

AllianceBernstein Short Duration High Yield Portfolio

Delivering High-Yield Returns with Lower Volatility for Three Solid Years



In reaching the three-year mark, the Short Duration High Yield Portfolio has performed in line with expectations.

High-Yield-Like Returns with Lower Volatility

The Short Duration High Yield Portfolio, which was launched in July 2011, aims for high-yield-like returns with lower levels of volatility. It accomplishes this by investing in shorter-duration bonds and higher-quality issuers, while also hedging downside risks. It's designed to outperform the high-yield market in bear-market conditions.

Three-Year Check-In

Over its three-year history, the Short Duration High Yield Portfolio has achieved its goal by capturing 76% of the high-yield market's return with only 61% of the volatility and 48% average down capture.¹ We have consistently outperformed during periods of market stress such as the US Treasury downgrade, the European sovereign-debt crisis and 2013's

flash crash (taper crisis) (*Display 1*). Since inception, there have been no defaults in the Portfolio, which is diversified across more than 300 issuers. This is a testament to the skill of our deep, integrated, global credit research capabilities and was accomplished while offering investors an attractive distribution yield versus the market.

Providing Opportunities in Today's Market

We believe that the Short Duration High Yield Portfolio is well suited for today's uncertain environment because it offers a more conservative approach for generating income—an approach that has served investors well over the past three years. We believe that the Portfolio is an attractive option for those investors who seek income, but are unwilling to stretch for yield in today's low-yield, low-spread environment.

¹Short Duration High Yield Portfolio returns and volatility are for the S share class, net of other expenses, but gross of management fee.

Display 1

Short Duration High Yield Portfolio

Since-Inception Gross Returns*



Past performance does not guarantee future results.

*1 August 2011–1 May 2014

Short Duration High Yield Portfolio returns are in US dollars for the S share class, net of other expenses, but gross of management fee.

The global high-yield corporate market is represented by Barclays Global High-Yield, USD hedged. An investor cannot invest directly in an index and its performance does not reflect the performance of any AllianceBernstein portfolio. The unmanaged index does not reflect fees and expenses associated with the active management of a portfolio.

Source: Barclays and AllianceBernstein

Key Features of the Portfolio

Shorter-Duration Bonds

The shorter the bond's duration, the less sensitive its price is to changes in yield. So a short-duration portfolio is typically less sensitive to credit-market sell-offs and, potentially, to interest-rate increases.

Higher-Quality Issuers

By avoiding the most speculative credits and CCC and lower-rated bonds,² we seek to make the Portfolio less susceptible to default risk.

Hedging Techniques

We employ a variety of hedging strategies that we believe help protect the Portfolio from downside market volatility. These include protection of individual issuers and bond indices, and the use of interest-rate options.

²Credit 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).

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Domicile: Luxembourg

Portfolio Inception Date (Class A2): 29 July 2011

Subscription/Redemption: Daily

AUM (as of 30 June 2014): US\$1,001.7 million

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)

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Past performance is no guarantee of future results. Total returns, provided by AllianceBernstein, include the change in net asset value and reinvestment of any distributions paid on Portfolio shares for the period shown but do not reflect sales charges. Returns listed may not represent actual returns to an investor. Performance quoted in currencies other than the base currency of the Portfolio is calculated by converting the daily Net Asset Value of the Portfolio using a spot foreign exchange rate of the other offered currency on each valuation point. Shares of the Portfolio are offered only pursuant to the Portfolio's current prospectus together with the most recent financial statements.

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