Product TCFD Report

AllianceBernstein®

SVS AllianceBernstein Concentrated US Equity Fund

All metrics as of 31-December-2023

Task Force on Climate-Related Financial Disclosures (TCFD) Climate Metrics

Summary:

The following report details climate metrics for the product in question as per the Climate Reporting Requirements of the UK Financial Conduct Authority (FCA).

Contents:

1. Summary of Climate Metrics Disclosed

Financed Emissions

Financed Emissions assess a portfolio's 'owned' emissions on the basis of enterprise value including cash (EVIC). To help delineate direct and indirect emission sources, Financed Emissions are expressed within three 'scopes' as defined below for GHG accounting and reporting purposes. The three 'scopes' are defined by are the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards as per below:[1]

- **Scope 1 emissions** - Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment.
- **Scope 2 emissions** - Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of a company. Scope 2 emissions physically occur at the facility where electricity is generated.
- **Scope 3 emissions** - Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

Financed Emissions per US$ Million invested

Financed Emissions per US$ million invested is a normalised measure of a portfolio's 'owned' emissions per US$ million invested, on the basis of EVIC.

Weighted Average Carbon Intensity (WACI)

Weighted Average Carbon Intensity indicates a portfolio's weighted average exposure to carbon-intensive issuers and is agnostic to ownership share.

- Corporate issuer - WACI demonstrates Carbon Intensity by assessing carbon emissions relative to sales

Climate Value-at-Risk**

The portfolio's Climate Value-at-Risk (CVaR) is a weighted aggregation of each securities' Climate VaR. The key fiduciary consideration driving the adoption of climate scenario analysis is that climate-related risks can become financial risks. This happens along two main vectors:

- Transition risks - These will affect the profitability of businesses and wealth of households, creating financial risks for lenders and investors. They will also affect the broader economy through investment, productivity and relative price channels, particularly if the transition leads to stranded assets*
- Physical risks - affect the economy in two ways:
    a) Acute Impacts from extreme weather events can lead to business disruption and damages to property. There is some evidence that with increased warming they could also lead to persistent longer term impacts on the economy. These events can increase underwriting risks for insurers, possibly leading to lower insurance coverage in some regions, and impair asset values.*
    b) Chronic impacts, particularly from increased temperatures, sea levels rise and precipitation, may affect labour, capital, land and natural capital in specific areas. These changes will require a significant level of investment and adaptation from companies, households and governments.*

Together, transition and physical risks translate into financial risks and opportunities that can be used to assess the climate impact of an investment. The application of different climate scenarios is one way to assess and quantify a portfolio's potential exposure to these climate-related risks.

The climate scenarios used in AB's approach are in line with the NGFS guidance on climate scenarios and have been defined as follows:***

- Orderly Scenarios – these assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.*
- Disorderly Scenarios - these explore higher transition risk due to policies being delayed or divergent across countries and sectors. For example, carbon prices would have to increase abruptly after a period of delay.*
- Hothouse world Scenarios – these assume that some climate policies are implemented in some jurisdictions, but globally

[1] The Greenhouse Gas Protocol, '*A Corporate Accounting and Reporting Standard,'* P.27.

efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts like sea-level rise.*

Implied Temperature Rise

Implied Temperature Rise is designed to show the temperature alignment of the portfolio with global climate targets. The portfolio-level Implied Temperature Rise compares the sum of projected greenhouse gas emissions against the sum of carbon budgets for the underlying constituents or holdings. The estimated carbon budget overshoot or undershoot for the portfolio in question converts to a degree of temperature rise.

**Language is in line with the Network for Greening the Financial System (NGFS) guidance for Climate Scenarios*

*** AB's TCFD product reports include a qualitative summary, a quantitative summary and a discussion of the most significant drivers of impact for the climate scenarios detailed. This is provided in all AB's TCFD Product reports and is not determined by an assessment of the carbon exposure or exposure to carbon intensive sectors*

****The NGFS scenarios used align with the 'orderly transition', 'disorderly transition' and 'hothouse world' scenarios as defined by the FCA*

2. Dec 2023 Portfolio-Level Climate Metrics[2]

Portfolio Carbon Emissions				
#	Metric[3]	Corporate Emissions	In-Scope Weight (%)	Coverage (%)[4]
1	**Scope 1 & 2 Financed Emissions** (tons CO_2e)	2,016.7	98.8	100.0
2	**Scope 3 Financed Emissions** (tons CO_2e)	65,212.5	98.8	100.0
3	**Total Financed Emissions – Scope 1,2,3** (tons CO_2e)	67,229.2	98.8	100.0
4	**Scope 1 & 2 Financed Emissions per US$ million invested** (tons CO_2e/US$mn invested)[5]	4.5	98.8	100.0
5	**Scope 1 & 2 Corporate Weighted Average Carbon Intensity** (tons CO_2e/US$mn sales)	24.6	98.8	100.0

