000 investment in AB International Strategic Core Portfolio Class A shares (from 7/29/2015<sup>1</sup> to 6/30/2021) as compared to the performance of the Fund's benchmark. The chart reflects the deduction of the maximum 4.25% sales charge from the initial \$10,000 investment in the Fund and assumes the reinvestment of dividends and capital gains distributions.

<sup>1</sup> Inception date: 7/29/2015.

## HISTORICAL PERFORMANCE (continued)

### AVERAGE ANNUAL RETURNS AS OF JUNE 30, 2021 (unaudited)

	NAV Returns	SEC Returns (reflects applicable sales charges)
<b>CLASS A SHARES</b>		
1 Year	22.81%	17.59%
5 Years	7.99%	7.07%
Since Inception <sup>1</sup>	6.56%	5.78%
<b>CLASS C SHARES</b>		
1 Year	21.89%	20.89%
5 Years	7.19%	7.19%
Since Inception <sup>1</sup>	5.76%	5.76%
<b>ADVISOR CLASS SHARES<sup>2</sup></b>		
1 Year	23.26%	23.26%
5 Years	8.28%	8.28%
Since Inception <sup>1</sup>	6.83%	6.83%
<b>CLASS Z SHARES<sup>2</sup></b>		
1 Year	23.17%	23.17%
Since Inception <sup>1</sup>	8.87%	8.87%

**The Fund's prospectus fee table shows the Fund's total annual operating expense ratios as 1.17%, 1.90%, 0.89% and 0.87% for Class A, Class C, Advisor Class and Class Z shares, respectively, gross of any fee waivers or expense reimbursements. Contractual fee waivers and/or expense reimbursements limit the Fund's annual operating expense ratios to 1.00%, 1.75%, 0.75% and 0.75% for Class A, Class C, Advisor Class and Class Z shares, respectively. These waivers/reimbursements may not be terminated before October 31, 2021. Absent reimbursements or waivers, performance would have been lower. The Financial Highlights section of this report sets forth expense ratio data for the current reporting period; the expense ratios shown above may differ from the expense ratios in the Financial Highlights section since they are based on different time periods.**

1 Inception dates: 7/29/2015 for all share classes except Class Z; 11/20/2019 for Class Z shares.

2 These share classes are offered at NAV to eligible investors and their SEC returns are the same as their NAV returns. Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.

## HISTORICAL PERFORMANCE (continued)

### SEC AVERAGE ANNUAL RETURNS AS OF THE MOST RECENT CALENDAR QUARTER-END JUNE 30, 2021 (unaudited)

	SEC Returns (reflects applicable sales charges)
<b>CLASS A SHARES</b>	
1 Year	17.59%
5 Years	7.07%
Since Inception <sup>1</sup>	5.78%
<b>CLASS C SHARES</b>	
1 Year	20.89%
5 Years	7.19%
Since Inception <sup>1</sup>	5.76%
<b>ADVISOR CLASS SHARES<sup>2</sup></b>	
1 Year	23.26%
5 Years	8.28%
Since Inception <sup>1</sup>	6.83%
<b>CLASS Z SHARES<sup>2</sup></b>	
1 Year	23.17%
Since Inception <sup>1</sup>	8.87%

1 Inception dates: 7/29/2015 for all share classes except Class Z; 11/20/2019 for Class Z shares.

2 Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.

## EXPENSE EXAMPLE

(unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, contingent deferred sales charges on redemptions and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

This Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

### Actual Expenses

The table below provides information about actual account values and actual expenses. You may use the information, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or contingent deferred sales charges on redemptions. Therefore, the hypothetical example is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<b>Beginning Account Value 1/1/2021</b>	<b>Ending Account Value 6/30/2021</b>	<b>Expenses Paid During Period*</b>	<b>Annualized Expense Ratio*</b>
<b>Class A</b>				
Actual	\$ 1,000	\$ 1,059.50	\$ 5.11	1.00%
Hypothetical**	\$ 1,000	\$ 1,019.84	\$ 5.01	1.00%

**EXPENSE EXAMPLE** (continued)

	Beginning Account Value 1/1/2021	Ending Account Value 6/30/2021	Expenses Paid During Period*	Annualized Expense Ratio*
<b>Class C</b>				
Actual	\$ 1,000	\$ 1,056.00	\$ 8.92	1.75%
Hypothetical**	\$ 1,000	\$ 1,016.12	\$ 8.75	1.75%
<b>Advisor</b>				
<b>Class</b>				
Actual	\$ 1,000	\$ 1,061.50	\$ 3.83	0.75%
Hypothetical**	\$ 1,000	\$ 1,021.08	\$ 3.76	0.75%
<b>Class Z</b>				
Actual	\$ 1,000	\$ 1,061.60	\$ 3.73	0.73%
Hypothetical**	\$ 1,000	\$ 1,021.17	\$ 3.66	0.73%

\* Expenses are equal to the classes' annualized expense ratios multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

\*\* Assumes 5% annual return before expenses.

## PORTFOLIO SUMMARY

June 30, 2021 (unaudited)

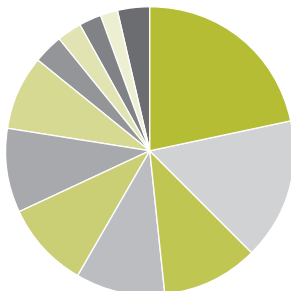
### PORTFOLIO STATISTICS

Net Assets (\$mil): \$668.0

#### SECTOR BREAKDOWN<sup>1</sup>

21.8%	Financials
15.9%	Information Technology
10.7%	Industrials
10.2%	Consumer Staples
9.5%	Health Care
9.4%	Consumer Discretionary
8.6%	Communication Services
3.1%	Utilities
2.8%	Materials
2.7%	Real Estate
1.7%	Energy

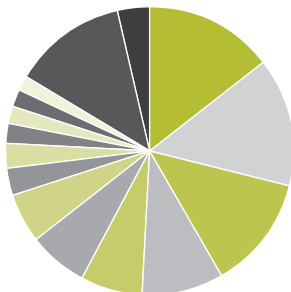
3.6% Short-Term



#### COUNTRY BREAKDOWN<sup>1</sup>

14.7%	Japan
14.4%	United Kingdom
12.6%	Switzerland
9.2%	Canada
7.1%	Netherlands
6.7%	France
5.4%	Singapore
3.2%	Germany
2.7%	Denmark
2.1%	Australia
2.1%	Sweden
1.8%	Israel
1.7%	Italy
12.7%	Other

3.6% Short-Term



<sup>1</sup> All data are as of June 30, 2021. The Fund's sector and country breakdowns are expressed as a percentage of total investments and may vary over time. The Fund also enters into derivative transactions, which may be used for hedging or investment purposes (see "Portfolio of Investments" section of the report for additional details). "Other" country weightings represent 1.7% or less in the following: Belgium, Finland, Hong Kong, Norway, Portugal, South Korea, Spain, Taiwan and United States.

Please note: The sector classifications presented herein are based on the Global Industry Classification Standard (GICS) which was developed by Morgan Stanley Capital International and Standard & Poor's. The components are divided into sector, industry group, and industry sub-indices as classified by the GICS for each of the market capitalization indices in the broad market. These sector classifications are broadly defined. The "Portfolio of Investments" section of the report reflects more specific industry information and is consistent with the investment restrictions discussed in the Fund's prospectus.

## PORTFOLIO SUMMARY (continued)

June 30, 2021 (unaudited)

### TEN LARGEST HOLDINGS<sup>1</sup>

Company	U.S. \$ Value	Percent of Net Assets
Roche Holding AG	\$ 24,743,946	3.7%
Partners Group Holding AG	18,617,341	2.8
Constellation Software, Inc./Canada	18,390,924	2.7
Royal Bank of Canada	17,038,032	2.6
DBS Group Holdings Ltd.	16,988,045	2.5
RELX PLC	16,479,812	2.5
Swedish Match AB	13,800,725	2.1
Sanofi	12,930,159	1.9
Nestle SA (REG)	12,860,463	1.9
Aristocrat Leisure Ltd.	12,546,190	1.9
	\$ 164,395,637	24.6%

<sup>1</sup> Long-term investments.

## PORTFOLIO OF INVESTMENTS

June 30, 2021

Company	Shares	U.S. \$ Value
<b>COMMON STOCKS – 96.4%</b>		
<b>Financials – 21.8%</b>		
<b>Banks – 12.7%</b>		
Bank Leumi Le-Israel BM <sup>(a)</sup> .....	1,065,450	\$ 8,096,060
DBS Group Holdings Ltd. ....	763,600	16,988,045
Hang Seng Bank Ltd. ....	300,400	5,992,299
KBC Group NV .....	142,980	10,916,712
Mitsubishi UFJ Financial Group, Inc. ....	740,900	3,990,679
Oversea-Chinese Banking Corp., Ltd. ....	1,126,180	10,036,226
Royal Bank of Canada .....	168,169	17,038,032
Toronto-Dominion Bank (The) .....	145,860	10,221,731
Westpac Banking Corp. ....	84,550	1,636,195
		<u>84,915,979</u>
<b>Capital Markets – 4.8%</b>		
Euronext NV <sup>(b)</sup> .....	39,103	4,253,951
Partners Group Holding AG .....	12,281	18,617,341
Singapore Exchange Ltd. ....	1,085,900	9,044,321
		<u>31,915,613</u>
<b>Insurance – 4.3%</b>		
Admiral Group PLC .....	151,890	6,609,064
Allianz SE (REG) .....	25,570	6,381,171
Sampo Oyj – Class A .....	157,310	7,233,830
Swiss Re AG .....	25,500	2,303,228
Zurich Insurance Group AG .....	15,410	6,189,664
		<u>28,716,957</u>
		<u>145,548,549</u>
<b>Information Technology – 15.9%</b>		
<b>IT Services – 4.9%</b>		
Amadeus IT Group SA – Class A <sup>(a)</sup> .....	76,383	5,384,744
Capgemini SE .....	64,830	12,467,687
Nomura Research Institute Ltd. ....	182,200	6,017,452
Otsuka Corp. ....	169,900	8,906,206
		<u>32,776,089</u>
<b>Semiconductors &amp; Semiconductor Equipment – 1.3%</b>		
Taiwan Semiconductor Manufacturing Co., Ltd. ....	401,000	8,636,751
<b>Software – 7.1%</b>		
Avast PLC <sup>(b)</sup> .....	1,042,900	7,070,253
Constellation Software, Inc./Canada .....	12,143	18,390,924
Nice Ltd. <sup>(a)</sup> .....	14,428	3,561,314
Open Text Corp. ....	112,420	5,708,970
Oracle Corp. Japan .....	67,000	5,119,385
SAP SE .....	54,943	7,717,280
		<u>47,568,126</u>



## PORTFOLIO OF INVESTMENTS (continued)

Company	Shares	U.S. \$ Value
<b>Technology Hardware, Storage &amp; Peripherals – 2.6%</b>		
Logitech International SA .....	69,210	\$ 8,405,027
Samsung Electronics Co., Ltd. ....	122,978	8,803,522
		<u>17,208,549</u>
		<u>106,189,515</u>
<b>Industrials – 10.7%</b>		
<b>Aerospace &amp; Defense – 0.3%</b>		
BAE Systems PLC .....	271,430	<u>1,961,359</u>
<b>Air Freight &amp; Logistics – 1.5%</b>		
Kuehne & Nagel International AG .....	22,131	7,574,541
SG Holdings Co., Ltd. ....	90,400	2,373,833
		<u>9,948,374</u>
<b>Commercial Services &amp; Supplies – 0.9%</b>		
Secom Co., Ltd. ....	73,900	<u>5,632,701</u>
<b>Electrical Equipment – 1.3%</b>		
Schneider Electric SE (Paris) .....	55,688	<u>8,778,908</u>
<b>Professional Services – 6.7%</b>		
Experian PLC .....	54,050	2,086,826
Intertrust NV <sup>(a)</sup> .....	407,360	7,340,148
Meittec Corp. ....	122,500	6,632,347
RELX PLC .....	621,488	16,479,812
Wolters Kluwer NV .....	122,760	12,339,080
		<u>44,878,213</u>
		<u>71,199,555</u>
<b>Consumer Staples – 10.2%</b>		
<b>Beverages – 0.9%</b>		
Diageo PLC .....	118,130	<u>5,661,797</u>
<b>Food &amp; Staples Retailing – 1.8%</b>		
Koninklijke Ahold Delhaize NV .....	394,340	<u>11,743,273</u>
<b>Food Products – 4.1%</b>		
Calbee, Inc. ....	99,000	2,284,859
Morinaga & Co., Ltd./Japan .....	77,100	2,465,786
Nestle SA (REG) .....	103,175	12,860,463
Salmar ASA .....	150,700	10,004,718
		<u>27,615,826</u>
<b>Tobacco – 3.4%</b>		
Philip Morris International, Inc. ....	91,370	9,055,681
Swedish Match AB .....	1,618,260	13,800,725
		<u>22,856,406</u>
		<u>67,877,302</u>

