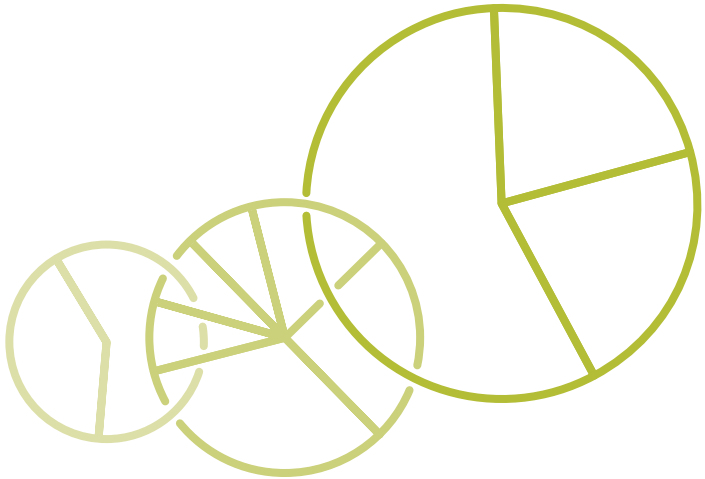




ANNUAL REPORT

AB SELECT US EQUITY 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 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, or go to the Securities and Exchange Commission's (the "Commission") website at 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. 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.

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 Select US Equity 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.

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 9, 2021

This report provides management's discussion of fund performance for the AB Select US Equity Portfolio for the annual reporting period ended June 30, 2021.

The Fund's investment objective is long-term growth of capital.

NAV RETURNS AS OF JUNE 30, 2021 (unaudited)

	6 Months	12 Months
AB SELECT US EQUITY PORTFOLIO		
Class A Shares	17.05%	42.31%
Class C Shares	16.62%	41.25%
Advisor Class Shares ¹	17.17%	42.63%
Class R Shares ¹	16.88%	41.95%
Class K Shares ¹	17.06%	42.28%
Class I Shares ¹	17.16%	42.62%
S&P 500 Index	15.25%	40.79%

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 Standard & Poor's ("S&P") 500 Index, for the six- and 12-month periods ended June 30, 2021.

During the 12-month period, all share classes outperformed the benchmark, before sales charges. Security selection within financials, consumer discretionary and communication services contributed, relative to the benchmark, while selection within the health-care, industrials and energy sectors detracted. From a sector selection perspective, the Fund's overweights to financials and energy, as well as an underweight to utilities, added to returns, while the Fund's transactional cash position, underweight to technology and overweight to consumer staples detracted.

During the six-month period, all share classes outperformed the benchmark, before sales charges. Security selection within the financials, technology and consumer-discretionary sectors added to returns, while

selection within industrials, consumer staples and energy detracted. From a sector selection perspective, the Fund's overweights to financials and energy, as well as an underweight to consumer discretionary, contributed, while the Fund's transactional cash position, underweight to real estate and overweight to consumer staples detracted.

The Fund did not utilize derivatives during the six- or 12-month periods.

MARKET REVIEW AND INVESTMENT STRATEGY

Global 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 (the "Team") continues to seek attractive risk-adjusted returns from a flexible approach unconstrained by investment style, with an intense focus on downside risk. The Team uses bottom-up analysis to find companies with growth potential, adjusting expectations based on the short-term market environment.

INVESTMENT POLICIES

Under normal circumstances, the Fund invests at least 80% of its net assets in equity securities of US companies. For purposes of this policy, equity securities include common stock, preferred stock and derivatives related to common and preferred stocks.

The Adviser selects investments for the Fund through an intensive "bottom-up" approach that places an emphasis on companies that are engaged in business activities with solid long-term growth potential and operating in industries with high barriers to entry, that have strong cash flows and other financial metrics, and that have transparent financial statements and business models. The Adviser also evaluates the quality of company management based on a series of criteria, including: (1) management's focus on shareholder returns, (continued on next page)

such as through a demonstrated commitment to dividends and dividend growth, share buybacks or other shareholder-friendly corporate actions; (2) management's employment of conservative accounting methodologies; (3) management incentives, such as direct equity ownership; and (4) management accessibility. The Adviser seeks to identify companies where events or catalysts may drive the company's share price higher, such as earnings and/or revenue growth above consensus forecasts, potential market recognition of under-valuation or overstated market-risk discount, or the institution of shareholder-focused changes discussed in the preceding sentence. In light of this catalyst-focused approach, the Adviser expects to engage in active and frequent trading for the Fund.

The Adviser may reduce or eliminate the Fund's holdings in a company's securities for a number of reasons, including if its evaluation of the above factors changes adversely, if the anticipated events or catalysts do not occur or do not affect the price of the securities as expected, or if the anticipated events or catalysts do occur and cause the securities to be, in the Adviser's view, overvalued or fully valued. At any given time the Fund may emphasize growth stocks over value stocks, or vice versa.

The Fund's investments will be focused on securities of companies with large- and medium-market capitalizations, but it may also invest in securities of small-capitalization companies. The Fund may invest in non-US companies, but will limit its investments in such companies to no more than 10% of its net assets. The Fund may purchase securities in initial public offerings ("IPOs") and expects to do so on a regular basis.

DISCLOSURES AND RISKS

Benchmark Disclosure

The S&P 500® Index is unmanaged and does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The S&P 500 Index includes 500 US stocks and is a common representation of the performance of the overall US stock market. 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, bond or currency 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.

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

Active Trading Risk: The Fund expects to engage in active and frequent trading of its portfolio securities and its portfolio turnover rate may greatly exceed 100%. A higher rate of portfolio turnover increases transaction costs, which may negatively affect the Fund's return. In addition, a high rate of portfolio turnover may result in substantial short-term gains, which may have adverse tax consequences for Fund shareholders.

IPO Risk: Securities purchased in an IPO may be subject to substantial price volatility due to one or more factors such as unseasoned trading in the securities, the lack of investor knowledge of the issuer, the lack of an operating history of the issuer, and the dependence of the issuer on key personnel, suppliers or a limited number of customers.

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

DISCLOSURES AND RISKS (continued)

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.