Benchmark Carbon Emissions[6]				
#	Metric	Corporate Emissions	In-Scope Weight (%)	Coverage (%)
1	**Scope 1 & 2 Financed Emissions** (tons CO_2e)	1,223,066,365.1	100.0	99.6
2	**Scope 3 Financed Emissions** (tons CO_2e)	9,023,286,989.7	100.0	99.6
3	**Total Financed Emissions – Scope 1,2,3** (tons CO_2e)	10,246,353,354.8	100.0	99.6
4	**Scope 1 & 2 Financed Emissions per US$ million invested** (tons CO_2e/US$mn invested)	30.5	100.0	99.8
5	**Scope 1 & 2 Corporate Weighted Average Carbon Intensity** (tons CO_2e/US$mn sales)	104.7	100.0	99.9

[2] Only long positions in physical equity securities included in analysis. Data as of December 31, 2023.
[3] The calculation approach used to determine metrics 1,2 & 3 redistributes the market value of uncovered positions across covered issuers.
[4] Coverage figures included in the report details the % of in-scope securities for which data is available.
[5] The calculation reflects financed emissions per USD million invested in portfolio weight that is both 'in-scope' and covered.
[6] Benchmark: S&P 500 TOTAL RETURN INDEX (NET) . The benchmark is for comparison purposes only.

Portfolio Climate Value at Risk (CVaR)[7]							
#	Scenario	Physical Risk (%)	Policy Risk (%)	Technology Opportunities (%)	Total CVaR (%)	In-Scope Weight (%)	Coverage (%)
6	Orderly	-0.8	-1.3	0.3	-1.8	98.8	100.0
7	Disorderly	-1.0	-3.8	0.8	-4.0	98.8	100.0
8	Hothouse World	-1.4	0.0	0.0	-1.4	98.8	100.0

Portfolio Implied Temperature Rise (ITR)			
#	Implied Temperature Rise (°C)	In-Scope Weight (%)	Coverage (%)
9	2.32°C	98.8	100.0

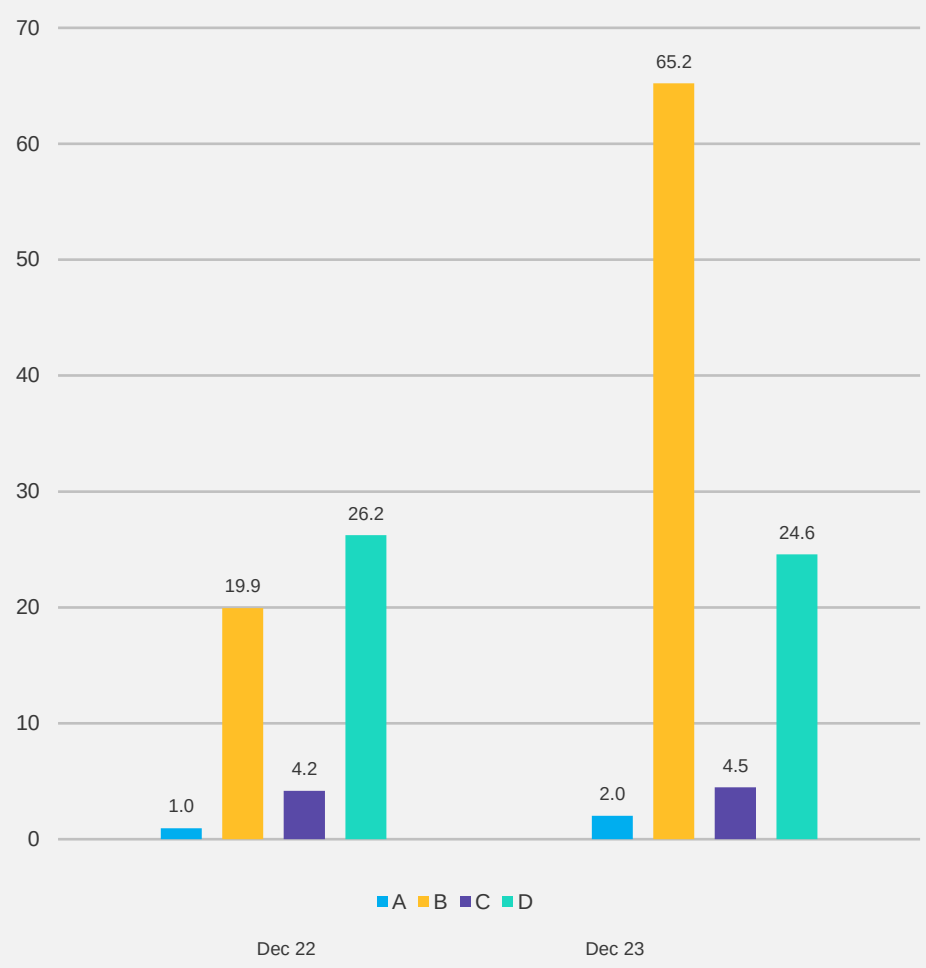
[7] Please see the later section for further information on CVaR