## PORTFOLIO OF INVESTMENTS (continued)

Company	Shares	U.S. \$ Value
<b>Health Care – 9.5%</b>		
<b>Health Care Equipment &amp; Supplies – 0.8%</b>		
ConvaTec Group PLC <sup>(b)</sup> .....	1,507,800	\$ 5,018,290
<b>Health Care Providers &amp; Services – 0.5%</b>		
Galenica AG <sup>(b)</sup> .....	49,330	3,482,667
<b>Pharmaceuticals – 8.2%</b>		
GlaxoSmithKline PLC .....	244,341	4,803,523
Novo Nordisk A/S – Class B .....	146,440	12,258,295
Roche Holding AG .....	65,662	24,743,946
Sanofi .....	123,071	12,930,159
		54,735,923
		63,236,880
<b>Consumer Discretionary – 9.4%</b>		
<b>Hotels, Restaurants &amp; Leisure – 3.4%</b>		
Aristocrat Leisure Ltd. ....	388,637	12,546,190
Compass Group PLC <sup>(a)</sup> .....	473,000	9,965,123
		22,511,313
<b>Household Durables – 1.3%</b>		
Sony Group Corp. ....	87,400	8,474,939
<b>Leisure Products – 0.9%</b>		
Bandai Namco Holdings, Inc. ....	91,300	6,318,821
<b>Specialty Retail – 2.0%</b>		
Hikari Tsushin, Inc. ....	33,500	5,887,494
Kingfisher PLC .....	498,962	2,518,309
Nitori Holdings Co., Ltd. ....	28,300	4,997,699
		13,403,502
<b>Textiles, Apparel &amp; Luxury Goods – 1.8%</b>		
adidas AG .....	4,790	1,787,426
LVMH Moët Hennessy Louis Vuitton SE .....	5,560	4,373,813
Pandora A/S .....	44,120	5,952,406
		12,113,645
		62,822,220
<b>Communication Services – 8.6%</b>		
<b>Diversified Telecommunication Services – 3.4%</b>		
HKT Trust & HKT Ltd. ....	3,760,000	5,121,404
Nippon Telegraph & Telephone Corp. ....	477,200	12,476,484
TELUS Corp. ....	219,910	4,931,831
		22,529,719
<b>Entertainment – 0.9%</b>		
Ubisoft Entertainment SA <sup>(a)</sup> .....	85,420	5,968,100

## PORTFOLIO OF INVESTMENTS (continued)

Company	Shares	U.S. \$ Value
<b>Interactive Media &amp; Services – 2.8%</b>		
Auto Trader Group PLC <sup>(a)</sup> .....	1,209,990	\$ 10,597,099
Kakaku.com, Inc. ....	285,200	8,579,989
		<u>19,177,088</u>
<b>Media – 1.5%</b>		
Cogeco Communications, Inc. ....	51,708	5,056,088
Informa PLC <sup>(a)</sup> .....	733,030	5,094,382
		<u>10,150,470</u>
		<u>57,825,377</u>
<b>Utilities – 3.1%</b>		
<b>Electric Utilities – 2.9%</b>		
EDP – Energias de Portugal SA.....	1,501,380	7,957,768
Enel SpA.....	1,251,563	11,630,619
		<u>19,588,387</u>
<b>Gas Utilities – 0.2%</b>		
Tokyo Gas Co., Ltd. ....	69,700	1,314,659
		<u>20,903,046</u>
<b>Materials – 2.8%</b>		
<b>Chemicals – 2.8%</b>		
Akzo Nobel NV .....	97,110	12,024,245
Johnson Matthey PLC .....	162,260	6,908,419
		<u>18,932,664</u>
<b>Real Estate – 2.7%</b>		
<b>Equity Real Estate Investment Trusts (REITs) – 1.9%</b>		
Merlin Properties Socimi SA .....	566,570	5,862,225
Nippon Building Fund, Inc. ....	1,066	6,641,770
		<u>12,503,995</u>
<b>Real Estate Management &amp; Development – 0.8%</b>		
Vonovia SE.....	86,030	5,559,735
		<u>18,063,730</u>
<b>Energy – 1.7%</b>		
<b>Oil, Gas &amp; Consumable Fuels – 1.7%</b>		
Royal Dutch Shell PLC – Class B.....	587,956	11,413,870
Total Common Stocks (cost \$530,872,924) .....		<u>644,012,708</u>

## PORTFOLIO OF INVESTMENTS (continued)

Company	Shares	U.S. \$ Value
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### SHORT-TERM INVESTMENTS – 3.6%

#### Investment Companies – 3.6%

AB Fixed Income Shares, Inc. – Government

Money Market Portfolio – Class AB,

0.01%(c)(d)(e)

(cost \$23,857,060).....	23,857,060	\$ 23,857,060
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### Total Investments – 100.0%

(cost \$554,729,984).....		667,869,768
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Other assets less liabilities – 0.0% .....		162,466
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<b>Net Assets – 100.0% .....</b>		<b>\$ 668,032,234</b>
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### FUTURES (see Note D)

Description	Number of Contracts	Expiration Month	Current Notional	Value and Unrealized Appreciation/ (Depreciation)
<b>Purchased Contracts</b>				
MSCI EAFE Futures	33	September 2021	\$ 3,801,765	\$ (109,065)

### FORWARD CURRENCY EXCHANGE CONTRACTS (see Note D)

Counterparty		Contracts to Deliver (000)	In Exchange For (000)	Settlement Date	Unrealized Appreciation/ (Depreciation)
Bank of America, NA	NOK	53,446	USD	6,286 07/15/2021	\$ 78,029
Bank of America, NA	SEK	8,193	USD	979 07/15/2021	21,378
Bank of America, NA	SEK	8,742	USD	1,018 07/15/2021	(3,923)
Bank of America, NA	USD	11,062	SEK	94,559 07/15/2021	(11,793)
Bank of America, NA	CAD	8,325	USD	6,818 07/16/2021	101,970
Bank of America, NA	EUR	4,762	USD	5,689 08/03/2021	38,703
Bank of America, NA	USD	2,096	EUR	1,715 08/03/2021	(61,042)
Bank of America, NA	JPY	599,693	USD	5,416 08/19/2021	16,193
Bank of America, NA	USD	1,005	JPY	109,336 08/19/2021	(19,974)
Bank of America, NA	AUD	1,340	USD	1,009 08/25/2021	3,631
Bank of America, NA	USD	1,358	AUD	1,752 08/25/2021	(43,625)
BNP Paribas SA	SGD	31,871	USD	23,906 08/19/2021	204,549
BNP Paribas SA	USD	1,938	JPY	214,210 08/19/2021	(9,010)
BNP Paribas SA	USD	31,007	AUD	39,925 08/25/2021	(1,058,202)
Brown Brothers Harriman & Co.	SEK	8,612	USD	1,012 07/15/2021	5,764
Brown Brothers Harriman & Co.	USD	2,206	NOK	18,299 07/15/2021	(80,685)
Brown Brothers Harriman & Co.	CAD	1,629	USD	1,348 07/16/2021	33,929
Brown Brothers Harriman & Co.	USD	10,478	EUR	8,655 08/03/2021	(208,529)
Brown Brothers Harriman & Co.	HKD	14,367	USD	1,851 08/19/2021	687
Brown Brothers Harriman & Co.	JPY	831,712	USD	7,517 08/19/2021	27,662
Brown Brothers Harriman & Co.	SGD	7,042	USD	5,313 08/19/2021	76,459
Brown Brothers Harriman & Co.	USD	8,846	JPY	977,005 08/19/2021	(48,219)
Brown Brothers Harriman & Co.	USD	1,926	AUD	2,499 08/25/2021	(51,262)
Brown Brothers Harriman & Co.	GBP	3,325	USD	4,627 08/26/2021	26,652
Citibank, NA	USD	1,407	SEK	11,730 07/15/2021	(36,482)
Citibank, NA	CAD	62,383	USD	49,835 07/16/2021	(489,183)
Citibank, NA	USD	1,219	CHF	1,111 08/05/2021	(17,518)

## PORTFOLIO OF INVESTMENTS (continued)

Counterparty		Contracts to Deliver (000)	In Exchange For (000)	Settlement Date	Unrealized Appreciation/ (Depreciation)
Citibank, NA	USD	4,682	GBP	3,325 08/26/2021	\$ (82,037)
Deutsche Bank AG	USD	1,424	CHF	1,287 08/05/2021	(31,444)
Goldman Sachs Bank USA	NOK	12,363	USD	1,494 07/15/2021	57,971
Goldman Sachs Bank USA	TWD	217,078	USD	7,740 07/22/2021	(45,465)
Goldman Sachs Bank USA	USD	49,546	JPY	5,392,097 08/19/2021	(990,568)
HSBC Bank USA	CAD	1,784	USD	1,476 07/16/2021	36,689
HSBC Bank USA	ILS	22,723	USD	6,966 09/30/2021	(11,776)
JPMorgan Chase Bank, NA	USD	2,657	KRW	2,991,679 07/22/2021	(10,114)
JPMorgan Chase Bank, NA	USD	40,079	EUR	32,681 08/03/2021	(1,301,276)
JPMorgan Chase Bank, NA	CHF	1,186	USD	1,314 08/05/2021	31,100
JPMorgan Chase Bank, NA	USD	1,353	JPY	148,189 08/19/2021	(18,237)
Morgan Stanley Capital Services LLC	USD	2,273	EUR	1,858 08/03/2021	(68,593)
Morgan Stanley Capital Services LLC	CHF	16,446	USD	18,068 08/05/2021	276,575
Morgan Stanley Capital Services LLC	USD	1,570	JPY	173,596 08/19/2021	(6,436)
Royal Bank of Scotland PLC	USD	2,239	EUR	1,870 08/03/2021	(19,928)
Royal Bank of Scotland PLC	CHF	1,279	USD	1,425 08/05/2021	41,000
Royal Bank of Scotland PLC	JPY	205,670	USD	1,881 08/19/2021	29,307
Royal Bank of Scotland PLC	USD	10,938	HKD	84,921 08/19/2021	762
Royal Bank of Scotland PLC	USD	1,013	SGD	1,362 08/19/2021	(105)
Standard Chartered Bank	KRW	9,102,945	USD	8,164 07/22/2021	108,807
Standard Chartered Bank	HKD	40,976	USD	5,280 08/19/2021	1,850
UBS AG	JPY	164,298	USD	1,487 08/19/2021	7,366
UBS AG	USD	1,583	JPY	172,197 08/19/2021	(32,684)
					<u>\$ (3,531,077)</u>

(a) Non-income producing security.

(b) Security is exempt from registration under Rule 144A or Regulation S of the Securities Act of 1933. These securities are considered restricted, but liquid and may be resold in transactions exempt from registration. At June 30, 2021, the aggregate market value of these securities amounted to \$19,825,161 or 3.0% of net assets.

(c) Affiliated investments.

(d) The rate shown represents the 7-day yield as of period end.

(e) To obtain a copy of the fund's shareholder report, please go to the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov), or call AB at (800) 227-4618.

Currency Abbreviations:

AUD – Australian Dollar

CAD – Canadian Dollar

CHF – Swiss Franc

EUR – Euro

GBP – Great British Pound

HKD – Hong Kong Dollar

ILS – Israeli Shekel

JPY – Japanese Yen

KRW – South Korean Won

NOK – Norwegian Krone

SEK – Swedish Krona

SGD – Singapore Dollar

TWD – New Taiwan Dollar

USD – United States Dollar

Glossary:

EAFE – Europe, Australia, and Far East

MSCI – Morgan Stanley Capital International

REG – Registered Shares

REIT – Real Estate Investment Trust

See notes to financial statements.