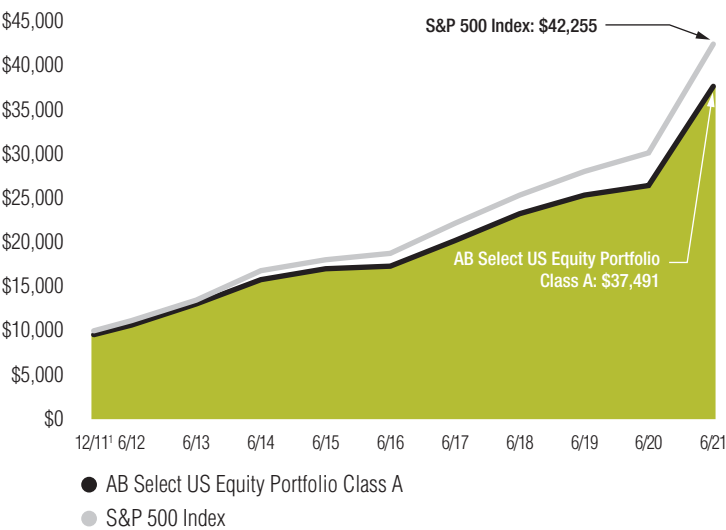
An Important Note About Historical Performance

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.

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) 12/8/2011¹ TO 6/30/2021



This chart illustrates the total value of an assumed \$10,000 investment in AB Select US Equity Portfolio Class A shares (from 12/8/2011¹ 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.

¹ Inception date: 12/8/2011.

HISTORICAL PERFORMANCE (continued)

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

	NAV Returns	SEC Returns (reflects applicable sales charges)
CLASS A SHARES		
1 Year	42.31%	36.25%
5 Years	16.72%	15.72%
Since Inception ¹	15.34%	14.82%
CLASS C SHARES		
1 Year	41.25%	40.25%
5 Years	15.85%	15.85%
Since Inception ^{1,2}	14.49%	14.49%
ADVISOR CLASS SHARES³		
1 Year	42.63%	42.63%
5 Years	17.02%	17.02%
Since Inception ¹	15.65%	15.65%
CLASS R SHARES³		
1 Year	41.95%	41.95%
5 Years	16.40%	16.40%
Since Inception ¹	15.04%	15.04%
CLASS K SHARES³		
1 Year	42.28%	42.28%
5 Years	16.66%	16.66%
Since Inception ¹	15.28%	15.28%
CLASS I SHARES³		
1 Year	42.62%	42.62%
5 Years	17.02%	17.02%
Since Inception ¹	15.64%	15.64%

The Fund's current prospectus fee table shows the Fund's total annual operating expense ratios as 1.53%, 2.28%, 1.27%, 1.86%, 1.70% and 1.27% for Class A, Class C, Advisor Class, Class R, Class K and Class I 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 1.80% and 1.55% for Class R and Class K shares, respectively. These waivers/reimbursements may not be terminated prior to October 31, 2021, and may be extended by the Adviser for additional one-year terms. 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 date: 12/8/2011.

2 Assumes conversion of Class C shares into Class A shares after eight years.

3 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)
CLASS A SHARES	
1 Year	36.25%
5 Years	15.72%
Since Inception ¹	14.82%
CLASS C SHARES	
1 Year	40.25%
5 Years	15.85%
Since Inception ^{1,2}	14.49%
ADVISOR CLASS SHARES³	
1 Year	42.63%
5 Years	17.02%
Since Inception ¹	15.65%
CLASS R SHARES³	
1 Year	41.95%
5 Years	16.40%
Since Inception ¹	15.04%
CLASS K SHARES³	
1 Year	42.28%
5 Years	16.66%
Since Inception ¹	15.28%
CLASS I SHARES³	
1 Year	42.62%
5 Years	17.02%
Since Inception ¹	15.64%

1 Inception date: 12/8/2011.

2 Assumes conversion of Class C shares into Class A shares after eight years.

3 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.

The 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.

EXPENSE EXAMPLE (continued)

	Beginning Account Value 1/1/2021	Ending Account Value 6/30/2021	Expenses Paid During Period*	Annualized Expense Ratio*
Class A				
Actual	\$ 1,000	\$ 1,170.50	\$ 8.18	1.52%
Hypothetical**	\$ 1,000	\$ 1,017.26	\$ 7.60	1.52%
Class C				
Actual	\$ 1,000	\$ 1,166.20	\$ 12.25	2.28%
Hypothetical**	\$ 1,000	\$ 1,013.49	\$ 11.38	2.28%
Advisor Class				
Actual	\$ 1,000	\$ 1,171.70	\$ 6.84	1.27%
Hypothetical**	\$ 1,000	\$ 1,018.50	\$ 6.36	1.27%
Class R				
Actual	\$ 1,000	\$ 1,168.80	\$ 9.68	1.80%
Hypothetical**	\$ 1,000	\$ 1,015.87	\$ 9.00	1.80%
Class K				
Actual	\$ 1,000	\$ 1,170.60	\$ 8.34	1.55%
Hypothetical**	\$ 1,000	\$ 1,017.11	\$ 7.75	1.55%
Class I				
Actual	\$ 1,000	\$ 1,171.60	\$ 6.84	1.27%
Hypothetical**	\$ 1,000	\$ 1,018.50	\$ 6.36	1.27%

* 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

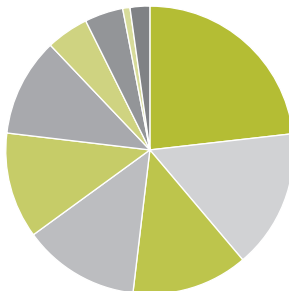
June 30, 2021 (unaudited)

PORTFOLIO STATISTICS

Net Assets (\$mil): \$216.8

SECTOR BREAKDOWN¹

- 23.2% Information Technology
- 15.6% Financials
- 13.1% Industrials
- 13.1% Communication Services
- 11.9% Health Care
- 11.0% Consumer Discretionary
- 4.8% Energy
- 4.3% Consumer Staples
- 0.8% Utilities
- 2.2% Short-Term



TEN LARGEST HOLDINGS²

Company	U.S. \$ Value	Percent of Net Assets
Microsoft Corp.	\$ 12,400,447	5.7%
Apple, Inc.	11,819,237	5.5
Alphabet, Inc. – Class C	9,275,890	4.3
Honeywell International, Inc.	9,182,430	4.2
Facebook, Inc. – Class A	8,109,640	3.8
Amazon.com, Inc.	8,077,496	3.7
Berkshire Hathaway, Inc. – Class B	7,667,535	3.6
Goldman Sachs Group, Inc. (The)	7,181,467	3.3
Norfolk Southern Corp.	6,749,907	3.1
Union Pacific Corp.	5,714,441	2.6
	\$ 86,178,490	39.8%

¹ All data are as of June 30, 2021. The Fund's sector breakdown is expressed as a percentage of total investments and may vary over time.