3. Portfolio-Level Climate Metrics – Time Series

Below details the time-series of reported data for the relevant metrics included in the report. There may be factors that affect the direct comparability of year-on-year reported metrics including[8]:

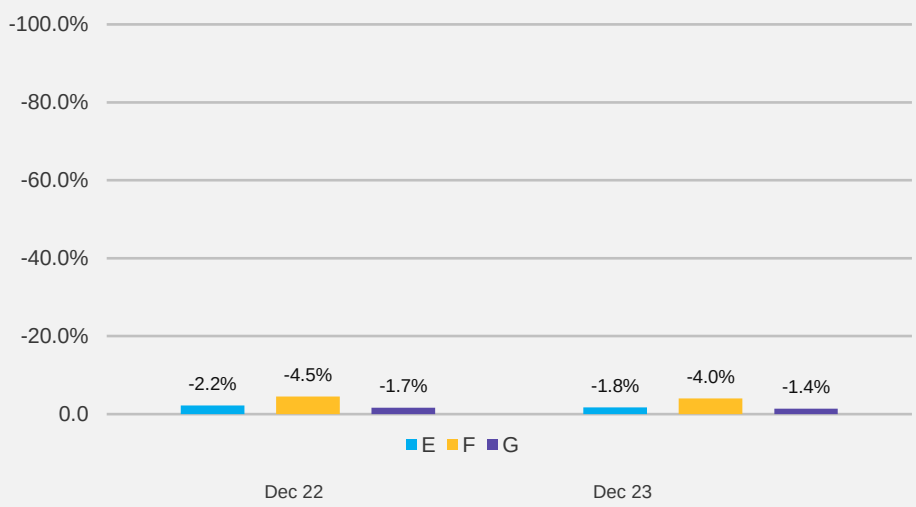
- Variables used in scenario-based modelling may be different year-on-year to account for the latest assessments of the physical and transition risks facing issuers
- Over-time, issuer carbon emissions disclosures will develop in their completeness resulting in the increase in the universe of issuers reporting carbon emissions data to be included in calculations.
- As methodologies to assess issuer-level carbon emissions develop, emissions disclosures will rely less on estimation methodologies, resulting in more accurate issuer-level emissions data.

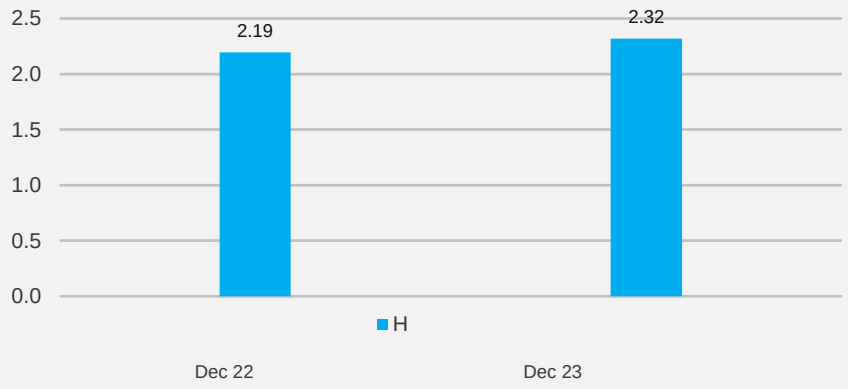
Portfolio Carbon Emissions

	Metric	Time Series
A	**Scope 1 & 2 Financed Emissions** (thousands tons CO_2e)	
B	**Scope 3 Financed Emissions** (thousands tons CO_2e)	
C	**Scope 1 & 2 Financed Emissions per US$ million invested** (tons CO2e/US$mn invested)	
D	**Scope 1 & 2 Corporate Weighted Average Carbon Intensity** (tons CO2e/US$mn sales)	

[8] For metrics A & B the December 2023 calculation methodology redistributes the market value of uncovered positions across covered issuers whilst the December 2022 made no adjustments for uncovered issuers in the calculation approach.