## STATEMENT OF ASSETS & LIABILITIES

June 30, 2021

### Assets

Investments in securities, at value	
Unaffiliated issuers (cost \$530,872,924) .....	\$ 644,012,708
Affiliated issuers (cost \$23,857,060) .....	23,857,060
Cash collateral due from broker .....	258,746
Foreign currencies, at value (cost \$1,218,563) .....	1,213,324
Unaffiliated dividends receivable .....	2,433,486
Unrealized appreciation on forward currency exchange contracts .....	1,227,033
Receivable for capital stock sold .....	905,536
Receivable for investment securities sold .....	235,799
Affiliated dividends receivable .....	395
Total assets .....	<u>674,144,087</u>

### Liabilities

Due to Custodian .....	45
Unrealized depreciation on forward currency exchange contracts .....	4,758,110
Payable for capital stock redeemed .....	495,026
Advisory fee payable .....	392,388
Payable for investment securities purchased .....	195,824
Payable for variation margin on futures .....	29,370
Transfer Agent fee payable .....	7,015
Distribution fee payable .....	2,579
Directors' fee payable .....	3
Accrued expenses and other liabilities .....	231,493
Total liabilities .....	<u>6,111,853</u>
Net Assets .....	<u>\$ 668,032,234</u>

### Composition of Net Assets

Capital stock, at par .....	\$ 4,965
Additional paid-in capital .....	570,398,859
Distributable earnings .....	97,628,410
	<u>\$ 668,032,234</u>

### Net Asset Value Per Share—11 billion shares of capital stock authorized, \$.0001 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
<b>A</b>	\$ 11,135,711	833,218	\$ 13.36*
<b>C</b>	\$ 292,674	22,168	\$ 13.20
<b>Advisor</b>	\$ 656,591,721	48,798,657	\$ 13.46
<b>Z</b>	\$ 12,128	902	\$ 13.45

\* The maximum offering price per share for Class A shares was \$13.95, which reflects a sales charge of 4.25%.

See notes to financial statements.

## STATEMENT OF OPERATIONS

Year Ended June 30, 2021

### Investment Income

#### Dividends

Unaffiliated issuers (net of foreign taxes withheld of \$1,509,925) .....	\$ 14,175,512	
Affiliated issuers .....	9,389	
Securities lending income .....	8,151	\$ 14,193,052

### Expenses

Advisory fee (see Note B) .....	3,882,614	
Transfer agency—Class A .....	1,280	
Transfer agency—Class C .....	72	
Transfer agency—Advisor Class .....	67,051	
Transfer agency—Class Z .....	3	
Distribution fee—Class A .....	26,364	
Distribution fee—Class C .....	2,375	
Custody and accounting .....	212,305	
Administrative .....	85,782	
Audit and tax .....	76,279	
Registration fees .....	59,913	
Legal .....	39,590	
Printing .....	31,982	
Directors' fees .....	26,000	
Miscellaneous .....	37,334	
Total expenses .....	4,548,944	
Less: expenses waived and reimbursed by the Adviser (see Note B and Note E) .....	(39,912)	
Net expenses .....		4,509,032
Net investment income .....		9,684,020

### Realized and Unrealized Gain (Loss) on Investment and Foreign Currency Transactions

#### Net realized gain (loss) on:

Investment transactions .....	13,233,112
Forward currency exchange contracts .....	1,836,688
Futures .....	879,386
Foreign currency transactions .....	(98,186)

#### Net change in unrealized appreciation/ depreciation on:

Investments .....	94,399,578
Forward currency exchange contracts .....	(4,738,139)
Futures .....	(109,065)
Foreign currency denominated assets and liabilities .....	(12,796)

Net gain on investment and foreign currency transactions .....	105,390,578
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### Net Increase in Net Assets from

Operations .....	\$ 115,074,598
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See notes to financial statements.

## STATEMENT OF CHANGES IN NET ASSETS

	Year Ended June 30, 2021	Year Ended June 30, 2020
<b>Increase (Decrease) in Net Assets from Operations</b>		
Net investment income .....	\$ 9,684,020	\$ 5,481,675
Net realized gain (loss) on investment and foreign currency transactions .....	15,851,000	(28,162,860)
Net change in unrealized appreciation/depreciation on investments and foreign currency denominated assets and liabilities .....	89,539,578	8,442,145
Net increase (decrease) in net assets from operations .....	115,074,598	(14,239,040)
<b>Distributions to Shareholders</b>		
Class A .....	(163,017)	(18,788)
Class C .....	(1,731)	(2,354)
Advisor Class .....	(8,909,286)	(4,281,763)
Class Z .....	(168)	(139)
<b>Capital Stock Transactions</b>		
Net increase .....	116,250,954	260,886,503
Total increase .....	222,251,350	242,344,419
<b>Net Assets</b>		
Beginning of period .....	445,780,884	203,436,465
End of period .....	<b>\$ 668,032,234</b>	<b>\$ 445,780,884</b>

See notes to financial statements.



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## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE A

#### Significant Accounting Policies

AB Cap Fund, Inc. (the “Company”) is registered under the Investment Company Act of 1940 as an open-end management investment company. The Company, which is a Maryland corporation, operates as a series company comprised of 13 portfolios currently in operation. Each portfolio is considered to be a separate entity for financial reporting and tax purposes. This report relates only to the AB International Strategic Core Portfolio (the “Fund”), a diversified portfolio. The Fund has authorized the issuance of Class A, Class B, Class C, Advisor Class, Class R, Class K, Class I, Class Z, Class T, Class 1, and Class 2 shares. Effective November 20, 2019 the Fund commenced offering of Class Z shares. Class B, Class R, Class K, Class I, Class T, Class 1, and Class 2 shares are not currently being offered. Class A shares are sold with a front-end sales charge of up to 4.25% for purchases not exceeding \$1,000,000. With respect to purchases of \$1,000,000 or more, Class A shares redeemed within one year of purchase may be subject to a contingent deferred sales charge of 1%. Class C shares are subject to a contingent deferred sales charge of 1% on redemptions made within the first year after purchase, and 0% after the first year of purchase. Effective May 31, 2021, Class C shares will automatically convert to Class A shares eight years after the end of the calendar month of purchase. Prior to May 31, 2021, Class C shares automatically converted to Class A shares ten years after the end of the calendar month of purchase. Advisor Class shares are sold without an initial or contingent deferred sales charge and are not subject to ongoing distribution expenses. All 11 classes of shares have identical voting, dividend, liquidation and other rights, except that the classes bear different distribution and transfer agency expenses. Each class has exclusive voting rights with respect to its distribution plan. The financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”), which require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The Fund is an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. The following is a summary of significant accounting policies followed by the Fund.

#### 1. Security Valuation

Portfolio securities are valued at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are deemed unreliable, at “fair value” as determined in accordance with procedures established by and under the general supervision of the Company’s Board of Directors (the “Board”).

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## NOTES TO FINANCIAL STATEMENTS (continued)

In general, the market values of securities which are readily available and deemed reliable are determined as follows: securities listed on a national securities exchange (other than securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ")) or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the last traded price from the previous day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities listed only on NASDAQ are valued in accordance with the NASDAQ Official Closing Price; listed or over the counter ("OTC") market put or call options are valued at the mid level between the current bid and ask prices. If either a current bid or current ask price is unavailable, AllianceBernstein L.P. (the "Adviser") will have discretion to determine the best valuation (e.g., last trade price in the case of listed options); open futures are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; U.S. Government securities and any other debt instruments having 60 days or less remaining until maturity are generally valued at market by an independent pricing vendor, if a market price is available. If a market price is not available, the securities are valued at amortized cost. This methodology is commonly used for short term securities that have an original maturity of 60 days or less, as well as short term securities that had an original term to maturity that exceeded 60 days. In instances when amortized cost is utilized, the Valuation Committee (the "Committee") must reasonably conclude that the utilization of amortized cost is approximately the same as the fair value of the security. Factors the Committee will consider include, but are not limited to, an impairment of the creditworthiness of the issuer or material changes in interest rates. Fixed-income securities, including mortgage-backed and asset-backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker-dealers. In cases where broker-dealer quotes are obtained, the Adviser may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security. Swaps and other derivatives are valued daily, primarily using independent pricing services, independent pricing models using market inputs, as well as third party broker-dealers or counterparties. Open-end mutual funds are valued at the closing net asset value per share, while exchange traded funds are valued at the closing market price per share.

Securities for which market quotations are not readily available (including restricted securities) or are deemed unreliable are valued at fair value as deemed appropriate by the Adviser. Factors considered in making this

determination may include, but are not limited to, information obtained by contacting the issuer, analysts, analysis of the issuer's financial statements or other available documents. In addition, the Fund may use fair value pricing for securities primarily traded in non-U.S. markets because most foreign markets close well before the Fund values its securities at 4:00 p.m., Eastern Time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities. To account for this, the Fund generally values many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available.

## **2. Fair Value Measurements**

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability (including those valued based on their market values as described in Note A.1 above). Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The fair value of debt instruments, such as bonds, and over-the-counter derivatives is generally based on market price quotations, recently executed market transactions (where observable) or industry recognized modeling techniques and are generally classified as Level 2. Pricing vendor inputs to Level 2 valuations may include quoted prices for similar investments in active markets, interest rate curves, coupon rates, currency rates, yield curves, option adjusted spreads, default rates, credit spreads and

## NOTES TO FINANCIAL STATEMENTS (continued)

other unique security features in order to estimate the relevant cash flows which are then discounted to calculate fair values. If these inputs are unobservable and significant to the fair value, these investments will be classified as Level 3.

Where readily available market prices or relevant bid prices are not available for certain equity investments, such investments may be valued based on similar publicly traded investments, movements in relevant indices since last available prices or based upon underlying company fundamentals and comparable company data (such as multiples to earnings or other multiples to equity). Where an investment is valued using an observable input, such as another publicly traded security, the investment will be classified as Level 2. If management determines that an adjustment is appropriate based on restrictions on resale, illiquidity or uncertainty, and such adjustment is a significant component of the valuation, the investment will be classified as Level 3. An investment will also be classified as Level 3 where management uses company fundamentals and other significant inputs to determine the valuation.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of June 30, 2021:

<b>Investments in Securities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Common Stocks:				
Financials.....	\$ 27,259,763	\$ 118,288,786	\$ - 0 -	\$ 145,548,549
Information Technology .....	24,099,894	82,089,621	- 0 -	106,189,515
Industrials .....	- 0 -	71,199,555	- 0 -	71,199,555
Consumer Staples .....	9,055,681	58,821,621	- 0 -	67,877,302
Health Care .....	5,018,290	58,218,590	- 0 -	63,236,880
Consumer Discretionary ....	- 0 -	62,822,220	- 0 -	62,822,220
Communication Services ...	9,987,919	47,837,458	- 0 -	57,825,377
Utilities .....	7,957,768	12,945,278	- 0 -	20,903,046
Materials.....	- 0 -	18,932,664	- 0 -	18,932,664
Real Estate.....	- 0 -	18,063,730	- 0 -	18,063,730
Energy .....	- 0 -	11,413,870	- 0 -	11,413,870
Short-Term Investments:				
Investment Companies .....	23,857,060	- 0 -	- 0 -	23,857,060
Total Investments in				
Securities.....	107,236,375	560,633,393+	- 0 -	667,869,768
<b>Other Financial Instruments*:</b>				
<b>Assets</b>				
Forward Currency Exchange				
Contracts .....	- 0 -	1,227,033	- 0 -	1,227,033
<b>Liabilities</b>				
Futures.....	(109,065)	- 0 -	- 0 -	(109,065) <sup>†</sup>
Forward Currency Exchange				
Contracts .....	- 0 -	(4,758,110)	- 0 -	(4,758,110)
<b>Total .....</b>	<b>\$ 107,127,310</b>	<b>\$ 557,102,316</b>	<b>\$ - 0 -</b>	<b>\$ 664,229,626</b>

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## NOTES TO FINANCIAL STATEMENTS (continued)

- + A significant portion of the Fund's foreign equity investments are categorized as Level 2 investments since they are valued using fair value prices based on third party vendor modeling tools to the extent available, see Note A.1.
- \* Other financial instruments are derivative instruments, such as futures, forwards and swaps, which are valued at the unrealized appreciation/(depreciation) on the instrument. Other financial instruments may also include swaps with upfront premiums, options written and swaptions written which are valued at market value.
- † Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative unrealized appreciation/(depreciation) on futures and centrally cleared swaps as reported in the portfolio of investments. Where applicable, centrally cleared swaps with upfront premiums are presented here at market value.

### 3. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and ask prices of such currencies against the U.S. dollar. Purchases and sales of portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated into U.S. dollars at the rates of exchange prevailing when accrued.

Net realized gain or loss on foreign currency transactions represents foreign exchange gains and losses from sales and maturities of foreign fixed income investments, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign investment transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation or depreciation of foreign currency denominated assets and liabilities.

### 4. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required. The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation/depreciation as such income and/or gains are earned.

In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Fund's tax positions taken or expected to be taken on federal and state income tax

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## NOTES TO FINANCIAL STATEMENTS (continued)

returns for all open tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Fund's financial statements.

### 5. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date or as soon as the Fund is informed of the dividend. Interest income is accrued daily. Investment transactions are accounted for on the date the securities are purchased or sold. Investment gains or losses are determined on the identified cost basis. The Fund amortizes premiums and accretes discounts as adjustments to interest income. The Fund accounts for distributions received from REIT investments or from regulated investment companies as dividend income, realized gain, or return of capital based on information provided by the REIT or the investment company.

