AllianceBernstein International Discovery Equity Portfolio

Annual Report

June 30, 2012

ANNUAL REPORT

AllianceBernstein

Investment Products Offered

- **Are Not FDIC Insured**
- **May Lose Value**
- **Are Not Bank Guaranteed**

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.alliancebernstein.com or contact your AllianceBernstein Investments representative. Please read the prospectus and/or summary prospectus carefully before investing.

This shareholder report must be preceded or accompanied by the Fund's prospectus for individuals who are not current shareholders of the Fund.

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AllianceBernstein's website at www.alliancebernstein.com, or go to the Securities and Exchange Commission's (the "Commission") website at www.sec.gov, or call AllianceBernstein at (800) 227-4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at www.sec.gov. The Fund's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. AllianceBernstein publishes full portfolio holdings for the Fund monthly at www.alliancebernstein.com.

AllianceBernstein Investments, Inc. (ABI) is the distributor of the AllianceBernstein family of mutual funds. ABI is a member of FINRA and is an affiliate of AllianceBernstein L.P., the manager of the funds.

August 22, 2012

Annual Report

This report provides management's discussion of fund performance for AllianceBernstein International Discovery Equity Portfolio (the "Fund"), for the annual reporting period ended June 30, 2012.

Investment Objective and Policies

The Fund's investment objective is long-term growth of capital. The Fund invests primarily in a diversified portfolio of equity securities of small-and mid-capitalization non-U.S. companies. Under normal market conditions, the Fund invests significantly (at least 40%—unless market conditions are not deemed favorable by AllianceBernstein L.P., (the "Adviser")) in securities of non-U.S. companies. The Fund invests, under normal circumstances, in the equity securities of companies located in at least three countries (and normally substantially more) other than the United States.

The Fund may invest in securities issued by non-U.S. companies in any industry sector and country. The Fund invests in both developed and emerging market countries. The Fund may use derivatives, such as options, futures and forwards, to gain exposure to certain non-U.S. markets.

The Fund may invest in any company and in any type of equity security, listed or unlisted, with the potential for capital appreciation. The Fund may also invest in synthetic foreign equity securities, which are various types of warrants used internationally that entitle a holder to buy or sell underlying securities.

The Fund may invest in established companies and also in new and less-seasoned companies. The Fund's investments in companies with smaller capitalizations may offer more reward but may also entail greater risk than is generally true of larger, more established companies.

Currencies can have a dramatic impact on equity returns, significantly adding to returns in some years and greatly diminishing them in others. Currency and equity positions are evaluated separately. The Adviser may seek to hedge the currency exposure resulting from the Fund's securities positions when it finds the currency exposure unattractive. To hedge all or a portion of its currency risk, the Fund may from time to time invest in currency-related derivatives, including forward currency exchange contracts, futures, options on futures, swaps and options. The Adviser may also seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives.

Investment Results

The table on page 5 shows the Fund's performance compared to its benchmark, the Morgan Stanley Capital International ("MSCI") All Country World Index ("ACWI") ex-U.S. Small and Mid-Cap ("SMID") (unhedged, net).

The Fund outperformed its benchmark for both the six- and 12-month periods ended June 30, 2012, before sales charges, although the Fund posted negative returns for the 12-month period.

For the 12-month period, sector and stock selection were the key drivers of performance. From a sector point of view, the Fund's underweight position in the materials sector and overweight exposure to healthcare contributed to returns, while an underweight in financials was a detractor. At the stock level, stock selection in the financial and energy sectors contributed the most to performance. Performance in the financial sector was driven by exposure to Latin America. Outperformance in the energy sector was driven by merger and acquisition activity in the space and increased production profiles. Stock selection was a detractor in the technology and healthcare sectors. Technology names were impacted by increased competition in the mobile handset space that led to margin pressures as well as concerns in the robotics space due to worries over a slowdown in China. Healthcare performance detracted due to concerns over adoption of technology and regulatory concerns.

For the six-month period, sector and stock selection were the key drivers of performance. From a sector point of view, the Fund's underweight position in the materials sector and overweight exposure to consumer staples contributed to returns, while an underweight in financials detracted. At the stock level, stock selection in the consumer discretionary and energy sectors contributed the most to performance, while stock selection in healthcare and technology detracted during the period.

The Fund did not utilize derivatives during the six- or 12-month periods ended June 30, 2012.

Market Review and Investment Strategy

Volatility continued during the 12-month period ended June 30, 2012, as global markets remained highly correlated with headlines emanating from Europe's ongoing debt crisis. After early bouts of investor risk aversion, which drove Treasury yields lower, market sentiment improved in the first quarter of 2012. Global economic data turned more positive and worries over the euro debt crisis eased with positive policy intervention. In the U.S., labor and manufacturing data showed improvement, resulting in more solid consumer confidence numbers. In April, however, unease about Europe's sovereign debt woes once again climbed to the forefront. The latest cause for worry centered on Spain, which entered its second recession since 2009.

The slowdown of global growth and increasing concerns over the financial and leadership crises in Europe have been key factors affecting performance of the Fund during the 12-month period. Global equities markets have remained very volatile as global growth has been revised down, along with companies' earnings around the world. The Fund has been focused on high quality companies, with solid business models, low debt and strong management teams.

DISCLOSURES AND RISKS

Benchmark Disclosure

The unmanaged MSCI ACWI ex-U.S. SMID (unhedged, net) does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The MSCI ACWI ex-U.S. SMID (unhedged, net) consists of securities across global markets excluding the U.S., including emerging markets and represents the small- and mid-capitalization of each market. Net returns include the reinvestment of dividends after deduction of non-U.S. withholding tax. MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI. An investor cannot invest directly in an index or average, and their results are not indicative of the performance for any specific investment, including the Fund.