² Long-term investments.

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 OF INVESTMENTS

June 30, 2021

Company	Shares	U.S. \$ Value
COMMON STOCKS – 97.8%		
Information Technology – 23.1%		
Communications Equipment – 0.7%		
F5 Networks, Inc. ^(a)	8,469	\$ 1,580,824
IT Services – 3.0%		
PayPal Holdings, Inc. ^(a)	6,302	1,836,907
Visa, Inc. – Class A	20,278	4,741,402
		<u>6,578,309</u>
Semiconductors & Semiconductor Equipment – 6.2%		
Advanced Micro Devices, Inc. ^(a)	28,284	2,656,716
Broadcom, Inc.	4,417	2,106,202
Intel Corp.	26,458	1,485,352
NVIDIA Corp.	2,255	1,804,226
NXP Semiconductors NV	13,456	2,768,168
Texas Instruments, Inc.	13,732	2,640,664
		<u>13,461,328</u>
Software – 7.7%		
Adobe, Inc. ^(a)	3,533	2,069,066
Microsoft Corp.	45,775	12,400,447
Oracle Corp.	29,188	2,271,994
		<u>16,741,507</u>
Technology Hardware, Storage & Peripherals – 5.5%		
Apple, Inc.	86,297	11,819,237
		<u>50,181,205</u>
Financials – 15.6%		
Banks – 5.4%		
Bank of America Corp.	29,367	1,210,801
Fifth Third Bancorp	93,124	3,560,131
JPMorgan Chase & Co.	15,157	2,357,520
PNC Financial Services Group, Inc. (The)	17,232	3,287,176
Wells Fargo & Co.	26,638	1,206,435
		<u>11,622,063</u>
Capital Markets – 6.7%		
Apollo Global Management, Inc. ^(b)	19,731	1,227,268
BlackRock, Inc. – Class A	1,621	1,418,326
Charles Schwab Corp. (The)	40,900	2,977,929
Goldman Sachs Group, Inc. (The)	18,922	7,181,467
Jefferies Financial Group, Inc.	51,132	1,748,715
		<u>14,553,705</u>
Diversified Financial Services – 3.5%		
Berkshire Hathaway, Inc. – Class B ^(a)	27,589	7,667,535
		<u>33,843,303</u>

PORTFOLIO OF INVESTMENTS (continued)

Company	Shares	U.S. \$ Value
Industrials – 13.1%		
Aerospace & Defense – 2.1%		
Howmet Aerospace, Inc. ^(a)	8,275	\$ 285,239
Raytheon Technologies Corp.	49,128	4,191,110
		<u>4,476,349</u>
Industrial Conglomerates – 4.2%		
Honeywell International, Inc.	41,862	9,182,430
Professional Services – 1.1%		
Jacobs Engineering Group, Inc.	17,644	2,354,062
Road & Rail – 5.7%		
Norfolk Southern Corp.	25,432	6,749,907
Union Pacific Corp.	25,983	5,714,441
		<u>12,464,348</u>
		<u>28,477,189</u>
Communication Services – 13.1%		
Diversified Telecommunication Services – 1.9%		
Comcast Corp. – Class A	73,841	4,210,414
Entertainment – 2.2%		
Activision Blizzard, Inc.	19,068	1,819,850
Netflix, Inc. ^(a)	2,484	1,312,074
Walt Disney Co. (The) ^(a)	9,421	1,655,929
		<u>4,787,853</u>
Interactive Media & Services – 8.0%		
Alphabet, Inc. – Class C ^(a)	3,701	9,275,890
Facebook, Inc. – Class A ^(a)	23,323	8,109,640
		<u>17,385,530</u>
Wireless Telecommunication Services – 1.0%		
T-Mobile US, Inc. ^(a)	14,255	2,064,552
		<u>28,448,349</u>
Health Care – 11.9%		
Health Care Equipment & Supplies – 3.3%		
Abbott Laboratories	26,182	3,035,279
Danaher Corp.	8,374	2,247,247
Zimmer Biomet Holdings, Inc.	11,691	1,880,146
		<u>7,162,672</u>
Health Care Providers & Services – 3.8%		
Humana, Inc.	3,905	1,728,822
Quest Diagnostics, Inc.	9,364	1,235,767
UnitedHealth Group, Inc.	12,889	5,161,271
		<u>8,125,860</u>

PORTFOLIO OF INVESTMENTS (continued)

Company	Shares	U.S. \$ Value
Life Sciences Tools & Services – 1.2%		
IQVIA Holdings, Inc. ^(a)	10,851	\$ 2,629,414
Pharmaceuticals – 3.6%		
Eli Lilly & Co.	6,902	1,584,147
Johnson & Johnson	24,584	4,049,968
Merck & Co., Inc.	28,354	2,205,091
		7,839,206
		25,757,152
Consumer Discretionary – 11.1%		
Hotels, Restaurants & Leisure – 2.0%		
Booking Holdings, Inc. ^(a)	646	1,413,506
McDonald's Corp.	12,334	2,849,031
		4,262,537
Household Durables – 0.1%		
Honest Co., Inc. (The) ^{(a)(c)}	8,010	129,682
Internet & Direct Marketing Retail – 3.7%		
Amazon.com, Inc. ^(a)	2,348	8,077,496
Multiline Retail – 0.9%		
Target Corp.	7,671	1,854,387
Specialty Retail – 4.4%		
Home Depot, Inc. (The)	12,094	3,856,656
Lowe's Cos., Inc.	22,315	4,328,440
Ross Stores, Inc.	11,069	1,372,556
		9,557,652
		23,881,754
Energy – 4.8%		
Energy Equipment & Services – 0.4%		
Schlumberger NV	25,934	830,147
Oil, Gas & Consumable Fuels – 4.4%		
Chevron Corp.	22,530	2,359,792
EOG Resources, Inc.	29,238	2,439,619
Exxon Mobil Corp.	51,740	3,263,759
Pioneer Natural Resources Co.	9,769	1,587,658
		9,650,828
		10,480,975
Consumer Staples – 4.3%		
Beverages – 0.6%		
PepsiCo, Inc.	8,817	1,306,415
Food & Staples Retailing – 1.4%		
Costco Wholesale Corp.	4,276	1,691,885
Walmart, Inc.	10,189	1,436,853
		3,128,738