### 6. Class Allocations

All income earned and expenses incurred by the Fund are borne on a pro-rata basis by each outstanding class of shares, based on the proportionate interest in the Fund represented by the net assets of such class, except for class specific expenses which are allocated to the respective class. Expenses of the Company are charged proportionately to each portfolio or based on other appropriate methods. Realized and unrealized gains and losses are allocated among the various share classes based on respective net assets.

### 7. Dividends and Distributions

Dividends and distributions to shareholders, if any, are recorded on the ex-dividend date. Income dividends and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance with U.S. GAAP. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

## NOTE B

### Advisory Fee and Other Transactions with Affiliates

Under the terms of the investment advisory agreement, the Fund pays the Adviser an advisory fee at an annual rate of .65% of the first \$2.5 billion, .55% of the excess of \$2.5 billion up to \$5 billion and .50% of the excess over \$5 billion of the Fund's average daily net assets. Prior to November 4, 2020, the Fund paid the Adviser an annual rate of .75% of the first \$2.5 billion, .65% of the excess of \$2.5 billion up to \$5 billion and .60% of the excess over \$5 billion of the Fund's average daily net assets. The fee is accrued daily and paid monthly. The Adviser has agreed to waive its fees and bear certain expenses to the extent necessary to limit total operating

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## NOTES TO FINANCIAL STATEMENTS (continued)

expenses (excluding acquired fund fees and expenses other than the advisory fees of any AB mutual funds in which the Fund may invest, interest expense, taxes, extraordinary expenses, and brokerage commissions and other transaction costs) on an annual basis (the “Expense Caps”) to 1.00%, 1.75%, .75% and .75% of the daily average net assets for Class A, Class C, Advisor Class and Class Z shares, respectively. For the year ended June 30, 2021, such reimbursements/waivers amounted to \$27. The Expense Caps may not be terminated by the Adviser before October 31, 2021. Prior to November 4, 2020, the Adviser had agreed to waive its fees and bear certain expenses to the extent necessary to limit total operating expenses (excluding acquired fund fees and expenses other than the advisory fees of any AB mutual funds in which the Fund may invest, interest expense, taxes, extraordinary expenses, and brokerage commissions and other transaction costs) on an annual basis to 1.20%, 1.95%, .95% and .95% of the daily average net assets for Class A, Class C, Advisor Class and Class Z shares, respectively.

Pursuant to the investment advisory agreement, the Fund may reimburse the Adviser for certain legal and accounting services provided to the Fund by the Adviser. For the year ended June 30, 2021, the reimbursement for such services amounted to \$63,879. For the year ended June 30, 2021, the Adviser voluntarily agreed to waive such fees in the amount of \$21,903.

The Fund compensates AllianceBernstein Investor Services, Inc. (“ABIS”), a wholly-owned subsidiary of the Adviser, under a Transfer Agency Agreement for providing personnel and facilities to perform transfer agency services for the Fund. ABIS may make payments to intermediaries that provide omnibus account services, sub-accounting services and/or networking services. Such compensation retained by ABIS amounted to \$37,373 for the year ended June 30, 2021.

AllianceBernstein Investments, Inc. (the “Distributor”), a wholly-owned subsidiary of the Adviser, serves as the distributor of the Fund’s shares. The Distributor has advised the Fund that it has retained front-end sales charges of \$446 from the sale of Class A shares and received \$4 and \$0 in contingent deferred sales charges imposed upon redemptions by shareholders of Class A and Class C shares, respectively, for the year ended June 30, 2021.

The Fund may invest in AB Government Money Market Portfolio (the “Government Money Market Portfolio”) which has a contractual annual advisory fee rate of .20% of the portfolio’s average daily net assets and bears its own expenses. The Adviser has contractually agreed to waive .10% of the advisory fee of Government Money Market Portfolio (resulting

## NOTES TO FINANCIAL STATEMENTS (continued)

in a net advisory fee of .10%) until August 31, 2022. In connection with the investment by the Fund in Government Money Market Portfolio, the Adviser has contractually agreed to waive its advisory fee from the Fund in an amount equal to the Fund's pro rata share of the effective advisory fees of Government Money Market Portfolio, as borne indirectly by the Fund as an acquired fund fee and expense. For the year ended June 30, 2021, such waiver amounted to \$17,962.

A summary of the Fund's transactions in AB mutual funds for the year ended June 30, 2021 is as follows:

<b>Fund</b>	<b>Market Value 6/30/20 (000)</b>	<b>Purchases at Cost (000)</b>	<b>Sales Proceeds (000)</b>	<b>Market Value 6/30/21 (000)</b>	<b>Dividend Income (000)</b>
Government Money Market Portfolio .....	\$ 22,863	\$ 158,974	\$ 157,980	\$ 23,857	\$ 9
Government Money Market Portfolio* .....	- 0 -	61,127	61,127	- 0 -	0**
Total .....				<u>\$ 23,857</u>	<u>\$ 9</u>

\* Investment of cash collateral for securities lending transactions (see Note E).

\*\* Amount is less than \$500.

During the second quarter of 2018, AXA S.A. ("AXA"), a French holding company for the AXA Group, completed the sale of a minority stake in its subsidiary, AXA Equitable Holdings, Inc. (now named Equitable Holdings, Inc.) ("Equitable"), through an initial public offering. Equitable is the holding company for a diverse group of financial services companies, including an approximate 65% economic interest in the Adviser and a 100% interest in AllianceBernstein Corporation, the general partner of the Adviser. Since the initial sale, AXA has completed additional offerings (and related transactions). As a result, as of May 20, 2021, AXA no longer owns shares of Equitable.

Sales that were completed on November 13, 2019 resulted in the indirect transfer of a "controlling block" of voting securities of the Adviser (a "Change of Control Event") and may have been deemed to have been an "assignment" causing a termination of the Fund's investment advisory agreement. In order to ensure that investment advisory services could continue uninterrupted in the event of a Change of Control Event, the Board previously approved a new investment advisory agreement with the Adviser, and shareholders of the Fund subsequently approved the new investment advisory agreement. The agreement became effective on November 13, 2019.



## NOTES TO FINANCIAL STATEMENTS (continued)

### NOTE C

#### Distribution Services Agreement

The Fund has adopted a Distribution Services Agreement (the "Agreement") pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under the Agreement, the Fund pays distribution and servicing fees to the Distributor at an annual rate of up to .25% of the Fund's average daily net assets attributable to Class A shares and 1% of the Fund's average daily net assets attributable to Class C shares. There are no distribution and servicing fees on the Advisor Class. The fees are accrued daily and paid monthly. The Agreement provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities. Since the commencement of the Fund's operations, the Distributor has incurred expenses in excess of the distribution costs reimbursed by the Fund in the amount of \$183 for Class C shares. While such costs may be recovered from the Fund in future periods so long as the Agreement is in effect, the rate of the distribution and servicing fees payable under the Agreement may not be increased without a shareholder vote. In accordance with the Agreement, there is no provision for recovery of unreimbursed distribution costs incurred by the Distributor beyond the current fiscal year for Class A shares. The Agreement also provides that the Adviser may use its own resources to finance the distribution of the Fund's shares.

### NOTE D

#### Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended June 30, 2021, were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities) .....	\$ 311,399,212	\$ 186,623,845
U.S. government securities .....	0 –	0 –

The cost of investments for federal income tax purposes, gross unrealized appreciation and unrealized depreciation are as follows:

Cost .....	\$ 560,869,643
Gross unrealized appreciation .....	\$ 125,349,624
Gross unrealized depreciation .....	(18,110,763)
Net unrealized appreciation .....	\$ 107,238,861

### 1. Derivative Financial Instruments

The Fund may use derivatives in an effort to earn income and enhance returns, to replace more traditional direct investments, to obtain exposure to otherwise inaccessible markets (collectively, "investment purposes"), or to hedge or adjust the risk profile of its portfolio.

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## NOTES TO FINANCIAL STATEMENTS (continued)

The principal types of derivatives utilized by the Fund, as well as the methods in which they may be used are:

- **Forward Currency Exchange Contracts**

The Fund may enter into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to hedge certain firm purchase and sale commitments denominated in foreign currencies and for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under “Currency Transactions”.

A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contract and the closing of such contract would be included in net realized gain or loss on forward currency exchange contracts. Fluctuations in the value of open forward currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and/or depreciation by the Fund. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

During the year ended June 30, 2021, the Fund held forward currency exchange contracts for hedging purposes.

- **Futures**

The Fund may buy or sell futures for investment purposes or for the purpose of hedging its portfolio against adverse effects of potential movements in the market. The Fund bears the market risk that arises from changes in the value of these instruments and the imperfect correlation between movements in the price of the futures and movements in the price of the assets, reference rates or indices which they are designed to track. Among other things, the Fund may purchase or sell futures for foreign currencies or options thereon for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under “Currency Transactions”.

At the time the Fund enters into futures, the Fund deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Such amount is shown as cash collateral due from broker on the statement of assets and liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are

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## NOTES TO FINANCIAL STATEMENTS (continued)

known as variation margin and are recorded by the Fund as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. The credit/counterparty risk for exchange-traded futures is generally less than privately negotiated futures, since the clearinghouse, which is the issuer or counterparty to each exchange-traded future, has robust risk mitigation standards, including the requirement to provide initial and variation margin. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

Use of long futures subjects the Fund to risk of loss in excess of the amounts shown on the statement of assets and liabilities, up to the notional value of the futures. Use of short futures subjects the Fund to unlimited risk of loss. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of futures can vary from the previous day's settlement price, which could effectively prevent liquidation of unfavorable positions.

During the year ended June 30, 2021, the Fund held futures for non-hedging purposes.

The Fund typically enters into International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreement") with its OTC derivative contract counterparties in order to, among other things, reduce its credit risk to OTC counterparties. ISDA Master Agreements include provisions for general obligations, representations, collateral and events of default or termination. Under an ISDA Master Agreement, the Fund typically may offset with the OTC counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment (close-out netting) in the event of default or termination. In the event of a default by an OTC counterparty, the return of collateral with market value in excess of the Fund's net liability, held by the defaulting party, may be delayed or denied.

The Fund's ISDA Master Agreements may contain provisions for early termination of OTC derivative transactions in the event the net assets of the Fund decline below specific levels ("net asset contingent features"). If these levels are triggered, the Fund's OTC counterparty has the right to terminate such transaction and require the Fund to pay or receive a settlement amount in connection with the terminated transaction. If OTC derivatives were held at period end, please refer to netting arrangements by the OTC counterparty tables below for additional details.

## NOTES TO FINANCIAL STATEMENTS (continued)

During the year ended June 30, 2021, the Fund had entered into the following derivatives:

Derivative Type	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Foreign currency contracts.....	Unrealized appreciation on forward currency exchange contracts	\$ 1,227,033	Unrealized depreciation on forward currency exchange contracts	\$ 4,758,110
Equity contracts ....			Receivable/Payable for variation margin on futures	109,065*
Total.....		<u>\$ 1,227,033</u>		<u>\$ 4,867,175</u>

\* Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative unrealized appreciation/depreciation on futures and centrally cleared swaps as reported in the portfolio of investments.

Derivative Type	Location of Gain or (Loss) on Derivatives Within Statement of Operations	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Foreign currency contracts .....	Net realized gain/(loss) on forward currency exchange contracts; Net change in unrealized appreciation/depreciation on forward currency exchange contracts	\$ 1,836,688	\$ (4,738,139)
Equity contracts .....	Net realized gain/(loss) on futures; Net change in unrealized appreciation/depreciation on futures	879,386	(109,065)
Total .....		<u>\$ 2,716,074</u>	<u>\$ (4,847,204)</u>

The following table represents the average monthly volume of the Fund's derivative transactions during the year ended June 30, 2021:

Forward Currency Exchange Contracts:

Average principal amount of buy contracts.....	\$ 154,466,351
Average principal amount of sale contracts .....	\$ 132,291,971

Futures:

Average notional amount of buy contracts .....	\$ 5,208,127 <sup>(a)</sup>
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(a) Positions were open for nine months during the reporting period.

## NOTES TO FINANCIAL STATEMENTS (continued)

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the statement of assets and liabilities.

All OTC derivatives held at period end were subject to netting arrangements. The following table presents the Fund's derivative assets and liabilities by OTC counterparty net of amounts available for offset under ISDA Master Agreements ("MA") and net of the related collateral received/pledged by the Fund as of June 30, 2021. Exchange-traded derivatives and centrally cleared swaps are not subject to netting arrangements and as such are excluded from the tables.