This is not a marketing communication.

Portfolio Climate Value at Risk (CVaR)		
Metric		**Time Series**
E	**CVAR – Orderly** (%)	
F	**CVAR – Disorderly** (%)	
G	**CVAR - Hothouse World** (%)	

Implied Temperature Rise		
Metric		**Time Series**
H	**Implied Temperature Rise** (°C)	

4. Analyzing Climate Value at Risk (CVaR)

AB has worked with its partners to determine the best-suited Transition and Physical scenarios that should be used in calculation of the Orderly, Disorderly and Hothouse world scenarios above. Please find the details of the Transition and Physical scenarios used below and further information on the specific MSCI metrics and aggregation calculation methodology can be provided on request.

Climate Value at Risk (CVaR) Summary

Companies are affected by climate change in different ways. Extreme weather may damage assets at a company facility or the introduction of new climate change policies could require technological change and incur costs to reduce emissions, or reduce demand for products. All climate change impacts can be translated into a balance sheet impact with the Climate Value-at-Risk model.

Climate Value-at-Risk (CVaR) is designed to provide a forward-looking and return-based valuation assessment to measure climate related risks and opportunities in an investment portfolio. The fully quantitative model offers insights into how climate change could affect company valuations. The portfolio's CVaR is a weighted aggregation of each securities' CVaR.

By calculating the financial risks from climate change per security and per scenario, climate scenario analysis helps investors to identify and understand the potential future costs and/or profits relating to their portfolio's exposure to future climate change impacts. CVaR provides a stressed market valuation of a security in relation to aggregated transition and physical cost and profit projections.

The CVaR scenarios use two main vectors; Physical risks and Transition risks. Together these translate into financial risks and opportunities that can be used to assess the Climate-impact of an investment. The application of different climate scenarios is one way to assess and quantify a portfolio's potential exposure to these climate-related risks.

Transition Scenarios: The transition scenarios aggregate future policy costs based on an end of the century time horizon. By overlaying climate policy outlooks and future emission reduction price estimates onto company data, climate scenario analysis provides insights into how current and future climate policies may affect companies. The model includes the integration of policy risk from Scope 1,2 and 3 emissions. In this way, the CVaR framework is designed to help investors understand the potential climate-related downside risk and/or upside opportunity in their investment portfolios. The scenarios also assess technology opportunities to identify current green revenues as well as the low carbon patents held by companies, calculate the relative quality score of each patent over time and forecast green revenues and profits of corporations based on their low carbon innovative capacities.

Physical scenarios: The physical scenarios evaluate the impact and financial risk relating to several extreme weather hazards, such as extreme heat and cold, heavy snowfall and precipitation, wind gusts, tropical cyclones, coastal flooding/sea level rise and fluvial flooding. The physical risk scenario models the impact of these variables on underlying holdings including an assessment on the impact on company asset locations such as production sites, sales offices and other assets.

CVaR Scenarios Applied

AB has applied the below three Scenarios:

Scenario	Transition Scenario	Physical Scenario
Orderly	1.5 degree REMIND NGFS - Orderly	1.5 degree physical aggressive
Disorderly	2 degree REMIND NGFS - Disorderly	2 degree physical aggressive
Hothouse World	3 degree REMIND NGFS NDC – Hothouse World	3 degree physical aggressive

The above three CVaR scenarios consider transition risks and opportunities using three different climate-stabilization scenarios that were chosen to provide a range of potential outcomes[9]:

- **1.5 degree REMIND – Orderly**: This scenario assumes climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.
- **2 degree REMIND – Disorderly**: This scenario assumes that climate policies are delayed or divergent across countries and sectors. These scenarios are associated with subdued physical but high transition risks as, for instance, carbon prices might need to rise sharply and abruptly.
- **3 degree REMIND NDC – Hothouse World**: This scenario assumes that global warming cannot be limited due to insufficient global efforts. As a result, critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.