PORTFOLIO OF INVESTMENTS (continued)

Company	Shares	U.S. \$ Value
Household Products – 1.4%		
Procter & Gamble Co. (The)	22,462	\$ 3,030,797
Personal Products – 0.9%		
Estee Lauder Cos., Inc. (The) –Class A	5,796	1,843,592
		9,309,542
Utilities – 0.8%		
Electric Utilities – 0.8%		
NextEra Energy, Inc.	23,891	1,750,733
Total Common Stocks (cost \$126,975,016)		212,130,202
SHORT-TERM INVESTMENTS – 2.2%		
Investment Companies – 2.1%		
AB Fixed Income Shares, Inc. –Government Money Market Portfolio – Class AB, 0.01% ^{(d)(e)(f)} (cost \$4,605,745)	4,605,745	4,605,745
	Principal Amount (000)	
Time Deposits – 0.1%		
BBH Grand Cayman (0.78)%, 07/01/2021	EUR 35	41,813
Citibank, London 0.00%, 07/01/2021	GBP 41	56,960
Hong Kong & Shanghai Bank, Hong Kong 0.00%, 07/02/2021	HKD 153	19,684
Royal Bank of Canada, Toronto 0.01%, 07/02/2021	CAD 5	4,202
Sumitomo, Tokyo (0.31)%, 07/01/2021	JPY 1,524	13,721
Total Time Deposits (cost \$136,380)		136,380
Total Short-Term Investments (cost \$4,742,125)		4,742,125
Total Investments – 100.0% (cost \$131,717,141)		216,872,327
Other assets less liabilities – 0.0%		(97,891)
Net Assets – 100.0%		\$ 216,774,436

PORTFOLIO OF INVESTMENTS (continued)

- (a) Non-income producing security.
- (b) Represents entire or partial securities out on loan. See Note E for securities lending information.
- (c) Restricted and illiquid security.

Restricted & Illiquid Securities	Acquisition Date	Cost	Market Value	Percentage of Net Assets
Honest Co., Inc. (The)	08/12/2015	\$ 183,249	\$ 129,682	0.06%

- (d) To obtain a copy of the fund's shareholder report, please go to the Securities and Exchange Commission's website at www.sec.gov, or call AB at (800) 227-4618.
- (e) The rate shown represents the 7-day yield as of period end.
- (f) Affiliated investments.

Currency Abbreviations:

- CAD – Canadian Dollar
- EUR – Euro
- GBP – Great British Pound
- HKD – Hong Kong Dollar
- JPY – Japanese Yen

See notes to financial statements.

STATEMENT OF ASSETS & LIABILITIES

June 30, 2021

Assets

Investments in securities, at value	
Unaffiliated issuers (cost \$127,111,396)	\$ 212,266,582 ^(a)
Affiliated issuers (cost \$4,605,745)	4,605,745
Receivable for investment securities sold	2,543,831
Receivable for capital stock sold	359,534
Unaffiliated dividends receivable	64,506
Affiliated dividends receivable	76
Total assets	<u>219,840,274</u>

Liabilities

Due to Custodian (includes foreign currency overdraft of \$30 with a cost of \$31)	37
Payable for investment securities purchased	2,571,391
Advisory fee payable	176,646
Payable for capital stock redeemed	85,130
Administrative fee payable	23,278
Distribution fee payable	11,741
Transfer Agent fee payable	4,356
Accrued expenses and other liabilities	193,259
Total liabilities	<u>3,065,838</u>
Net Assets	\$ 216,774,436

Composition of Net Assets

Capital stock, at par	\$ 975
Additional paid-in capital	102,399,195
Distributable earnings	114,374,266
	\$ 216,774,436

Net Asset Value Per Share—30 billion shares of capital stock authorized, \$.0001 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
A	\$ 18,875,272	845,750	\$ 22.32*
C	\$ 9,319,479	453,139	\$ 20.57
Advisor	\$ 181,781,616	8,145,752	\$ 22.32
R	\$ 53,728	2,487	\$ 21.60
K	\$ 1,403,956	63,751	\$ 22.02
I	\$ 5,340,385	242,111	\$ 22.06

(a) Includes securities on loan with value of \$503,820 (See Note E).

* The maximum offering price per share for Class A shares was \$23.31, 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 \$2,343)	\$ 2,909,426	
Affiliated issuers	1,856	
Securities lending income	194	\$ 2,911,476

Expenses

Advisory fee (see Note B)	2,094,770	
Distribution fee—Class A	36,594	
Distribution fee—Class C	87,406	
Distribution fee—Class R	188	
Distribution fee—Class K	2,969	
Transfer agency—Class A	3,710	
Transfer agency—Class C	2,503	
Transfer agency—Advisor Class	45,437	
Transfer agency—Class R	51	
Transfer agency—Class K	2,375	
Transfer agency—Class I	1,002	
Custody and accounting	141,341	
Registration fees	93,933	
Administrative	91,632	
Audit and tax	59,386	
Legal	34,246	
Printing	27,530	
Directors' fees	21,079	
Miscellaneous	21,113	
Total expenses	2,767,265	
Less: expenses waived and reimbursed by the Adviser (see Note B and Note E)	(5,156)	
Net expenses		2,762,109
Net investment income		149,367

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

Net realized gain on:		
Investment transactions	42,289,966	
Foreign currency transactions	5,481	
Net change in unrealized appreciation/ depreciation on:		
Investments	31,053,958	
Foreign currency denominated assets and liabilities	(366)	
Net gain on investment and foreign currency transactions	73,349,039	

Net Increase in Net Assets from

Operations	\$ 73,498,406
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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
Increase (Decrease) in Net Assets from Operations		
Net investment income	\$ 149,367	\$ 936,345
Net realized gain on investment and foreign currency transactions	42,295,447	12,598,818
Net change in unrealized appreciation/ depreciation on investments and foreign currency denominated assets and liabilities	31,053,592	(3,499,963)
Contributions from Affiliates (see Note B)	– 0 –	9,695
Net increase in net assets from operations	73,498,406	10,044,895
Distributions to Shareholders		
Class A	(426,922)	(865,274)
Class C	(293,236)	(835,262)
Advisor Class	(5,207,495)	(13,144,837)
Class R	(886)	(1,758)
Class K	(31,288)	(77,392)
Class I	(165,778)	(426,211)
Capital Stock Transactions		
Net decrease	(48,672,280)	(21,709,311)
Total increase (decrease)	18,700,521	(27,015,150)
Net Assets		
Beginning of period	198,073,915	225,089,065
End of period	\$ 216,774,436	\$ 198,073,915

See notes to financial statements.