Counterparty	Derivative Assets Subject to a MA	Derivatives Available for Offset	Cash Collateral Received*	Security Collateral Received*	Net Amount of Derivative Assets
Bank of America, NA.....	\$ 259,904	\$ (140,357)	\$ - 0 -	\$ - 0 -	\$ 119,547
BNP Paribas SA.....	204,549	(204,549)	- 0 -	- 0 -	- 0 -
Brown Brothers Harriman & Co.....	171,153	(171,153)	- 0 -	- 0 -	- 0 -
Goldman Sachs Bank USA.....	57,971	(57,971)	- 0 -	- 0 -	- 0 -
HSBC Bank USA.....	36,689	(11,776)	- 0 -	- 0 -	24,913
JPMorgan Chase Bank, NA.....	31,100	(31,100)	- 0 -	- 0 -	- 0 -
Morgan Stanley Capital Services LLC.....	276,575	(75,029)	- 0 -	- 0 -	201,546
Royal Bank of Scotland PLC.....	71,069	(20,033)	- 0 -	- 0 -	51,036
Standard Chartered Bank.....	110,657	- 0 -	- 0 -	- 0 -	110,657
UBS AG.....	7,366	(7,366)	- 0 -	- 0 -	- 0 -
Total.....	\$ 1,227,033	\$ (719,334)	\$ - 0 -	\$ - 0 -	\$ 507,699 <sup>^</sup>

Counterparty	Derivative Liabilities Subject to a MA	Derivatives Available for Offset	Cash Collateral Pledged*	Security Collateral Pledged*	Net Amount of Derivative Liabilities
Bank of America, NA.....	\$ 140,357	\$ (140,357)	\$ - 0 -	\$ - 0 -	\$ - 0 -
BNP Paribas SA.....	1,067,212	(204,549)	- 0 -	- 0 -	862,663
Brown Brothers Harriman & Co.....	388,695	(171,153)	- 0 -	- 0 -	217,542
Citibank, NA.....	625,220	- 0 -	- 0 -	- 0 -	625,220
Deutsche Bank AG.....	31,444	- 0 -	- 0 -	- 0 -	31,444
Goldman Sachs Bank USA.....	1,036,033	(57,971)	- 0 -	- 0 -	978,062
HSBC Bank USA.....	11,776	(11,776)	- 0 -	- 0 -	- 0 -
JPMorgan Chase Bank, NA.....	1,329,627	(31,100)	- 0 -	- 0 -	1,298,527
Morgan Stanley Capital Services LLC.....	75,029	(75,029)	- 0 -	- 0 -	- 0 -
Royal Bank of Scotland PLC.....	20,033	(20,033)	- 0 -	- 0 -	- 0 -
UBS AG.....	32,684	(7,366)	- 0 -	- 0 -	25,318
Total.....	\$ 4,758,110	\$ (719,334)	\$ - 0 -	\$ - 0 -	\$ 4,038,776 <sup>^</sup>

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## NOTES TO FINANCIAL STATEMENTS (continued)

\* The actual collateral received/pledged may be more than the amount reported due to overcollateralization.

^ Net amount represents the net receivable/payable that would be due from/to the counterparty in the event of default or termination. The net amount from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same counterparty.

### 2. Currency Transactions

The Fund may invest in non-U.S. Dollar-denominated securities on a currency hedged or unhedged basis. The Fund may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures, swaps, and other options. The Fund may enter into transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value but securities denominated in that currency are not held by the Fund and do not present attractive investment opportunities. Such transactions may also be used when the Adviser believes that it may be more efficient than a direct investment in a foreign currency-denominated security. The Fund may also conduct currency exchange contracts on a spot basis (i.e., for cash at the spot rate prevailing in the currency exchange market for buying or selling currencies).

### NOTE E

#### Securities Lending

The Fund may enter into securities lending transactions. Under the Fund's securities lending program, all loans of securities will be collateralized continually by cash collateral and/or non-cash collateral. Non-cash collateral will include only securities issued or guaranteed by the U.S. government or its agencies or instrumentalities. The Fund cannot sell or repledge any non-cash collateral, such collateral will not be reflected in the portfolio of investments. If a loan is collateralized by cash, the Fund will be compensated for the loan from a portion of the net return from the income earned on cash collateral after a rebate is paid to the borrower (in some cases, this rebate may be a "negative rebate" or fee paid by the borrower to the Fund in connection with the loan), and payments are made for fees of the securities lending agent and for certain other administrative expenses. If the Fund receives non-cash collateral, the Fund will receive a fee from the borrower generally equal to a negotiated percentage of the market value of the loaned securities. The Fund will have the right to call a loan and obtain the securities loaned at any time on notice to the borrower within the normal and customary settlement time for the securities. While the securities are on loan, the borrower is obligated to pay the Fund amounts equal to any income or other distributions from the securities; however, these distributions will not be afforded the same preferential tax treatment as qualified dividends. The Fund will not be able to exercise voting rights with respect to any securities during the existence of a loan, but will have the

## NOTES TO FINANCIAL STATEMENTS (continued)

right to regain ownership of loaned securities in order to exercise voting or other ownership rights. Collateral received and securities loaned are marked to market daily to ensure that the securities loaned are secured by collateral. The lending agent currently invests the cash collateral received in Government Money Market Portfolio, an eligible money market vehicle, in accordance with the investment restrictions of the Fund, and as approved by the Board. The collateral received on securities loaned is recorded as an asset as well as a corresponding liability in the statement of assets and liabilities. The collateral will be adjusted the next business day to maintain the required collateral amount. The amounts of securities lending income from the borrowers and Government Money Market Portfolio are reflected in the statement of operations. When the Fund earns net securities lending income from Government Money Market Portfolio, the income is inclusive of a rebate expense paid to the borrower. In connection with the cash collateral investment by the Fund in the Government Money Market Portfolio, the Adviser has agreed to waive a portion of the Fund's share of the advisory fees of Government Money Market Portfolio, as borne indirectly by the Fund as an acquired fund fee and expense. When the Fund lends securities, its investment performance will continue to reflect changes in the value of the securities loaned. A principal risk of lending portfolio securities is that the borrower may fail to return the loaned securities upon termination of the loan and that the collateral will not be sufficient to replace the loaned securities. The lending agent has agreed to indemnify the Fund in the case of default of any securities borrower.

A summary of the Fund's transactions surrounding securities lending for the year ended June 30, 2021 is as follows:

Market Value of Securities on Loan*	Cash Collateral*	Market Value of Non-Cash Collateral*	Income from Borrowers	Government Money Market Portfolio	
				Income Earned	Advisory Fee Waived
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 8,027	\$ 124	\$ 20

\* As of June 30, 2021.

## NOTES TO FINANCIAL STATEMENTS (continued)

### NOTE F

#### Capital Stock

Each class consists of 1,000,000,000 authorized shares. Transactions in capital shares for each class were as follows:

	Shares		Amount	
	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2020
<b>Class A</b>				
Shares sold	129,188	836,254	\$ 1,581,524	\$ 9,513,368
Shares issued in reinvestment of dividends	3,463	1,487	42,317	17,800
Shares converted from Class C	5	– 0 –	70	– 0 –
Shares redeemed	(153,781)	(98,238)	(1,910,324)	(947,584)
<b>Net increase (decrease)</b>	<b>(21,125)</b>	<b>739,503</b>	<b>\$ (286,413)</b>	<b>\$ 8,583,584</b>
<b>Class C</b>				
Shares sold	5,673	2,843	\$ 69,799	\$ 31,807
Shares issued in reinvestment of dividends	126	176	1,528	2,088
Shares converted to Class A	(5)	– 0 –	(70)	– 0 –
Shares redeemed	(1,079)	(4,377)	(13,387)	(49,919)
<b>Net increase (decrease)</b>	<b>4,715</b>	<b>(1,358)</b>	<b>\$ 57,870</b>	<b>\$ (16,024)</b>
<b>Advisor Class</b>				
Shares sold	17,666,551	29,797,225	\$ 219,414,388	\$ 336,573,858
Shares issued in reinvestment of dividends	607,328	306,062	7,457,993	3,675,808
Shares redeemed	(8,755,623)	(8,018,592)	(110,394,619)	(87,940,744)
<b>Net increase</b>	<b>9,518,256</b>	<b>22,084,695</b>	<b>\$ 116,477,762</b>	<b>\$ 252,308,922</b>
<b>Class Z</b>				
Shares sold	7,361	829	\$ 86,440	\$ 10,021
Shares redeemed	(7,288)	– 0 –	(84,705)	– 0 –
<b>Net increase</b>	<b>73</b>	<b>829</b>	<b>\$ 1,735</b>	<b>\$ 10,021</b>



**NOTE G****Risks Involved in Investing in the Fund**

**Market Risk**—The value of the Fund's assets will fluctuate as the stock or bond markets fluctuate. The value of the Fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events, including public health crises (including the occurrence of a contagious disease or illness), that affect large portions of the market. It includes the risk that a particular style of investing may underperform the market generally.

**Sector Risk**—The Fund may have more risk because it may invest to a significant extent in one or more particular market sectors, such as the information technology or financial services sector. To the extent it does so, market or economic factors affecting the relevant sector(s) could have a major effect on the value of the Fund's investments.

**Foreign (Non-U.S.) Risk**—Investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be more difficult to trade due to adverse market, economic, political, regulatory or other factors. These risks may be heightened with respect to investments in emerging market countries, where there may be an increased amount of economic, political and social instability.

**Currency Risk**—Fluctuations in currency exchange rates may negatively affect the value of the Fund's investments or reduce its returns.

**Capitalization Risk**—Investments in mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in mid-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.

**Derivatives Risk**—The Fund may enter into derivative transactions such as forwards, options, futures and swaps. Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Fund, and subject to counterparty risk to a greater degree than more traditional investments. Derivatives may result in significant losses, including losses that are far greater than the value of the derivatives reflected on the statement of assets and liabilities.

**LIBOR Transition and Associated Risk**—A Fund may invest in debt securities, derivatives or other financial instruments that utilize the London Interbank Offered Rate, or "LIBOR," as a "benchmark" or "reference rate" for various interest rate calculations. The United Kingdom Financial Con-

duct Authority, which regulates LIBOR, will cease publishing certain LIBOR benchmarks at the end of 2021. Although certain LIBOR rates are intended to be published until June 2023, banks are strongly encouraged to cease entering into agreements with counterparties referencing LIBOR by the end of 2021. Although financial regulators and industry working groups have suggested alternative reference rates, such as the European Interbank Offer Rate, the Sterling Overnight Interbank Average Rate and the Secured Overnight Financing Rate, global consensus on alternative rates is lacking and the process for amending existing contracts or instruments to transition away from LIBOR is underway but remains incomplete. The elimination of LIBOR or changes to other reference rates or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates, which may adversely affect a Fund's performance and/or net asset value. Uncertainty and risk also remain regarding the willingness and ability of issuers and lenders to include revised provisions in new and existing contracts or instruments. Consequently, the transition away from LIBOR to other reference rates may lead to increased volatility and illiquidity in markets that are tied to LIBOR, fluctuations in values of LIBOR-related investments or investments in issuers that utilize LIBOR, increased difficulty in borrowing or refinancing and diminished effectiveness of hedging strategies, potentially adversely affecting a Fund's performance. Furthermore, the risks associated with the expected discontinuation of LIBOR and transition may be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. Because the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the end of 2021.

**Indemnification Risk**—In the ordinary course of business, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote. Therefore, the Fund has not accrued any liability in connection with these indemnification provisions.

**Management Risk**—The Fund is subject to management risk because it is an actively-managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Fund, but there is no guarantee that its techniques will produce the intended results. Some of these techniques may incorporate, or rely upon, quantitative models, but there is no guarantee that these models will generate accurate forecasts, reduce risk or otherwise perform as expected.

## NOTES TO FINANCIAL STATEMENTS (continued)

### NOTE H

#### Joint Credit Facility

A number of open-end mutual funds managed by the Adviser, including the Fund, participate in a \$325 million revolving credit facility (the "Facility") intended to provide short-term financing related to redemptions and other short term liquidity requirements, subject to certain restrictions. Commitment fees related to the Facility are paid by the participating funds and are included in miscellaneous expenses in the statement of operations. The Fund did not utilize the Facility during the year ended June 30, 2021.

### NOTE I

#### Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended June 30, 2021 and June 30, 2020 were as follows:

	2021	2020
Distributions paid from:		
Ordinary income .....	\$ 9,074,202	\$ 4,303,044
Total taxable distributions paid .....	\$ 9,074,202	\$ 4,303,044

As of June 30, 2021, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income.....	\$ 3,245,684
Accumulated capital and other losses .....	(12,854,114) <sup>(a)</sup>
Unrealized appreciation/(depreciation) .....	107,236,840 <sup>(b)</sup>
Total accumulated earnings/(deficit) .....	\$ 97,628,410

(a) As of June 30, 2021, the Fund had a net capital loss carryforward of \$12,854,114. During the fiscal year, the Fund utilized \$14,714,970 of capital loss carry forwards to offset current year net realized gains.

