AllianceBernstein

A High-Yield Strategy for Uncertain Times

The AllianceBernstein Short Duration High Yield Portfolio

- A more conservative approach for yield-seeking investors in an uncertain environment
- Seeks high-yield-like returns, but with lower volatility
- Designed to outperform the high-yield market in bear-market conditions

LIPPER FUND AWARDS 2012 EUROPE

BEST LARGE BOND MANAGER OVER 3 YEARS*

High-yield bonds have generated exceptional returns since the 2007–2008 financial crisis, but persistent volatility across the financial markets has made investors think about shifting to a lower gear. The **Short Duration High Yield Portfolio** is designed to help investors capture attractive high-yield returns, but with less volatility—potentially resulting in significantly better risk-adjusted returns over the long term.

There's a strong case for a permanent allocation to high yield. Historically, high yield has shown low correlations with investment-grade bonds and equities. It has been much less volatile than equities, while generating comparable returns. And high-yield bond prices are not very sensitive to interest-rate movements, so they have historically outperformed other fixed-income sectors in rising interest-rate environments.

Today, we think the high-yield opportunity remains attractive as companies continue to reduce their debt levels and default rates remain low. Current yields are also attractive relative to investment-grade corporate and government bonds.

To help minimize volatility, we use three main strategies:

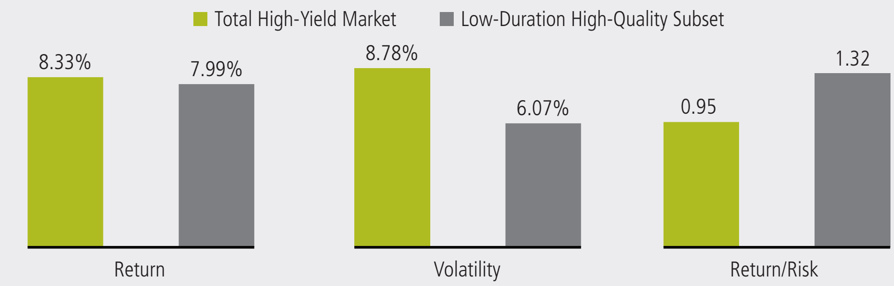
- **Shorter-duration bonds:** The shorter the duration of a bond, the less sensitive its price is to changes in yield. So a short-duration portfolio is typically less sensitive to credit-market sell-offs.
- **Higher-quality issuers:** The strategy avoids the most speculative CCC and lower-rated bonds.†
- **Hedging techniques** are used to manage downside risk. These include protection on individual issuers and bond indices, and interest-rate options.

Historically, such strategies have generated better risk-adjusted returns than the broader high-yield market (*Display*). Our research suggests that, by employing all three, we can provide a smoother return pattern without giving up much return over a full market cycle. We would expect the Portfolio's returns to lag behind high-yield markets in rallies, but to outperform during sell-offs, providing greater stability.

*Lipper 2012 fund awards are based on NAV returns as of 30 November 2011.
†Credit quality is a measure of the quality and safety of a bond or portfolio, based on the issuer's financial condition. AAA is highest (best) and D is lowest (worst).

Improving on High-Yield Market Performance

Broad Market vs. More Conservative Subset
January 1993–March 2013



Past performance does not guarantee future results.
As of 31 March 2013
Return and volatility are annualized. Return/risk is annualized return divided by annualized volatility. High-yield market represented by Barclays US Corporate High Yield 2% Capped.
Low-duration high-quality represented by Barclays US Corporate High Yield Ba/B 1-5 Year 2% Capped. US high-yield data were used as reliable global index data are only available from December 2000 onward.
Source: Barclays and AllianceBernstein

Our Experience

More than 20 years of managing high-yield strategies

US$258 billion in assets under management in fixed-income strategies, including US$34 billion in high-yield strategies

As of 31 March 2013

Key Features of the AllianceBernstein Short Duration High Yield Portfolio

Conservative Risk The Portfolio's volatility is lower than the broader high-yield market...	...which should deliver attractive risk-adjusted returns over a market cycle and reduce exposure to outsize losses in the event of a market sell-off.
Diversified Global opportunity set diversified across industries and issuers...	...limits investor exposure to industry- and issuer-specific risk and provides flexibility to seek out best investment opportunities globally.
Active Sector and security selection driven by our deep, proven research...	...builds on AllianceBernstein's track record of outperformance in high yield.*

*As of 31 March 2013, according to Lipper, AllianceBernstein's Global High Yield Portfolio was a first-quartile performer over the past five and 10 years and AllianceBernstein's European Income Portfolio was a first-quartile performer over three,five and 10 years. According to eVestment, AllianceBernstein's Global High Income composite was in the first quartile over three, five and 10 years, and AllianceBernstein's US High Yield composite performance was in the first quartile over three and five years.

Fund Managers: Gershon M. Distenfeld, Ivan Rudolph-Shabinsky, Ashish Shah, Douglas J. Peebles

Domicile: Luxembourg

Portfolio Inception Date (Class A2): 29 July 2011

Subscription/Redemption: Daily

ISIN (Class A2): LU0654559516

Base Currency: US dollar

Currency-Hedged Share Classes: British pound, euro (other currencies available upon request)

Order Placement Cutoff Time: 4:00 p.m. US Eastern Time; 6:00 p.m. Central European Time (for hedged share classes)

Lipper Fund Awards 2012

- AllianceBernstein: Best Large Bond Group over 3 Years—Austria, France, Germany, Spain and Switzerland

AllianceBernstein

© 2013 AllianceBernstein L.P.

The value of an investment can go up or down and past performance is neither indicative of, nor a guarantee of, future results. **The sale of AllianceBernstein funds may be restricted or subject to adverse tax consequences in certain jurisdictions.** 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 Key Investor Information Document 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 AllianceBernstein (Luxembourg) S.à r.l., by visiting www.alliancebernstein.com or by contacting the local distributor in the jurisdictions in which the funds are authorised for distribution.

Note to UK Readers: This information is issued by AllianceBernstein Limited, a company registered in England under company number 2551144. AllianceBernstein Limited is authorised and regulated in the UK by the Financial Conduct Authority (FCA – Reference Number 147956). This information is directed at Professional Clients only.

Note to Canadian Readers: AllianceBernstein provides its investment-management services in Canada through its affiliates Sanford C. Bernstein & Co., LLC and Alliance Bernstein Canada, Inc.

AllianceBernstein® and the AB Logo are registered trademarks and service marks used by permission of the owner, AllianceBernstein L.P.

13-1466
SHY–PRP–EN–GN–0313