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 Select US Equity 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 T, Class 1, and Class 2 shares. Class B, 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. Class R and Class K shares are sold without an initial or contingent deferred sales charge. Advisor Class and Class I shares are sold without an initial or contingent deferred sales charge and are not subject to ongoing distribution expenses. All 10 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”).

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,

NOTES TO FINANCIAL STATEMENTS (continued)

yield curves, option adjusted spreads, default rates, credit spreads and 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:

Investments in Securities	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks:				
Information Technology	\$ 50,181,205	\$ - 0 -	\$ - 0 -	\$ 50,181,205
Financials	33,843,303	- 0 -	- 0 -	33,843,303
Industrials	28,477,189	- 0 -	- 0 -	28,477,189
Communication Services ...	28,448,349	- 0 -	- 0 -	28,448,349
Health Care	25,757,152	- 0 -	- 0 -	25,757,152
Consumer Discretionary	23,881,754	- 0 -	- 0 -	23,881,754
Energy	10,480,975	- 0 -	- 0 -	10,480,975
Consumer Staples	9,309,542	- 0 -	- 0 -	9,309,542
Utilities	1,750,733	- 0 -	- 0 -	1,750,733
Short-Term Investments:				
Investment Companies	4,605,745	- 0 -	- 0 -	4,605,745
Time Deposits	- 0 -	136,380	- 0 -	136,380
Total Investments in Securities	216,735,947	136,380	- 0 -	216,872,327
Other Financial Instruments*	- 0 -	- 0 -	- 0 -	- 0 -
Total	\$ 216,735,947	\$ 136,380	\$ - 0 -	\$ 216,872,327

* 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.

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 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

NOTES TO FINANCIAL STATEMENTS (continued)

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 1.00% 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 (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 1.55%, 2.30%, 1.30%, 1.80%, 1.55% and 1.30% of the daily average net assets for Class A, Class C, Advisor Class, Class R, Class K and Class I shares, respectively. For the year ended June 30, 2021, such reimbursements/waivers amounted to \$1,645. The Expense Caps may not be terminated before October 31, 2021.

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 \$91,632.

NOTES TO FINANCIAL STATEMENTS (continued)

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 net-working services. Such compensation retained by ABIS amounted to \$26,954 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 \$3,281 from the sale of Class A shares and received \$48 and \$133 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 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 fee 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 \$3,510.

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

Fund	Market Value 6/30/20 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value 6/30/21 (000)	Dividend Income (000)
Government Money Market Portfolio....	\$ 4,604	\$ 59,597	\$ 59,595	\$ 4,606	\$ 2
Government Money Market Portfolio*...	– 0 –	2,389	2,389	– 0 –	0**
Total				\$ 4,606	\$ 2

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

** Amount is less than \$500.

NOTES TO FINANCIAL STATEMENTS (continued)

During the year ended June 30, 2020, the Adviser reimbursed the Fund \$9,695 for trading losses incurred due to a trade entry error.

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.

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 .30% of the Fund’s average daily net assets attributable to Class A shares, 1% of the Fund’s average daily net assets attributable to Class C shares, .50% of the Fund’s average daily net assets attributable to Class R shares and .25% of the Fund’s average daily net assets attributable to Class K shares. There are no distribution and servicing fees on Advisor Class and Class I shares. The fees are accrued daily and paid monthly. Payments under the Agreement in respect of Class A shares are currently limited to an annual rate of .25% of Class A shares’ average daily net assets. 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 operation, the Distributor has incurred expenses in excess of the distribution costs reimbursed by the Fund in the amounts of \$114,515, \$0 and \$3,210 for Class C, Class R and Class K shares, respectively. While such costs may be recovered from the Fund in future periods so long as

NOTES TO FINANCIAL STATEMENTS (continued)

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:

	<u>Purchases</u>	<u>Sales</u>
Investment securities (excluding		
U.S. government securities).....	\$ 298,533,678	\$ 353,078,562
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	<u>\$ 136,593,201</u>
Gross unrealized appreciation	\$ 85,223,616
Gross unrealized depreciation	<u>(4,944,490)</u>
Net unrealized appreciation.....	<u>\$ 80,279,126</u>

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.

The Fund did not engage in derivative transactions for the year ended June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS (continued)

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 dividend 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 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

NOTES TO FINANCIAL STATEMENTS (continued)

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
\$ 503,820	\$ - 0 -	\$ 505,521	\$ 189	\$ 5	\$ 1

* As of June 30, 2021.

NOTE F Capital Stock

Each class consists of 3,000,000,000 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
Class A				
Shares sold	272,417	221,797	\$ 5,550,293	\$ 3,453,847
Shares issued in reinvestment of dividends and distributions	20,903	45,558	386,573	757,627
Shares converted from Class C	79,829	51,658	1,598,446	876,795
Shares redeemed	(249,849)	(237,117)	(5,002,941)	(3,796,610)
Net increase	123,300	81,896	\$ 2,532,371	\$ 1,291,659

NOTES TO FINANCIAL STATEMENTS (continued)