(b) The differences between book-basis and tax-basis unrealized appreciation/(depreciation) are attributable primarily to the recognition for tax purposes of unrealized gains/losses on certain derivative instruments, the tax treatment of passive foreign investment companies (PFICs), the tax deferral of losses on wash sales, and the tax treatment of partnership investments.

For tax purposes, net realized capital losses may be carried over to offset future capital gains, if any. Funds are permitted to carry forward capital losses for an indefinite period, and such losses will retain their character as either short-term or long-term capital losses. As of June 30, 2021, the Fund had a net short-term capital loss carryforward of \$11,542,478 and a net long-term capital loss carryforward of \$1,311,636, which may be carried forward for an indefinite period.

During the current fiscal year, there were no permanent differences that resulted in adjustments to distributable earnings or additional paid-in capital.

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## NOTES TO FINANCIAL STATEMENTS (continued)

### NOTE J

#### Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2020-04, "Reference Rate Reform (Topic 848)—Facilitation of the Effects of Reference Rate Reform on Financial Reporting." ASU 2020-04 provides optional guidance to ease the potential accounting burden due to the discontinuation of the LIBOR and other interbank-offered based reference rates. ASU 2020-04 is effective as of March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of applying ASU 2020-04.

### NOTE K

#### Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Fund's financial statements through this date.

## FINANCIAL HIGHLIGHTS

### Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class A				
	Year Ended June 30,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period .....	\$ 11.05	\$ 11.70	\$ 12.04	\$ 11.04	\$ 9.79
<b>Income From Investment Operations</b>					
Net investment income <sup>(a)(b)</sup> .....	.17	.25	.27	.20	.22
Net realized and unrealized gain (loss) on investment and foreign currency transaction .....	2.33	(.74)	(.33)	.93	1.11
Net increase (decrease) in net asset value from operations .....	2.50	(.49)	(.06)	1.13	1.33
<b>Less: Dividends and Distributions</b>					
Dividends from net investment income .....	(.19)	(.16)	(.16)	(.07)	(.08)
Distributions from net realized gain on investment and foreign currency transactions .....	- 0 -	- 0 -	(.12)	(.06)	- 0 -
Total dividends and distribution .....	(.19)	(.16)	(.28)	(.13)	(.08)
Net asset value, end of period .....	<b>\$ 13.36</b>	<b>\$ 11.05</b>	<b>\$ 11.70</b>	<b>\$ 12.04</b>	<b>\$ 11.04</b>
<b>Total Return</b>					
Total investment return based on net asset value <sup>(c)</sup> .....	22.81 %	(4.33)%	(.28)%	10.25 %	13.72 %
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (000's omitted) .....	\$11,136	\$9,439	\$1,344	\$460	\$234
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements <sup>(d)†</sup> .....	1.04 %	1.19 %	1.20 %	1.19 %	1.19 %
Expenses, before waivers/reimbursements <sup>(d)†</sup> .....	1.04 %	1.27 %	1.51 %	1.93 %	5.13 %
Net investment income <sup>(b)</sup> .....	1.39 %	2.31 %	2.38 %	1.71 %	2.15 %
Portfolio turnover rate .....	35 %	39 %	51 %	53 %	64 %
† Expense ratios exclude the estimated acquired fund fees of affiliated/unaffiliated underlying portfolios .....	.00 %	.00 %	.00 %	.01 %	.01 %

See footnote summary on page 46.

## FINANCIAL HIGHLIGHTS (continued)

### Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class C				
	Year Ended June 30,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period .....	\$ 10.91	\$ 11.60	\$ 11.95	\$ 11.01	\$ 9.75
<b>Income From Investment Operations</b>					
Net investment income <sup>(a)(b)</sup> .....	.09	.06	.18	.10	.19
Net realized and unrealized gain (loss) on investment and foreign currency transactions .....	2.29	(.63)	(.32)	.93	1.07
Net increase (decrease) in net asset value from operations .....	2.38	(.57)	(.14)	1.03	1.26
<b>Less: Dividends and Distributions</b>					
Dividends from net investment income .....	(.09)	(.12)	(.09)	(.03)	— 0 —
Distributions from net realized gain on investment and foreign currency transactions .....	— 0 —	— 0 —	(.12)	(.06)	— 0 —
Total dividends and distributions ...	(.09)	(.12)	(.21)	(.09)	— 0 —
Net asset value, end of period .....	<b>\$ 13.20</b>	<b>\$ 10.91</b>	<b>\$ 11.60</b>	<b>\$ 11.95</b>	<b>\$ 11.01</b>
<b>Total Return</b>					
Total investment return based on net asset value <sup>(c)</sup> .....	21.89 %	(5.01)%	(1.00)%	9.34 %	12.92 %
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (000's omitted) .....	\$292	\$190	\$218	\$118	\$62
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements <sup>(d)†</sup> .....	1.79 %	1.95 %	1.95 %	1.94 %	1.94 %
Expenses, before waivers/reimbursements <sup>(d)†</sup> .....	1.81 %	2.00 %	2.28 %	2.68 %	5.70 %
Net investment income <sup>(b)</sup> .....	.73 %	.55 %	1.56 %	.88 %	1.80 %
Portfolio turnover rate .....	35 %	39 %	51 %	53 %	64 %

† Expense ratios exclude the estimated acquired fund fees of affiliated/unaffiliated underlying portfolios .....

See footnote summary on page 46.

## FINANCIAL HIGHLIGHTS (continued)

### Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Advisor Class				
	Year Ended June 30,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period .....	\$ 11.10	\$ 11.74	\$ 12.06	\$ 11.06	\$ 9.80
<b>Income From Investment Operations</b>					
Net investment income <sup>(a)(b)</sup> .....	.21	.20	.32	.25	.27
Net realized and unrealized gain (loss) on investment and foreign currency transactions .....	2.35	(.67)	(.34)	.90	1.08
Net increase (decrease) in net asset value from operations .....	2.56	(.47)	(.02)	1.15	1.35
<b>Less: Dividends and Distributions</b>					
Dividends from net investment income .....	(.20)	(.17)	(.18)	(.09)	(.09)
Distributions from net realized gain on investment and foreign currency transactions .....	— 0 —	— 0 —	(.12)	(.06)	— 0 —
Total dividends and distributions ...	(.20)	(.17)	(.30)	(.15)	(.09)
Net asset value, end of period .....	<b>\$ 13.46</b>	<b>\$ 11.10</b>	<b>\$ 11.74</b>	<b>\$ 12.06</b>	<b>\$ 11.06</b>
<b>Total Return</b>					
Total investment return based on net asset value <sup>(c)</sup> .....	23.26 %	(4.14)%	.06 %	10.45 %	13.98 %
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (000's omitted) .....	\$656,592	\$436,143	\$201,875	\$76,473	\$35,275
Ratio to average net assets of:					
Expenses, net of waivers/reimbursements <sup>(d)†</sup> .....	.78 %	.95 %	.95 %	.94 %	.94 %
Expenses, before waivers/reimbursements <sup>(d)†</sup> .....	.79 %	.99 %	1.26 %	1.65 %	4.37 %
Net investment income <sup>(b)</sup> .....	1.70 %	1.74 %	2.80 %	2.12 %	2.60 %
Portfolio turnover rate .....	35 %	39 %	51 %	53 %	64 %
† Expense ratios exclude the estimated acquired fund fees of affiliated/unaffiliated underlying portfolios .....	.00 %	.00 %	.00 %	.01 %	.01 %

See footnote summary on page 46.

## FINANCIAL HIGHLIGHTS (continued)

### Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class Z	
	Year Ended June 30, 2021	November 20, 2019 <sup>(e)</sup> to June 30, 2020
Net asset value, beginning of period .....	\$ 11.10	\$ 12.09
<b>Income From Investment Operations</b>		
Net investment income <sup>(a)(b)</sup> .....	.16	.12
Net realized and unrealized gain (loss) on investment and foreign currency transactions .....	2.39	(.94)
Net increase (decrease) in net asset value from operations .....	2.55	(.82)
<b>Less: Dividends and Distributions</b>		
Dividends from net investment income .....	(.20)	(.17)
Total dividends and distributions .....	(.20)	(.17)
Net asset value, end of period .....	<b>\$ 13.45</b>	<b>\$ 11.10</b>
<b>Total Return</b>		
Total investment return based on net asset value <sup>(c)</sup> .....	23.17 %	(6.91)%
<b>Ratios/Supplemental Data</b>		
Net assets, end of period (000's omitted) .....	\$12	\$9
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements <sup>(d)†</sup> .....	.79 %	.93 % <sup>(f)</sup>
Expenses, before waivers/reimbursements <sup>(d)†</sup> .....	.80 %	.97 % <sup>(f)</sup>
Net investment income <sup>(b)</sup> .....	1.35 %	1.76 % <sup>(f)</sup>
Portfolio turnover rate .....	35 %	39 %

† Expense ratios exclude the estimated acquired fund fees of affiliated/unaffiliated underlying portfolios ..... .00 % .00 %<sup>(f)</sup>

(a) Based on average shares outstanding.

(b) Net of expenses waived/reimbursed by the Adviser.

(c) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Initial sales charge or contingent deferred sales charge is not reflected in the calculation of total investment return. Total investment return does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Total investment return for a period of less than one year is not annualized.

(d) In connection with the Fund's investments in affiliated underlying portfolios, the Fund incurs no direct expenses but bears proportionate shares of the acquired fund fees and expenses (i.e. operating, administrative and investment advisory fees) of the affiliated underlying portfolios. The Adviser has contractually agreed to waive its fees from the Fund in an amount equal to the Fund's pro rata share of certain acquired fund fees and expenses, and for the years ended June 30, 2018 and June 30, 2017, such waiver amounted to 0.01% and 0.01%, respectively.

(e) Commencement of distribution.

(f) Annualized.

See notes to financial statements.



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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### To the Board of Directors and Shareholders of AB International Strategic Core Portfolio:

#### ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities of AB International Strategic Core Portfolio (the “Fund”) (one of the funds constituting AB Cap Fund, Inc. (the “Company”)), including the portfolio of investments, as of June 30, 2021, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting AB Cap Fund, Inc.) at June 30, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

#### ***Basis for Opinion***

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of the Company’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and

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**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM** (continued)

disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2021, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the auditor of one or more of the AB investment companies since 1968.

New York, New York  
August 26, 2021

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## 2021 FEDERAL TAX INFORMATION

(unaudited)

For Federal income tax purposes, the following information is furnished with respect to the earnings of the Fund for the taxable year ended June 30, 2021.

For corporate shareholders, 4.31% of dividends paid qualify for the dividends received deduction. For individual shareholders, the Fund designates 96.73% of dividends paid as qualified dividend income.

The Fund intends to make an election to pass through foreign taxes to its shareholders. For the taxable year ended June 30, 2021, \$1,268,885 of foreign taxes may be passed through and the associated foreign source income for information reporting purposes is \$15,264,933.

Shareholders should not use the above information to prepare their income tax returns. The information necessary to complete your income tax returns will be included with your Form 1099-DIV which will be sent to you separately in January 2022.

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## BOARD OF DIRECTORS

**Marshall C. Turner, Jr.<sup>(1)</sup>**,  
Chairman  
**Jorge A. Bermudez<sup>(1)</sup>**  
**Michael J. Downey<sup>(1)</sup>**  
**Onur Erzan**, President and  
Chief Executive Officer

**Nancy P. Jacklin<sup>(1)</sup>**  
**Jeanette W. Loeb<sup>(1)</sup>**  
**Carol C. McMullen<sup>(1)</sup>**  
**Garry L. Moody<sup>(1)</sup>**  
**Earl D. Weiner<sup>(1)</sup>**

## OFFICERS

**Kent W. Hargis<sup>(2)</sup>**, Vice President  
**Sammy Suzuki<sup>(2)</sup>**, Vice President  
**Emilie D. Wrapp**, Secretary  
**Michael B. Reyes**, Senior Analyst

**Joseph J. Mantineo**, Treasurer  
and Chief Financial Officer  
**Phyllis J. Clarke**, Controller  
**Vincent S. Noto**, Chief  
Compliance Officer

## Custodian and Accounting Agent

Brown Brothers Harriman & Co.  
50 Post Office Square  
Boston, MA 02110

## Independent Registered Public Accounting Firm

Ernst & Young LLP  
5 Times Square  
New York, NY 10036

## Principal Underwriter

AllianceBernstein Investments, Inc.  
501 Commerce Street  
Nashville, TN 37203

## Legal Counsel

Seward & Kissel LLP  
One Battery Park Plaza  
New York, NY 10004

## Transfer Agent

AllianceBernstein Investor Services,  
Inc.  
P.O. Box 786003  
San Antonio, TX 78278-6003  
Toll-Free (800) 221-5672

1 Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee.