[9] Further detail on NGFS scenarios: '*https://www.ngfs.net/sites/default/files/media/2024/01/16/ngfs_scenarios_technical_documentation_phase_iv_2023.pdf*

The table below gives a view of what the REMIND NGFS climate scenarios look like in terms of variables and how they compare to each other:

REMIND NGFS Climate Scenario Variables[10]		1.5°C REMIND NGFS Orderly	2°C REMIND NGFS Disorderly	3°C REMIND NGFS NDC
Population	World population peak	2070	2070	2070
	World population in 2100 (million)	9,019	9,019	9,019
GDP	Real GDP growth 2020-2100 (CAGR)	2.0%	2.0%	2.0%
Electricity Generation by Fuel Source – 2030 fuel mix	% renewables	72%	41%	46%
	% nuclear	6%	6%	5%
	% gas	17%	26%	25%
	% coal	4%	28%	23%
Electricity Generation by Fuel Source – 2050 fuel mix	% renewables	94%	94%	80%
	% nuclear	3%	4%	3%
	% gas	3%	3%	16%
	% coal	0%	0%	1%
Carbon sequestration ($MtCO_2$/yr)	Year Uptake surpasses 5000 Mt/yr	2037	2050	2090
	Carbon sequestration peak (Mt/yr)	8,779	5,926	5,342
Low carbon fuel sources in transport	2050 low carbon fuel sources (%)	26%	26%	14%
GHG emissions	Peak year	2020	2030	2025
	90% reduction achieved by	2045	2049	na
	Zero emissions achieved by	2055	2060	na
	Annual change - 2020-2030 (CAGR)	-7.1%	+0.7%	+0.2%
	Annual change - 2020-2050 (CAGR)	-11.7%	-8.1%	-1.2%
Global warming temperature	Global warming temperature 2100	1.66°C	1.84°C	2.63°C
Carbon Price (US2010/tCO_2$)	2020 Carbon Price	2.99	2.99	2.99
	2030 Carbon Price	184.07	2.49	9.97
	2050 Carbon Price	672.71	621.92	34.05
	Annual change – 2020-2030 (CAGR)	51%	-1.8%	12.8%
	Annual change – 2030-2050 (CAGR)	6.7%	31.8%	6.3%

Table Source: MSCI ESG Research, LLC.

CVaR Analysis Outputs:

The potential impact of the different scenarios on a portfolio is provided across three key elements for each scenario applied – Policy Risk, Physical Risk & Technology Opportunities:

- **Policy Risk**: The transition to a low carbon economy will be accompanied by extensive regulatory and policy changes across the globe. In orderly scenarios, negative impacts on demand are offset by increased government spending of the carbon tax revenues. In the 1.5°C REMIND NGFS Orderly scenario, carbon-intensive sectors and industry groups such as energy, utilities and materials carried the highest policy risk. In contrast, the software and services industry group had the lowest amount of policy risk.
- **Physical Risk**: Temperature changes lead to chronic changes in living conditions affecting health, labour productivity, agriculture, ecosystems and sea-level rise. It is also changing the frequency and severity of severe weather events such as heatwaves, droughts, wildfires, tropical cyclones and flooding. The physical risk scenario models the impact of these variables on underlying holdings to assess the potential financial impact.

[10] Source MSCI – '*Introduction to Climate Scenarios,*' March 2023

- **Technology Opportunities:** The transition to a low-carbon economy also provides untapped growth potential for investors. If an industry offers a low-carbon alternative, that may represent a technology opportunity. Industry groups or industries such as capital goods, technology hardware and equipment or semiconductors and semiconductor equipment may be able to fully negate their transition risk and see their enterprise value rise under this scenario.

The total CVaR figure combines the impact of these risks and opportunities to provide an aggregated estimate of the potential financial losses that the portfolio could face as a result of the different scenarios applied.

This is not a marketing communication.

Important Information

This is not a marketing communication. It is for reporting purposes, in accordance with the Financial Conduct Authority (FCA) rules regarding the disclosure of climate-related financial information consistent with Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures. For more information on AB's climate-related disclosures please visit www.alliancebernstein.com.

This information does not constitute investment advice and should not be construed as sales or marketing material, or an offer or solicitation for the purchase or sale of any financial instrument, product or service sponsored by AllianceBernstein or its affiliates. It does not take an investor's personal investment objectives or financial situation into account and investors should discuss their individual circumstances with appropriate professionals. References to specific securities are provided solely in the context of the analysis presented and are not to be considered recommendations by AllianceBernstein.

The information contained here is based on modelling and reflects the views of AllianceBernstein L.P. or its affiliates and sources it believes are reliable as of the date of this publication. AllianceBernstein L.P. makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized.

The SVS AllianceBernstein Concentrated US Equity Fund, sub-fund of SVS AllianceBernstein UK OEIC, an open-ended investment company. Evelyn Partners Fund Solutions Limited is the Authorised Corporate Director of the Fund. AllianceBernstein Limited has been appointed as a distributor of the Fund.

This information is issued by AllianceBernstein Limited, 60 London Wall, London, EC2M 5SJ. Registered in England, No. 2551144. AllianceBernstein Limited is authorised and regulated in the UK by the Financial Conduct Authority.