	Shares		Amount	
	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2020
Class C				
Shares sold	51,700	58,884	\$ 975,350	\$ 931,948
Shares issued in reinvestment of dividends and distributions	15,009	43,029	256,807	668,677
Shares converted to Class A	(86,329)	(55,268)	(1,598,446)	(876,795)
Shares redeemed	(86,949)	(213,439)	(1,458,085)	(3,202,594)
Net decrease	(106,569)	(166,794)	\$ (1,824,374)	\$ (2,478,764)
Advisor Class				
Shares sold	1,292,033	2,808,579	\$ 23,637,823	\$ 43,474,248
Shares issued in reinvestment of dividends and distributions	267,344	571,383	4,935,169	9,473,528
Shares redeemed	(4,091,506)	(4,416,704)	(77,467,354)	(72,711,605)
Net decrease	(2,532,129)	(1,036,742)	\$ (48,894,362)	\$ (19,763,829)
Class R				
Shares sold	1,044	298	\$ 19,173	\$ 4,790
Shares issued in reinvestment of dividends and distributions	15	27	277	439
Shares redeemed	(13)	(68)	(244)	(876)
Net increase	1,046	257	\$ 19,206	\$ 4,353
Class K				
Shares sold	42,815	19,495	\$ 789,404	\$ 302,616
Shares issued in reinvestment of dividends and distributions	1,714	4,713	31,287	77,391
Shares redeemed	(45,078)	(12,634)	(825,968)	(189,286)
Net increase (decrease)	(549)	11,574	\$ (5,277)	\$ 190,721
Class I				
Shares sold	10	10,147	\$ 187	\$ 169,313
Shares issued in reinvestment of dividends and distributions	9,084	26,004	165,778	426,211
Shares redeemed	(32,483)	(96,038)	(665,809)	(1,548,975)
Net decrease	(23,389)	(59,887)	\$ (499,844)	\$ (953,451)

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

Market Risk—The value of the Fund's assets will fluctuate as the stock, bond or currency 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.

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

Active Trading Risk—The Fund expects to engage in active and frequent trading of its portfolio securities and its portfolio turnover rate may greatly exceed 100%. A higher rate of portfolio turnover increases transaction costs, which may negatively affect the Fund's return. In addition, a high rate of portfolio turnover may result in substantial short-term gains, which may have adverse tax consequences for Fund shareholders.

IPO Risk—Securities purchased in an IPO may be subject to substantial price volatility due to one or more factors such as unseasoned trading in the securities, the lack of investor knowledge of the issuer, the lack of an operating history of the issuer, and the dependence of the issuer on key personnel, suppliers or a limited number of customers.

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 Conduct 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

NOTES TO FINANCIAL STATEMENTS (continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (continued)

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	\$ 3,316,984	\$ 5,550,516
Net long-term capital gains	2,808,621	9,800,218
Total taxable distributions paid	<u>\$ 6,125,605</u>	<u>\$ 15,350,734</u>

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

Undistributed ordinary income	\$ 16,618,286
Undistributed capital gains	17,477,626
Unrealized appreciation/(depreciation)	80,278,354 ^(a)
Total accumulated earnings/(deficit)	<u>\$ 114,374,266</u>

(a) The differences between book-basis and tax-basis unrealized appreciation/(depreciation) are attributable primarily to the tax deferral of losses on wash sales.

For tax purposes, net 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 did not have any capital loss carryforwards.

During the current fiscal year, permanent differences primarily due to the utilization of earnings and profits distributed to shareholders on redemption of shares resulted in a net decrease in distributable earnings and a net increase in additional paid-in capital. These reclassifications had no effect on net assets.

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

NOTES TO FINANCIAL STATEMENTS (continued)

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 ...	\$ 16.19	\$ 16.81	\$ 17.15	\$ 16.54	\$ 14.70
Income From Investment Operations					
Net investment income (loss) ^{(a)(b)}	(.03)	.05	.05	.05	.06
Net realized and unrealized gain on investment and foreign currency transactions.....	6.76	.68	1.32	2.39	2.32
Contributions from Affiliates	- 0 -	.00 ^(c)	- 0 -	- 0 -	- 0 -
Net increase in net asset value from operations.....	6.73	.73	1.37	2.44	2.38
Less: Dividends and Distributions					
Dividends from net investment income	- 0 -	(.07)	(.05)	(.03)	- 0 -
Distributions from net realized gain on investment and foreign currency transactions.....	(.60)	(1.28)	(1.66)	(1.80)	(.54)
Total dividends and distributions	(.60)	(1.35)	(1.71)	(1.83)	(.54)
Net asset value, end of period	\$ 22.32	\$ 16.19	\$ 16.81	\$ 17.15	\$ 16.54
Total Return					
Total investment return based on net asset value ^{(d)*}	42.31 %	4.18 %	9.08 %	15.03 %	16.47 %
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$18,875	\$11,699	\$10,765	\$12,060	\$11,694
Ratio to average net assets of:					
Expenses, net of waivers/ reimbursements ^{(e)†}	1.51 %	1.53 %	1.50 %	1.45 %	1.45 %
Expenses, before waivers/ reimbursements ^{(e)†}	1.51 %	1.53 %	1.50 %	1.46 %	1.45 %
Net investment income (loss) ^(b)	(.13)%	.28 %	.28 %	.31 %	.37 %
Portfolio turnover rate	148 %	183 %	209 %	236 %	292 %

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

	.00 %	.00 %	.02 %	.02 %	.02 %
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See footnote summary on page 43.

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 ...	\$ 15.07	\$ 15.78	\$ 16.28	\$ 15.87	\$ 14.23
Income From Investment Operations					
Net investment loss ^{(a)(b)}	(.16)	(.07)	(.07)	(.07)	(.05)
Net realized and unrealized gain on investment and foreign currency transactions.....	6.26	.64	1.23	2.28	2.23
Contributions from Affiliates	- 0 -	.00 ^(c)	- 0 -	- 0 -	- 0 -
Net increase in net asset value from operations.....	6.10	.57	1.16	2.21	2.18
Less: Distributions					
Distributions from net realized gain on investment and foreign currency transactions.....	(.60)	(1.28)	(1.66)	(1.80)	(.54)
Net asset value, end of period	\$ 20.57	\$ 15.07	\$ 15.78	\$ 16.28	\$ 15.87
Total Return					
Total investment return based on net asset value ^{(d)*}	41.25 %	3.36 %	8.27 %	14.19 %	15.59 %
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$9,319	\$8,437	\$11,463	\$12,825	\$10,647
Ratio to average net assets of:					
Expenses, net of waivers/ reimbursements ^{(e)†}	2.26 %	2.27 %	2.25 %	2.21 %	2.20 %
Expenses, before waivers/ reimbursements ^{(e)†}	2.27 %	2.28 %	2.25 %	2.21 %	2.21 %
Net investment loss ^(b)	(.88)%	(.45)%	(.47)%	(.45)%	(.33)%
Portfolio turnover rate	148 %	183 %	209 %	236 %	292 %

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

	.00 %	.00 %	.02 %	.02 %	.02 %
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See footnote summary on page 43.