2 The day-to-day management of, and investment decisions for, the Fund's portfolio are made by the Adviser's Strategic Core Investment Team. Messrs. Hargis and Suzuki are the investment professionals with the most significant responsibility for the day-to-day management of the Fund's portfolio.

# MANAGEMENT OF THE FUND

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
<b>INTERESTED DIRECTOR</b>			
Onur Erzan, # 45 (2021)	Senior Vice President of AllianceBernstein L.P. (the "Adviser") and Head of the Global Client Group overseeing AB's institutional and retail businesses, where he is responsible for all client services, sales and marketing, as well as product strategy, management and development worldwide. Director, President and Chief Executive Officer of the AB Mutual Funds as of April 1, 2021. Prior to joining the firm in January 2021, he spent 20 years with McKinsey (management consulting firm), most recently as a senior partner and co-leader of its Wealth & Asset Management practice. In addition, he co-led McKinsey's Banking & Securities Solutions (a portfolio of data, analytics, and digital assets and capabilities) globally.	75	None

## MANAGEMENT OF THE FUND (continued)

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
<b>DISINTERESTED DIRECTORS</b>			
Marshall C. Turner, Jr., ## <i>Chairman of the Board</i> 79 (2015)	Private Investor since prior to 2016. Former Chairman and CEO of DuPont Photomasks, Inc. (components of semiconductor manufacturing). He was a Director of Xilinx, Inc. (programmable logic semiconductors and adaptable, intelligent computing) from 2007 through August 2020, and is a former director of 33 other companies and organizations. He has extensive operating leadership, and venture capital investing experience, including five interim or full-time CEO roles, and prior service as general partner of institutional venture capital partnerships. He also has extensive non-profit board leadership experience, and currently serves on the boards of two education and science-related non-profit organizations. He has served as a director of one AB Fund since 1992, and director or trustee of all AB Funds since 2005. He has been Chairman of the AB Funds since January 2014, and the Chairman of the Independent Directors Committees of the AB Funds since February 2014.	75	None

## MANAGEMENT OF THE FUND (continued)

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
<b>DISINTERESTED DIRECTORS</b> (continued)			
Jorge A. Bermudez,## 70 (2020)	Private Investor since prior to 2016. Formerly, Chief Risk Officer of Citigroup, Inc., a global financial services company, from November 2007 to March 2008, Chief Executive Officer of Citigroup's Commercial Business Group in North America and Citibank Texas from 2005 to 2007, and a variety of other executive and leadership roles at various businesses within Citigroup prior to then; Chairman (2018) of the Texas A&M Foundation Board of Trustees (Trustee since 2013) and Chairman of the Smart Grid Center Board at Texas A&M University since 2012; director of, among others, Citibank N.A. from 2005 to 2008, the Federal Reserve Bank of Dallas, Houston Branch from 2009 to 2011, the Federal Reserve Bank of Dallas from 2011 to 2017, and the Electric Reliability Council of Texas from 2010 to 2016. He has served as director or trustee of the AB Funds since January 2020.	75	Moody's Corporation since April 2011
Michael J. Downey,## 77 (2015)	Private Investor since prior to 2016. Formerly, Chairman of The Asia Pacific Fund, Inc. (registered investment company) since prior to 2016 until January 2019. From 1987 until 1993, Chairman and CEO of Prudential Mutual Fund Management, director of the Prudential mutual funds, and member of the Executive Committee of Prudential Securities Inc. He has served as a director or trustee of the AB Funds since 2005.	75	None

## MANAGEMENT OF THE FUND (continued)

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
<b>DISINTERESTED DIRECTORS</b> (continued)			
Nancy P. Jacklin,## 73 (2015)	Private Investor since prior to 2016. Professorial Lecturer at the Johns Hopkins School of Advanced International Studies (2008-2015). U.S. Executive Director of the International Monetary Fund (which is responsible for ensuring the stability of the international monetary system), (December 2002-May 2006); Partner, Clifford Chance (1992-2002); Sector Counsel, International Banking and Finance, and Associate General Counsel, Citicorp (1985-1992); Assistant General Counsel (International), Federal Reserve Board of Governors (1982-1985); and Attorney Advisor, U.S. Department of the Treasury (1973-1982). Member of the Bar of the District of Columbia and of New York; and member of the Council on Foreign Relations. She has served as a director or trustee of the AB Funds since 2006 and has been Chair of the Governance and Nominating Committees of the AB Funds since August 2014.	75	None
Jeanette W. Loeb,## 69 (2020)	Chief Executive Officer of PetCareRx (e-commerce pet pharmacy) from 2002 to 2011 and 2015 to present. Director of New York City Center since 2005. She was a director of AB Multi-Manager Alternative Fund, Inc. (fund of hedge funds) from 2012 to 2018. Formerly, affiliated with Goldman Sachs Group, Inc. (financial services) from 1977 to 1994, including as a partner thereof from 1986 to 1994. She has served as director or trustee of the AB Funds since April 2020.	75	Apollo Investment Corp. (business development company) since August 2011



## MANAGEMENT OF THE FUND (continued)

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
<b>DISINTERESTED DIRECTORS</b> (continued)			
Carol C. McMullen,## 66 (2016)	Managing Director of Slalom Consulting (consulting) since 2014, private investor and a member of the Advisory Board of Butcher Box (since 2018). Formerly, member, Partners Healthcare Investment Committee (2010-2019); Director of Norfolk & Dedham Group (mutual property and casualty insurance) from 2011 until November 2016; Director of Partners Community Physicians Organization (healthcare) from 2014 until December 2016; and Managing Director of The Crossland Group (consulting) from 2012 until 2013. She has held a number of senior positions in the asset and wealth management industries, including at Eastern Bank (where her roles included President of Eastern Wealth Management), Thomson Financial (Global Head of Sales for Investment Management), and Putnam Investments (where her roles included Chief Investment Officer, Core and Growth and Head of Global Investment Research). She has served on a number of private company and non-profit boards, and as a director or trustee of the AB Funds since June 2016.	75	None

**MANAGEMENT OF THE FUND (continued)**

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
<b>DISINTERESTED DIRECTORS (continued)</b>			
Garry L. Moody,## 69 (2015)	Private Investor since prior to 2016. Formerly, Partner, Deloitte & Touche LLP (1995-2008) where he held a number of senior positions, including Vice Chairman, and U.S. and Global Investment Management Practice Managing Partner; President, Fidelity Accounting and Custody Services Company (1993-1995), where he was responsible for the accounting, pricing, custody and reporting for the Fidelity mutual funds; and Partner, Ernst & Young LLP (1975-1993), where he served as the National Director of Mutual Fund Tax Services and Managing Partner of its Chicago Office Tax department. He is a member of the Trustee Advisory Board of BoardIQ, a biweekly publication focused on issues and news affecting directors of mutual funds. He is also a member of the Investment Company Institute's Board of Governors and the Independent Directors Council's Governing Council. He has served as a director or trustee and as Chairman of the Audit Committees of the AB Funds since 2008.	75	None

## MANAGEMENT OF THE FUND (continued)

NAME, ADDRESS*, AGE, (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC COMPANY DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
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### DISINTERESTED DIRECTORS (continued)

Earl D. Weiner,## 82 (2015)	Senior Counsel since 2017, Of Counsel from 2007 to 2016, and Partner prior to then, of the law firm Sullivan & Cromwell. He is a former member of the ABA Federal Regulation of Securities Committee Task Force to draft editions of the Fund Director's Guidebook. He also serves as a director or trustee of various non-profit organizations and has served as Chairman or Vice Chairman of a number of them. He has served as a director or trustee of the AB Funds since 2007 and served as Chairman of the Governance and Nominating Committees of the AB Funds from 2007 until August 2014.	73	None
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\* The address for each of the Fund's disinterested Directors is c/o AllianceBernstein L.P., Attention: Legal and Compliance Department—Mutual Fund Legal, 1345 Avenue of the Americas, New York, NY 10105.

\*\* There is no stated term of office for the Fund's Directors.

\*\*\* The information above includes each Director's principal occupation during the last five years and other information relating to the experience, attributes, and skills relevant to each Director's qualifications to serve as a Director, which led to the conclusion that each Director should serve as a Director for the Fund.

# Mr. Erzan is an "interested person" of the Fund, as defined in the 1940 Act, due to his position as a Senior Vice President of the Adviser.

## Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee.

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## MANAGEMENT OF THE FUND (continued)

### Officer Information

Onur Erzan 45	President and Chief Executive Officer	See biography above.
Kent W. Hargis 52	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2016; Co-Chief Investment Officer – Strategic Core Equities since 2018.
Sammy Suzuki 50	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2016; Co-Chief Investment Officer – Strategic Core Equities since 2018.
Emilie D. Wrapp 65	Secretary	Senior Vice President, Assistant General Counsel and Assistant Secretary of ABI**, with which she has been associated since prior to 2016.
Michael B. Reyes 45	Senior Analyst	Vice President of the Adviser**, with which he has been associated since prior to 2016.
Joseph J. Mantineo 62	Treasurer and Chief Financial Officer	Senior Vice President of AllianceBernstein Investor Services (“ABIS”)**, with which he has been associated since prior to 2016.
Phyllis J. Clarke 60	Controller	Vice President of ABIS**, with which she has been associated since prior to 2016.
Vincent S. Noto 56	Chief Compliance Officer	Senior Vice President and Mutual Fund Chief Compliance Officer of the Adviser** since prior to 2016.

\* The address for each of the Fund's Officers is 1345 Avenue of the Americas, New York, NY 10105.

\*\* The Adviser, ABI and ABIS are affiliates of the Fund.

The Fund's Statement of Additional Information (“SAI”) has additional information about the Fund's Directors and Officers and is available without charge upon request. Contact your financial representative or AB at (800) 227-4618, or visit [www.abfunds.com](http://www.abfunds.com), for a free prospectus or SAI.

## **Operation and Effectiveness of the Funds' Liquidity Risk Management Program:**

In October 2016, the Securities and Exchange Commission ("SEC") adopted the open-end fund liquidity rule (the "Liquidity Rule"). In June 2018 the SEC adopted a requirement that funds disclose information about the operation and effectiveness of their Liquidity Risk Management Program ("LRMP") in their reports to shareholders.

One of the requirements of the Liquidity Rule is for the Fund to designate an Administrator of the Fund's Liquidity Risk Management Program. The Administrator of the Fund's LRMP is AllianceBernstein L.P., the Fund's investment adviser (the "Adviser"). The Adviser has delegated the responsibility to its Liquidity Risk Management Committee (the "Committee").

Another requirement of the Liquidity Rule is for the Fund's Board of Directors (the "Fund Board") to receive an annual written report from the Administrator of the LRMP, which addresses the operation of the fund's LRMP and assesses its adequacy and effectiveness. The Adviser provided the Fund Board with such annual report during the first quarter of 2021, which covered the period January 1, 2020 through December 31, 2020 (the "Program Reporting Period").

The LRMP's principal objectives include supporting the Fund's compliance with limits on investments in illiquid assets and mitigating the risk that the Fund will be unable to meet its redemption obligations in a timely manner.

Pursuant to the LRMP, the Fund classifies the liquidity of its portfolio investments into one of the four categories defined by the SEC: Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid. These classifications are reported to the SEC on Form N-PORT.

During the Program Reporting Period, the Committee reviewed whether the Fund's strategy is appropriate for an open-end structure, incorporating any holdings of less liquid and illiquid assets. If the Fund participated in derivative transactions, the exposure from such transactions were considered in the LRMP.

The Committee also performed an analysis to determine whether the Fund is required to maintain a Highly Liquid Investment Minimum ("HLIM"). The Committee also incorporated the following information when determining the Fund's reasonably anticipated trading size for purposes of liquidity monitoring: historical net redemption activity, a Fund's concentration in an issuer, shareholder concentration, investment performance, total net assets, and distribution channels.

The Adviser informed the Fund Board that the Committee believes the Funds' LRMP is adequately designed, has been implemented as intended, and has operated effectively since its inception. No material exceptions

have been noted since the implementation of the LRMP. During the Program Reporting Period, beginning in March 2020, all financial markets experienced extreme levels of price volatility and relative illiquidity resulting from the COVID-19 impacts on the global economy. This extreme relative illiquidity resulted in significantly wider bid-ask spreads to transact in securities, including many of those securities held by the Fund, and in a diminished depth of liquidity in most markets, to varying degrees. Nonetheless, there were no liquidity events that impacted the Fund or its ability to timely meet redemptions during the Program Reporting Period.

