

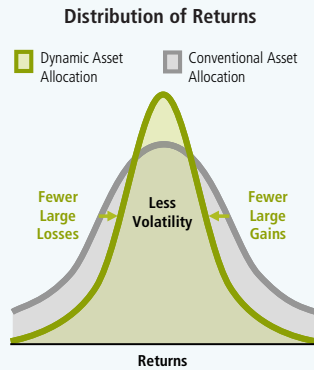


Designing a Smoother Ride

Dynamic Asset Allocation

1. Seeking to Improve Portfolio Outcomes

Dynamic asset allocation (DAA) adjusts portfolio weights in line with changes in expected risk and return. It seeks to smooth volatility and mitigate extreme outcomes without sacrificing returns.

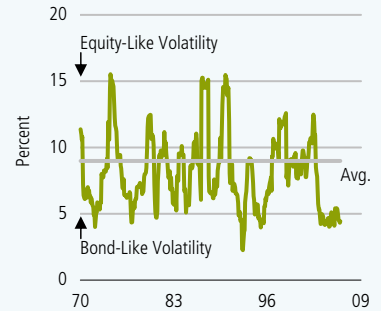


Source: AllianceBernstein

2. Portfolio Volatility Fluctuates

Volatility fluctuates, even in a well diversified portfolio. History shows that the risk profile of any fixed asset mix can stray materially from investors' expectations.

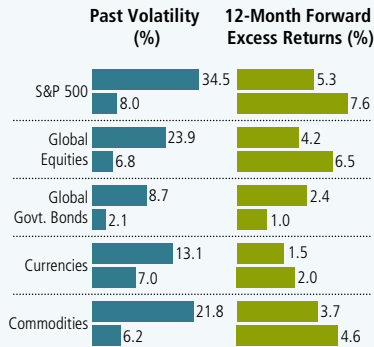
Volatility of a Global Balanced Portfolio 60% Stocks / 40% Government Bonds*



Through September 30, 2009
*MSCI All Country World Index and Barclays Global Aggregate Index, rebalanced monthly. Source: Barclays Capital, Global Financial Data, MSCI, Reuters and AllianceBernstein

3. Volatility Doesn't Necessarily Mean High Returns

High volatility is not necessarily followed by large gains, so it's crucial to measure how well we are compensated for accepting more risk. We forecast returns by studying numerous quantitative and fundamental factors.

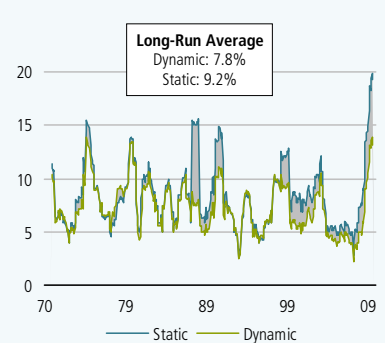


See notes for Display 3 on reverse.

4. DAA Can Create a Smoother Ride

DAA's sensitivity to changing market risk structures helps reduce portfolio volatility. Volatility trends tend to persist, so they can be more reliably forecast than returns.

12-Month Rolling Volatility (%)



Through September 30, 2009. Results are derived from a back-tested simulation. Static portfolio is 55% MSCI World, 35% Barclays Global Aggregate (duration only), 10% FTSE NAREIT, rebalanced. Source: Barclays, FTSE NAREIT, Global Financial Data, MSCI and AllianceBernstein

5. Dynamic vs. Static: Relative Return

In simulations, DAA outperformed a static allocation in bear markets, mainly due to its reduced exposure to high volatility. For the same reason, DAA underperformed in recoveries.



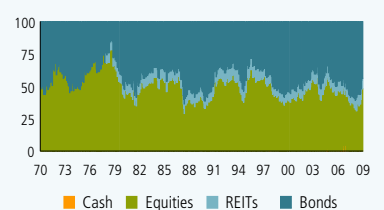
Through September 30, 2009. Results are derived from a back-tested simulation. Static portfolio is 55% MSCI World, 35% Barclays Global Aggregate (duration only), 10% FTSE NAREIT, rebalanced. Source: Barclays, FTSE NAREIT, Global Financial Data, MSCI and AllianceBernstein

6. DAA Can Enhance Risk/Return Trade-Off

By fine tuning portfolio weights in response to expected changes in the investment environment, DAA can reduce volatility and enhance risk-adjusted returns over time.

	Dynamic Allocation	Static Rebalanced	Change
Total Return	9.5%	9.1%	+0.4%
Volatility	7.8%	9.2%	(1.4)%
Sharpe Ratio	0.46	0.36	+0.1

Historical Simulation: Asset Allocations (%)



Through September 30, 2009. Results are derived from a back-tested simulation. Static portfolio is 55% MSCI World, 35% Barclays Global Agg. (duration only), 10% FTSE NAREIT, rebalanced. Source: Barclays, FTSE NAREIT, Global Financial Data, MSCI and AllianceBernstein

Note on Simulation Results:

The asset-allocation framework discussed in this paper is a new strategy for which actual data are not yet available. The portfolios and their performance are hypothetical and do not represent the investment performance or the actual accounts of any investors. The securities in these hypothetical portfolios were selected with the full benefit of hindsight, after their performance over the period shown was known. The results achieved in our simulations do not guarantee future investment results. The model performance information in this presentation is based on the back-tested performance of hypothetical investments over the time periods indicated. "Back-testing" is a process of objectively simulating historical investment returns by applying a set of rules for buying and selling securities, and other assets, backward in time, testing those rules, and hypothetically investing in the securities and other assets that are chosen. Back-testing is designed to allow investors to understand and evaluate certain strategies by seeing how they would have performed hypothetically during certain time periods. It is possible that the markets will perform better or worse than shown in the projections; that the actual results of an investor who invests in the manner these projections suggest will be better or worse than the projections; and that an investor may lose money by investing in the manner the projections suggest. The projections assume the reinvestment of dividends and include transaction costs of 0.6% for purchases and sales of equities and bonds and 1.0% for real estate investment trusts (REITs). For equity and bond derivatives, we assume total one-way transaction costs and cost of financing of 0.5%. We assume no deduction for advisory fees, and that assets are allocated in the manner the projections suggest for nearly 40 years and are rebalanced monthly. Although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. While back-testing results reflect the rigorous application of the investment strategy selected, back-tested results have certain limitations and should not be considered indicative of future results. In particular, they do not reflect actual trading in an account, so there is no guarantee that an actual account would have achieved the results shown. Back-tested results also assume that asset allocations would not have changed over time and in response to market conditions, which might have occurred if an actual account had been managed during the time period shown. AllianceBernstein L.P. may have a different investment perspective and maintain different asset allocation or other recommendations from those shown here.

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Note(s) for Display 3:

As of June 30, 2009. Past volatilities are sorted on a monthly basis into quintiles (terciles in the case of foreign currency); the bars refer to the highest and lowest quintiles (or terciles). Past volatility is an exponentially weighted average using daily data with a three-week half-life (5% decay per day). Excess returns refer to returns over cash. Periods are since: S&P 500—1928; global equities—1970; global government bonds—1970; foreign currency—1974; commodity futures—1970. Source: Barclays, Bloomberg, FTSE NAREIT, Global Financial Data, MJM Associates, MSCI, S&P, Thomson Reuters and AllianceBernstein