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 ...	\$ 16.17	\$ 16.78	\$ 17.14	\$ 16.53	\$ 14.73
Income From Investment Operations					
Net investment income ^{(a)(b)} .....	.03	.09	.09	.10	.10
Net realized and unrealized gain on investment and foreign currency transactions.....	6.74	.69	1.31	2.38	2.33
Contributions from Affiliates	- 0 -	.00 ^(c)	- 0 -	- 0 -	- 0 -
Net increase in net asset value from operations.....	6.77	.78	1.40	2.48	2.43
Less: Dividends and Distributions					
Dividends from net investment income	(.02)	(.11)	(.10)	(.07)	(.09)
Distributions from net realized gain on investment and foreign currency transactions.....	(.60)	(1.28)	(1.66)	(1.80)	(.54)
Total dividends and distributions	(.62)	(1.39)	(1.76)	(1.87)	(.63)
Net asset value, end of period	\$ 22.32	\$ 16.17	\$ 16.78	\$ 17.14	\$ 16.53
Total Return					
Total investment return based on net asset value ^{(d)*}	42.63 %	4.44 %	9.34 %	15.33 %	16.82 %
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$181,782	\$172,643	\$196,566	\$186,570	\$239,659
Ratio to average net assets of:					
Expenses, net of waivers/ reimbursements ^{(e)†}	1.26 %	1.27 %	1.25 %	1.20 %	1.20 %
Expenses, before waivers/ reimbursements ^{(e)†}	1.26 %	1.27 %	1.25 %	1.21 %	1.20 %
Net investment income ^(b) .....	.13 %	.54 %	.53 %	.56 %	.67 %
Portfolio turnover rate	148 %	183 %	209 %	236 %	292 %

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

	.00 %	.00 %	.02 %	.02 %	.02 %
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See footnote summary on page 43.

FINANCIAL HIGHLIGHTS (continued)

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

	Class R				
	Year Ended June 30,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period ...	\$ 15.73	\$ 16.37	\$ 16.76	\$ 16.22	\$ 14.48
Income From Investment Operations					
Net investment income (loss) ^{(a)(b)}	(.08)	.00 ^(c)	(.00) ^(c)	.00 ^(c)	.02
Net realized and unrealized gain on investment and foreign currency transactions.....	6.55	.67	1.28	2.34	2.28
Contributions from Affiliates	- 0 -	.00 ^(c)	- 0 -	- 0 -	- 0 -
Net increase in net asset value from operations.....	6.47	.67	1.28	2.34	2.30
Less: Dividends and Distributions					
Dividends from net investment income	- 0 -	(.03)	(.01)	- 0 -	(.02)
Distributions from net realized gain on investment and foreign currency transactions.....	(.60)	(1.28)	(1.66)	(1.80)	(.54)
Total dividends and distributions	(.60)	(1.31)	(1.67)	(1.80)	(.56)
Net asset value, end of period	\$ 21.60	\$ 15.73	\$ 16.37	\$ 16.76	\$ 16.22
Total Return					
Total investment return based on net asset value ^{(d)*}	41.95 %	3.87 %	8.77 %	14.71 %	16.14 %
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$54	\$23	\$19	\$17	\$16
Ratio to average net assets of:					
Expenses, net of waivers/ reimbursements ^{(e)†}	1.80 %	1.80 %	1.78 %	1.76 %	1.74 %
Expenses, before waivers/ reimbursements ^{(e)†}	1.88 %	1.86 %	1.78 %	1.76 %	1.74 %
Net investment income (loss) ^(b)	(.43)%	.01 %	(.02)%	.01 %	.12 %
Portfolio turnover rate	148 %	183 %	209 %	236 %	292 %

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

See footnote summary on page 43.

FINANCIAL HIGHLIGHTS (continued)

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

	Class K				
	Year Ended June 30,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period ...	\$ 15.99	\$ 16.59	\$ 16.92	\$ 16.33	\$ 14.56
Income From Investment Operations					
Net investment income (loss) ^{(a)(b)}	(.03)	.04	.03	.04	.05
Net realized and unrealized gain on investment and foreign currency transactions.....	6.66	.68	1.30	2.35	2.29
Contributions from Affiliates	- 0 -	.00 ^(c)	- 0 -	- 0 -	- 0 -
Net increase in net asset value from operations.....	6.63	.72	1.33	2.39	2.34
Less: Dividends and Distributions					
Dividends from net investment income	- 0 -	(.04)	- 0 -	- 0 -	(.03)
Distributions from net realized gain on investment and foreign currency transactions.....	(.60)	(1.28)	(1.66)	(1.80)	(.54)
Total dividends and distributions	(.60)	(1.32)	(1.66)	(1.80)	(.57)
Net asset value, end of period	\$ 22.02	\$ 15.99	\$ 16.59	\$ 16.92	\$ 16.33
Total Return					
Total investment return based on net asset value ^{(d)*}	42.28 %	4.16 %	8.99 %	14.94 %	16.38 %
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$1,404	\$1,028	\$875	\$2,806	\$2,636
Ratio to average net assets of:					
Expenses, net of waivers/ reimbursements ^{(e)†}	1.55 %	1.55 %	1.55 %	1.54 %	1.55 %
Expenses, before waivers/ reimbursements ^{(e)†}	1.69 %	1.70 %	1.66 %	1.63 %	1.62 %
Net investment income (loss) ^(b)	(.17)%	.26 %	.18 %	.22 %	.32 %
Portfolio turnover rate	148 %	183 %	209 %	236 %	292 %

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

See footnote summary on page 43.