## **Information Regarding the Review and Approval of the Fund's Advisory Agreement**

The disinterested directors (the “directors”) of AB Cap Fund, Inc. (the “Company”) unanimously approved the continuance of the Company’s Advisory Agreement with the Adviser in respect of AB International Strategic Core Portfolio (the “Fund”) at a meeting held by video conference on May 3-5, 2021 (the “Meeting”).

Prior to approval of the continuance of the Advisory Agreement, the directors had requested from the Adviser, and received and evaluated, extensive materials. They reviewed the proposed continuance of the Advisory Agreement with the Adviser and with experienced counsel who are independent of the Adviser, who advised on the relevant legal standards. The directors also reviewed additional materials, including comparative analytical data prepared by the Senior Analyst for the Fund. The directors also discussed the proposed continuance in private sessions with counsel.

The directors considered their knowledge of the nature and quality of the services provided by the Adviser to the Fund gained from their experience as directors or trustees of most of the registered investment companies advised by the Adviser, their overall confidence in the Adviser’s integrity and competence they have gained from that experience, the Adviser’s initiative in identifying and raising potential issues with the directors and its responsiveness, frankness and attention to concerns raised by the directors in the past, including the Adviser’s willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the AB Funds. The directors noted that they have four regular meetings each year, at each of which they review extensive materials and information from the Adviser, including information on the investment performance of the Fund and the money market fund advised by the Adviser in which the Fund invests a portion of its assets.

The directors also considered all factors they believed relevant, including the specific matters discussed below. During the course of their deliberations, the directors evaluated, among other things, the reasonableness of the advisory fee. The directors did not identify any particular information that was all-important or controlling, and different directors may have attributed different weights to the various factors. The directors determined that the selection of the Adviser to manage the Fund and the overall arrangements between the Fund and the Adviser, as provided in the Advisory Agreement, including the advisory fee, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their business

judgment. The material factors and conclusions that formed the basis for the directors' determinations included the following:

### **Nature, Extent and Quality of Services Provided**

The directors considered the scope and quality of services provided by the Adviser under the Advisory Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Fund. The directors noted that the Adviser from time to time reviews the Fund's investment strategies and from time to time proposes changes intended to improve the Fund's relative or absolute performance for the directors' consideration. They also noted the professional experience and qualifications of the Fund's portfolio management team and other senior personnel of the Adviser. The directors also considered that the Advisory Agreement provides that the Fund will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services to the Fund by employees of the Adviser or its affiliates. Requests for these reimbursements are made on a quarterly basis and subject to approval by the directors. The Adviser had not requested any reimbursements from the Fund in the Fund's latest fiscal year. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Fund's other service providers, also was considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided to the Fund under the Advisory Agreement.

### **Costs of Services Provided and Profitability**

The directors reviewed a schedule of the revenues and expenses and related notes indicating the profitability of the Fund to the Adviser for calendar years 2019 and 2020 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant at the request of the directors. The directors noted the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and understood that there are a number of potentially acceptable allocation methodologies for information of this type. The directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with the Fund, including those relating to its subsidiaries that provide transfer agency, distribution and brokerage services to the Fund. The directors recognized that it is difficult to make comparisons of the profitability of the Advisory Agreement with the profitability of fund advisory contracts for unaffiliated funds because comparative information is not generally publicly available and is affected by numerous factors. The directors focused on the profitability of the Adviser's relationship with the Fund before taxes and distribution expenses. The directors concluded that the Adviser's level of profitability from its relationship with the Fund was not unreasonable.



## **Fall-Out Benefits**

The directors considered the other benefits to the Adviser and its affiliates from their relationships with the Fund and the money market fund advised by the Adviser in which the Fund invests, including, but not limited to, benefits relating to soft dollar arrangements (whereby investment advisers receive brokerage and research services from brokers that execute agency transactions for their clients); 12b-1 fees and sales charges received by the Fund's principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of certain classes of the Fund's shares; brokerage commissions paid by the Fund to brokers affiliated with the Adviser; and transfer agency fees paid by the Fund to a wholly owned subsidiary of the Adviser. The directors recognized that the Adviser's profitability would be somewhat lower without these benefits. The directors understood that the Adviser also might derive reputational and other benefits from its association with the Fund.

## **Investment Results**

In addition to the information reviewed by the directors in connection with the Meeting, the directors receive detailed performance information for the Fund at each regular Board meeting during the year.

At the Meeting, the directors reviewed performance information prepared by an independent service provider (the "15(c) service provider"), showing the performance of the Class A Shares of the Fund against a group of similar funds ("peer group") and a larger group of similar funds ("peer universe"), each selected by the 15(c) service provider, and information prepared by the Adviser showing performance of the Class A Shares against a broad-based securities market index, in each case for the 1-, 3- and 5-year periods ended February 28, 2021 and (in the case of comparisons with the broad-based securities market index) for the period from inception. Based on their review, and their discussion with the Adviser of the reasons for the Fund's underperformance in the periods reviewed, the directors concluded that the Fund's investment performance was acceptable.

## **Advisory Fees and Other Expenses**

The directors considered the advisory fee rate payable by the Fund to the Adviser and information prepared by the 15(c) service provider concerning advisory fee rates payable by other funds in the same category as the Fund. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees paid by other funds. The directors compared the Fund's contractual effective advisory fee rate with a peer group median.

The directors also considered the Adviser's fee schedule for other clients utilizing investment strategies similar to those of the Fund. For this purpose, they reviewed the relevant advisory fee information from the

Adviser's Form ADV and in a report from the Fund's Senior Analyst and noted the differences between the Fund's fee schedule, on the one hand, and the Adviser's institutional fee schedule and the schedule of fees charged by the Adviser to any offshore funds and for services to any sub-advised funds utilizing investment strategies similar to those of the Fund, on the other. The directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the directors and that they had previously discussed with the Adviser its policies in respect of such arrangements. The directors also compared the advisory fee rate for the Fund with that for another fund advised by the Adviser utilizing similar investment strategies.

The Adviser reviewed with the directors the significantly greater scope of the services it provides to the Fund relative to institutional, offshore fund and sub-advised fund clients. In this regard, the Adviser noted, among other things, that, compared to institutional and offshore or sub-advisory accounts, the Fund (i) demands considerably more portfolio management, research and trading resources due to significantly higher daily cash flows; (ii) has more tax and regulatory restrictions and compliance obligations; (iii) must prepare and file or distribute regulatory and other communications about fund operations; and (iv) must provide shareholder servicing to retail investors. The Adviser also reviewed the greater legal risks presented by the large and changing population of Fund shareholders who may assert claims against the Adviser in individual or class actions, and the greater entrepreneurial risk in offering new fund products, which require substantial investment to launch, may not succeed, and generally must be priced to compete with larger, more established funds resulting in lack of profitability to the Adviser until a new fund achieves scale. In light of the substantial differences in services rendered by the Adviser to institutional, offshore fund and sub-advised fund clients as compared to the Fund, and the different risk profile, the directors considered these fee comparisons inapt and did not place significant weight on them in their deliberations.

The directors noted that the Fund may invest in shares of exchange-traded funds ("ETFs"), subject to the restrictions and limitations of the Investment Company Act of 1940 as these may be varied as a result of exemptive orders issued, and rules adopted, by the SEC. The directors also noted that ETFs pay advisory fees pursuant to their advisory contracts, and that the Adviser had provided, and they had reviewed, information about the expense ratios of the relevant ETFs. The directors concluded, based on the Adviser's explanation of how it uses ETFs when they are the most cost-effective way to obtain desired exposures, in some cases pending purchases of underlying securities, that the advisory fee for the Fund would be for services in addition to, rather than duplicative of, the services provided under the advisory contracts of the ETFs.

In connection with their review of the Fund's advisory fee, the directors also considered the total expense ratio of the Class A shares of the Fund

in comparison to a peer group and a peer universe selected by the 15(c) service provider. The Class A expense ratio of the Fund was based on the Fund's latest fiscal year. The information reviewed by the directors included a pro forma expense ratio that gave effect to the Adviser's advisory fee and expense cap reductions effective November 5, 2020 for the full fiscal year. The directors considered the Adviser's expense cap for the Fund. The directors noted that it was likely that the expense ratios of some of the other funds in the Fund's category were lowered by waivers or reimbursements by those funds' investment advisers, which in some cases might be voluntary or temporary. The directors view expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to the Fund by others. Based on their review, the directors concluded that the Fund's pro forma expense ratio was acceptable.

### **Economies of Scale**

The directors noted that the advisory fee schedule for the Fund contains breakpoints that reduce the fee rates on assets above specified levels. The directors took into consideration prior presentations by an independent consultant on economies of scale in the mutual fund industry and for the AB Funds, and presentations from time to time by the Adviser concerning certain of its views on economies of scale. The directors also had requested and received from the Adviser certain updates on economies of scale in advance of the Meeting. The directors believe that economies of scale may be realized (if at all) by the Adviser across a variety of products and services, and not only in respect of a single fund. The directors noted that there is no established methodology for setting breakpoints that give effect to the fund-specific services provided by a fund's adviser and to the economies of scale that an adviser may realize in its overall mutual fund business or those components of it which directly or indirectly affect a fund's operations. The directors observed that in the mutual fund industry as a whole, as well as among funds similar to the Fund, there is no uniformity or pattern in the fees and asset levels at which breakpoints (if any) apply. The directors also noted that the advisory agreements for many funds do not have breakpoints at all. Having taken these factors into account, the directors concluded that the Fund's shareholders would benefit from a sharing of economies of scale in the event the Fund's net assets exceed a breakpoint in the future.

## AB FAMILY OF FUNDS

### US EQUITY

#### CORE

Core Opportunities Fund  
FlexFee™ US Thematic Portfolio  
Select US Equity Portfolio

#### GROWTH

Concentrated Growth Fund  
Discovery Growth Fund  
FlexFee™ Large Cap  
Growth Portfolio  
Growth Fund  
Large Cap Growth Fund  
Small Cap Growth Portfolio

#### VALUE

Discovery Value Fund  
Equity Income Fund  
Relative Value Fund  
Small Cap Value Portfolio  
Value Fund

### INTERNATIONAL/ GLOBAL EQUITY

#### CORE

Global Core Equity Portfolio  
International Strategic  
Core Portfolio  
Sustainable Global Thematic Fund  
Tax-Managed Wealth  
Appreciation Strategy  
Wealth Appreciation Strategy

#### GROWTH

Concentrated International  
Growth Portfolio  
Sustainable International  
Thematic Fund

#### VALUE

All China Equity Portfolio  
International Value Fund

### FIXED INCOME

#### MUNICIPAL

High Income Municipal Portfolio  
Intermediate California  
Municipal Portfolio  
Intermediate Diversified  
Municipal Portfolio  
Intermediate New York  
Municipal Portfolio  
Municipal Bond Inflation Strategy  
Tax-Aware Fixed Income  
Opportunities Portfolio  
National Portfolio  
Arizona Portfolio  
California Portfolio  
Massachusetts Portfolio  
Minnesota Portfolio  
New Jersey Portfolio  
New York Portfolio  
Ohio Portfolio  
Pennsylvania Portfolio  
Virginia Portfolio

#### TAXABLE

Bond Inflation Strategy  
Global Bond Fund  
High Income Fund  
High Yield Portfolio<sup>1</sup>  
Income Fund  
Intermediate Duration Portfolio  
Limited Duration High  
Income Portfolio  
Short Duration Income Portfolio  
Short Duration Portfolio  
Sustainable Thematic  
Credit Portfolio  
Total Return Bond Portfolio

### ALTERNATIVES

All Market Real Return Portfolio  
Global Real Estate  
Investment Fund  
Select US Long/Short Portfolio

### MULTI-ASSET

All Market Income Portfolio  
All Market Total Return Portfolio  
Conservative Wealth Strategy  
Emerging Markets Multi-  
Asset Portfolio  
Global Risk Allocation Fund  
Tax-Managed All Market  
Income Portfolio

### CLOSED-END FUNDS

AllianceBernstein Global High  
Income Fund  
AllianceBernstein National  
Municipal Income Fund

**We also offer Government Money Market Portfolio, which serves as the money market fund exchange vehicle for the AB mutual funds. You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.**

**Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at [www.abfunds.com](http://www.abfunds.com) or contact your AB representative. Please read the prospectus and/or summary prospectus carefully before investing.**

<sup>1</sup> Prior to April 30, 2021, High Yield Portfolio was named FlexFee High Yield Portfolio.

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ISCP-0151-0621

