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# **AB International Health Care Portfolio**

Invest in Your  
Future



# Why healthcare investing?

- + Health is important to all of us
- + Strong demand trends and innovation within the sector underscore the opportunities investors can capture in healthcare
- + Healthcare is typically considered 'defensive' because of its low correlation with global macroeconomic conditions
- + Benefit from the expertise of AB's experienced and well-resourced investment team

## Capitalise on the industry's changing trends

Health is wealth, as the proverb goes. Without good health, wealth amounts to nothing if we can't enjoy our financial success.

The pandemic has highlighted the importance of healthcare - and being prepared. It has also prompted unprecedented collaboration and adaptation across global health systems, accelerating the pace of change in the sector.

Beyond the Covid-19 pandemic, however, there are other structural trends that make investing in healthcare compelling.



### Technological innovation

- + The coronavirus outbreak has clearly demonstrated how important technology is for the healthcare sector. The use of virtual health services surged, with remote medical consultation and digital monitoring becoming the new norm. People made more virtual visits to the doctors in 2020 than ever before <sup>1</sup> and plan to continue using them.
- + Yet that is just one aspect of digital health. Other medical advancements in both the treatment of diseases and delivery of services are also redefining the healthcare industry's business dynamics. The gathering momentum towards a digital future holds the promise of a new era of innovation that will lower costs, boost access for patients and improve treatment.



### Aging population, lifestyle changes

- + Aging demographic trends across the world, along with an increasing focus on health and well-being, are also creating demand for all sorts of health services – at a time when governments are under pressure to cut healthcare costs.
- + In Singapore, for example, almost 25% of the population is projected to be over 65 years of age by 2030, compared to 15% in 2020 <sup>2</sup>. Healthcare utilisation typically rises with age and this demographic shift has profound implications on the city state's healthcare needs.



### Need for better efficiency

- + Despite government efforts to rein in costs and drive efficiencies in the healthcare system, overall healthcare expenditure remains elevated. The increasing financial burden to national budgets and employer-sponsored health insurance is creating the force for change – and opportunity to boost efficiency further.
- + In our view, companies that can improve the quality of healthcare provision while keeping costs manageable will be well placed to benefit from rising demand and growth opportunities.

<sup>1</sup> Source: Deloitte, 2021 Global health care outlook.

<sup>2</sup> Source: Asian Development Bank. Asia's Aging Population needs a safe, supportive physical environment, 1 June 2020.

## A defensive and dynamic industry

The healthcare sector offers investors a mix of both defensive and dynamic characteristics. From a defensive perspective, the sector benefits from a steady stream of inelastic demand as healthcare is something that everyone needs. This is complemented by strong dynamic trends, driving innovation in the sector at an ever-increasing pace and presenting investors with attractive potential opportunities around the world.

The sector's broad and diverse sub-sectors also provide investors with industry diversification. There are six broad industry classifications in the sector, each with their own characteristics.



### Pharmaceuticals

+ companies engaged in the research, development or production of prescription and over-the-counter drugs, often creating a steady stream of revenue from ongoing sales.



### Biotechnology

+ firms that focus on genetic analysis and engineering. They include companies specialising in protein-based therapeutics to treat illnesses.



### Healthcare Facilities & Services

+ a broad category ranging from distributors and wholesalers of healthcare products to companies that manage hospitals and other care facilities.



### Healthcare technology

+ companies that provide services software and IT services primarily to doctors, hospitals or businesses operating in the primary care network.



### Life Sciences Tools & Services

+ support pharmaceutical companies and biotech firms by providing analytical tools, instruments, consumables & supplies, clinical trial services and contract research services.



### Healthcare Equipment & Supplies

+ these range from companies that make bandages to firms that make complex and expensive high-tech machinery used in medical procedures.

Source: MSCI, November 2021

## Why the AB International Health Care Portfolio?

### Potential to grow your capital

The Portfolio offers investors durable long-term growth in the healthcare sector, or gain exposure to healthcare-related companies. It aims to increase the value of your investment over time by selecting quality companies with competitive advantages over their peers and good growth potential.



### Stocks across multiple sub-sectors to balance portfolio risk

One of the easiest ways to gain exposure to a broad range of companies within the healthcare sector is to invest in stocks across a variety of sub-sectors.

The Portfolio allocates capital across various sub-sectors of the healthcare industry such as pharmaceuticals, healthcare equipment, biotechnology and healthcare services. We believe this helps balance portfolio risk and drive overall returns around a wider range of companies rather than a handful of stocks.



### AB's investment team is experienced and well resourced

The investment team has decades of combined experience covering the healthcare industry. As bottom-up stock pickers we focus on fundamental research and analysis, drawing on firmwide expertise of AB's global healthcare specialists to identify the best businesses in the sector.