FINANCIAL HIGHLIGHTS (continued)

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

	Class I				
	Year Ended June 30,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period ...	\$ 15.99	\$ 16.60	\$ 16.97	\$ 16.38	\$ 14.61
Income From Investment Operations					
Net investment income ^{(a)(b)} .....	.02	.09	.09	.10	.11
Net realized and unrealized gain on investment and foreign currency transactions.....	6.67	.68	1.30	2.36	2.29
Contributions from Affiliates	- 0 -	.00 ^(c)	- 0 -	- 0 -	- 0 -
Net increase in net asset value from operations.....	6.69	.77	1.39	2.46	2.40
Less: Dividends and Distributions					
Dividends from net investment income	(.02)	(.10)	(.10)	(.07)	(.09)
Distributions from net realized gain on investment and foreign currency transactions.....	(.60)	(1.28)	(1.66)	(1.80)	(.54)
Total dividends and distributions	(.62)	(1.38)	(1.76)	(1.87)	(.63)
Net asset value, end of period	\$ 22.06	\$ 15.99	\$ 16.60	\$ 16.97	\$ 16.38
Total Return					
Total investment return based on net asset value ^{(d)*}	42.62 %	4.45 %	9.38 %	15.35 %	16.76 %
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$5,340	\$4,244	\$5,401	\$39,104	\$15,121
Ratio to average net assets of:					
Expenses, net of waivers/ reimbursements ^{(e)†}	1.26 %	1.26 %	1.23 %	1.21 %	1.19 %
Expenses, before waivers/ reimbursements ^{(e)†}	1.26 %	1.27 %	1.24 %	1.22 %	1.19 %
Net investment income ^(b) .....	.13 %	.56 %	.55 %	.57 %	.72 %
Portfolio turnover rate	148 %	183 %	209 %	236 %	292 %

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

See footnote summary on page 43.

FINANCIAL HIGHLIGHTS (continued)

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

- (a) Based on average shares outstanding.
 - (b) Net of expenses waived/reimbursed by the Adviser.
 - (c) Amount is less than \$0.005.
 - (d) 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.
 - (e) 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 year ended June 30, 2017, such waiver amounted to 0.01%.
- * Includes the impact of proceeds received, and credited to the Fund resulting from class action settlements, which enhanced the performance of each share class, for the years ended June 30, 2020 and June 30, 2018 by 0.03% and 0.02%, respectively.

See notes to financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of AB Select US Equity Portfolio:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of AB Select US Equity 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

**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

2021 FEDERAL TAX INFORMATION

(unaudited)

For Federal income tax purposes, the following information is furnished with respect to the distributions paid by the Fund during the taxable year ended June 30, 2021. For corporate shareholders, 13.87% of dividends paid qualify for the dividends received deduction. For individual shareholders, the Fund designates 13.64% of dividends paid as qualified dividend income. The Fund designates \$2,808,621 of dividends paid as long-term capital gains dividends.

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.

BOARD OF DIRECTORS

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

Nancy P. Jacklin⁽¹⁾
Jeanette W. Loeb⁽¹⁾
Carol C. McMullen⁽¹⁾
Garry L. Moody⁽¹⁾
Earl D. Weiner⁽¹⁾

OFFICERS

Kurt A. Feuerman⁽²⁾, Vice
President
Anthony Nappo⁽²⁾, 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

Principal Underwriter

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

Legal Counsel

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

Independent Registered Public Accounting Firm

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

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 Select Equity Portfolios Investment Team. Messrs. Feuerman and Nappo are the investment professionals with the most significant responsibility for the day-to-day management of the Fund's portfolio.

MANAGEMENT OF THE FUND

Board of Directors Information

The business and affairs of the Fund are managed under the direction of the Board of Directors. Certain information concerning the Fund's Directors is set forth below.

NAME, ADDRESS,* AGE AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
INTERESTED DIRECTOR			
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 AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
DISINTERESTED DIRECTORS			
Marshall C. Turner, Jr.,# <i>Chairman of the Board</i> 79 (2011)	Private Investor since prior to 2016. Former Chairman and CEO of DuPont Photomasks, Inc. (components of semi-conductor manufacturing). He was a Director of Xilinx, Inc. (programmable logic semi-conductors 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 AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
DISINTERESTED DIRECTORS (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 (2011)	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 AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
DISINTERESTED DIRECTORS (continued)			
Nancy P. Jacklin,# 73 (2011)	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 (ecommerce 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 a Director 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 AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
DISINTERESTED DIRECTORS (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 AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
DISINTERESTED DIRECTORS (continued)			
Garry L. Moody,# 69 (2011)	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 AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER INFORMATION***	PORTFOLIOS IN AB FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER PUBLIC DIRECTORSHIPS CURRENTLY HELD BY DIRECTOR
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DISINTERESTED DIRECTORS

(continued)

Earl D. Weiner, # 82 (2011)	Senior Counsel since 2017, Of Counsel from 2007 to 2016, and Partner prior to then, of the law firm Sullivan & Cromwell LLP. He is a former member of 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.

MANAGEMENT OF THE FUND (continued)

Officer Information

Certain information concerning the Fund's Officers is listed below:

NAME, ADDRESS* AND AGE	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Onur Erzan 45	President and Chief Executive Officer	See biography above.
Kurt A. Feuerman 65	Vice President	Senior Vice President and Chief Investment Officer – Select US Equity Portfolios of the Adviser**, with which he has been associated since prior to 2016.
Anthony Nappo 49	Vice President	Senior Vice President, and Co-Chief Investment Officer – Select US Equity Portfolios of the Adviser**, since prior to 2016.
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, 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 Select US Equity 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. Reimbursements, to the extent requested and paid, result in a higher rate of total compensation from the Fund to the Adviser than the fee rate stated in the Advisory Agreement. The directors noted that the methodology used to determine the reimbursement amounts had been reviewed by an independent consultant at the request of the directors. 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, 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 advisory fee rate with a peer group median and noted that it was above the median. The directors also took into account the impact on the advisory fee rate of the administrative expense reimbursement paid to the Adviser in the latest fiscal year.

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 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 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 Adviser had agreed to cap the Fund's expenses, but the directors noted that the Fund's expense ratio was currently below the level of the Adviser's cap. 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. The directors noted that the Fund's expense ratio was above the medians. After reviewing and discussing the Adviser's explanations of the reasons for this, the directors concluded that the Fund's expense ratio was acceptable.

Economies of Scale

The directors noted that the advisory fee schedule for the Fund does not contain breakpoints, and that they had discussed their strong preference for breakpoints in advisory contracts with the Adviser. 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. The directors informed the Adviser that they would monitor the Fund's asset level (which was well below the level at which they would anticipate adding an initial breakpoint) and its profitability to the Adviser and anticipated revisiting the question of breakpoints in the future if circumstances warranted doing so.

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 Portfolio¹
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 or contact your AB representative. Please read the prospectus and/or summary prospectus carefully before investing.

¹ Prior to April 30, 2021, High Yield Portfolio was named FlexFee High Yield Portfolio.

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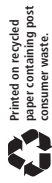
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