# AB International Health Care Portfolio

## Portfolio Details

**Investment objective** The AB International Health Care Portfolio aims to deliver long-term capital growth by investing primarily in high quality healthcare and healthcare-related companies located throughout the world, including emerging markets.

**Fund Inception date** 5 July 1995 (Class A – USD)  
**Domicile** Luxembourg  
**Benchmark** MSCI World Healthcare Index  
**Base Currency** US Dollar  
**Minimum Subscription** USD 2,000  
**Currency type available (unhedged)** EUR, SGD, USD  
**Management Fee\*** 1.80% or 1.75%  
**Subscription/Redemption** Daily

## Overall Morningstar Rating ^

Class A USD Shares



Rated against 433 funds in the Healthcare Equity category, based on risk-adjusted returns.

### IDENTIFIER

ISIN: LU0058720904

\* As an annual percentage of average daily Net Asset Value. For further details on the Management Fee, please refer to the "Fees and Charges" section in each of the Portfolio Descriptions set out in the appendices of the fund's Prospectus.

^ Source: Morningstar, as of 31 July 2022. Category: Sector Equity Healthcare. Overall Morningstar Rating is a copyright of Morningstar, Inc., 2020. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Morningstar rates funds from one star to five stars based on how well the funds have performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods, in three years, five years, and ten years, and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They are a useful tool for identifying funds worthy of further research, but should not be considered buy or sell recommendations.

### Investment risks to consider. These and other risks are described in the Portfolio's prospectus.

Investment in the Portfolio entails certain risks. Investment returns and principal value of the Portfolio will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Some of the principal risks of investing in the Portfolio include:

**Concentrated/Focus Risk:** Investing a large portion of its assets in a limited number of industries, sectors or issuers, or within a limited geographical area, it can be riskier and subject to greater volatility than a Portfolio that invests more broadly.

**Currency Risk:** The Portfolio holds assets that are denominated in currencies other than its Base Currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses, in some cases significantly. Hedging may reduce but not eliminate currency risk.

**Derivatives Risk:** The Portfolio is entitled to use derivative instruments for hedging and/or EPM purposes which may involve additional risks different from, and, in certain cases, greater than, the risks presented by more traditional investments.

**Emerging/frontier Markets Risk:** Where the Portfolio invests in emerging markets, these assets are generally smaller and more sensitive to economic and political factors and may be less easily traded, which could cause a loss to the Portfolio.

**Equity Securities Risk:** The value of equity investments may fluctuate in response to the activities and results of individual companies or because of market and economic conditions. These investments may decline over shorter long-term periods.

## Important information

The Portfolio is part of AB SICAV I (referred to as “AB”). AB is an open-ended investment company with variable capital (société d’investissement à capital variable) under the laws of the Grand Duchy of Luxembourg. Prior to 5 February 2016, AB’s legal name was ACMBernstein SICAV, its trading name was AllianceBernstein.

On 31 August 2006 the Portfolio was formed by the merger of ACM International Health Care Fund into the current Portfolio. Performance prior to 31 August 2006 and noted “since inception” is actually ACM International Health Care Fund. The investment objective, policies and strategies of the portfolios are substantially the same. The fees and charges for the portfolios were calculated differently, however, their respective estimated total expense ratios are comparable.

Investment in the Fund entails certain risks. Investment returns and principal value of the Fund will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. The Fund is meant as a vehicle for diversification and does not represent a complete investment program. Some of the principal risks of investing in the Fund (risks typically associated with ordinary market conditions) include concentration/focus risk, currency risk, derivatives risk, emerging/frontier markets risk, equity securities risk, hedging risk, market risk, and securities lending risk. The Portfolio is entitled to use derivative instruments for hedging and/or EPM purposes which may involve additional risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. These and other risks are described in the Fund’s prospectus. Prospective investors should read the prospectus and Product Highlights Sheet carefully and discuss risk and the fund’s fees and charges with their financial adviser to determine if the investment is appropriate for them.

This information is directed solely at persons in jurisdictions where the funds and relevant share class are registered or who may otherwise lawfully receive it. Before investing in AllianceBernstein funds, investors should review the fund’s full prospectus, together with the fund’s Product Highlights Sheet and the most recent financial statements. Copies of these documents, including the latest annual report and, if issued thereafter, the latest semi-annual report, may be obtained free of charge from [www.abfunds.com/](http://www.abfunds.com/) [www.alliancebernstein.com](http://www.alliancebernstein.com) or by contacting the local distributor in the jurisdictions in which the funds are authorized for distribution.

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