A Word About Risk

Market Risk: The value of the Fund's assets will fluctuate as the stock or bond market fluctuates. The value of its investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market. It includes the risk that a particular style of investing, such as growth, may underperform the market generally.

Foreign (Non-U.S.) Risk: Investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.

Emerging Market Risk: Investments in emerging market countries may have more risk because the markets are less developed and less liquid as well as being subject to increased economic, political, regulatory or other uncertainties.

Currency Risk: Fluctuations in currency exchange rates may negatively affect the value of the Fund's investments or reduce its returns.

Capitalization Risk: Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.

Derivatives Risk: Investments in derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Fund, and may be subject to counterparty risk to a greater degree than more traditional investments.

Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Fund from selling out of these securities at an advantageous price. The Fund invests in unlisted securities and synthetic foreign equity securities, which may have greater liquidity risk.

Management Risk: The Fund is subject to management risk because it is an actively managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Fund, but there is no guarantee that its techniques will produce the intended results.

These risks are fully discussed in the Fund's prospectus.

An Important Note About Historical Performance

The investment return and principal value of an investment in the Fund will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Performance shown on the following pages represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting www.alliancebernstein.com.

(Disclosures, Risks and Note about Historical Performance continued on next page)

DISCLOSURES AND RISKS

(continued from previous page)

All fees and expenses related to the operation of the Fund have been deducted. Net asset value ("NAV") returns do not reflect sales charges; if sales charges were reflected, the Fund's quoted performance would be lower. SEC returns reflect the applicable sales charges for each share class: a 4.25% maximum front-end sales charge for Class A shares and a 1% 1-year contingent deferred sales charge for Class C shares. Returns for the different share classes will vary due to different expenses associated with each class. Performance assumes reinvestment of distributions and does not account for taxes.

HISTORICAL PERFORMANCE

THE FUND VS. ITS BENCHMARK PERIODS ENDED JUNE 30, 2012	NAV Returns 6 Months	 12 Months
AllianceBernstein International Discovery Equity Portfolio Class A	7.35%	-15.07%
Class C	6.93%	-15.70%
Advisor Class†	7.44%	-14.85%
Class R†	7.28%	-15.25%
Class K†	7.39%	-15.06%
Class I†	7.51%	-14.85%
MSCI ACWI ex-U.S. SMID (unhedged, net)	3.59%	-16.21%

† *Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.*

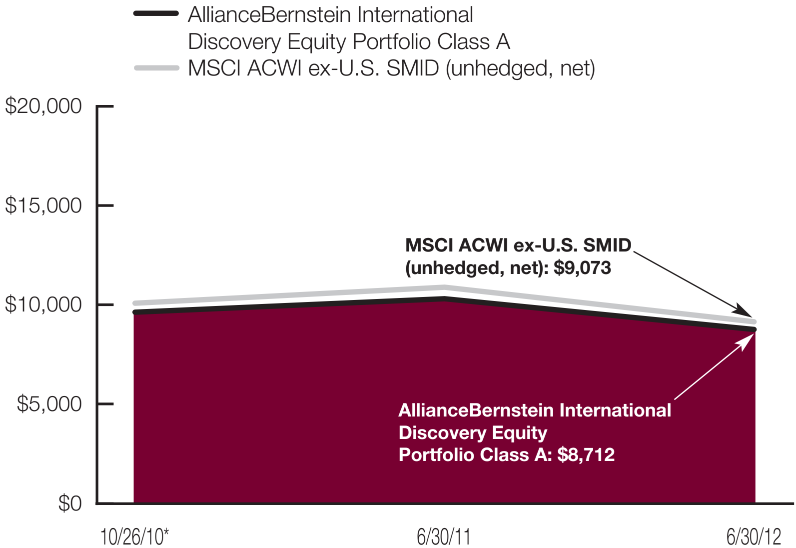
See Disclosures, Risks and Note about Historical Performance on pages 3-4.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE

(continued from previous page)

GROWTH OF A $10,000 INVESTMENT IN THE FUND
10/26/10* TO 6/30/12



This chart illustrates the total value of an assumed $10,000 investment in AllianceBernstein International Discovery Equity Portfolio (from 10/26/10 to 6/30/12) as compared to the performance of the Fund's benchmark. The chart reflects the deduction of the maximum 4.25% sales charge from the initial $10,000 investment in the Fund and assumes the reinvestment of dividends and capital gains distributions.*

* *Inception date: 10/26/2010.*

See Disclosures, Risks and Note about Historical Performance on pages 3-4.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE

(continued from previous page)

AVERAGE ANNUAL RETURNS AS OF JUNE 30, 2012

	NAV Returns	SEC Returns
Class A Shares		
1 Year	-15.07%	-18.72%
Since Inception*	-5.50%	-7.89%
Class C Shares		
1 Year	-15.70%	-16.53%
Since Inception*	-6.12%	-6.12%
Advisor Class Shares**		
1 Year	-14.85%	-14.85%
Since Inception*	-5.19%	-5.19%
Class R Shares**		
1 Year	-15.25%	-15.25%
Since Inception*	-5.66%	-5.66%
Class K Shares**		
1 Year	-15.06%	-15.06%
Since Inception*	-5.40%	-5.40%
Class I Shares**		
1 Year	-14.85%	-14.85%
Since Inception*	-5.19%	-5.19%

The Fund's prospectus fee table shows the Fund's total annual operating expense ratios as 9.26%, 19.09%, 12.03%, 8.37%, 8.13% and 7.82% for Class A, Class C, Advisor Class, Class R, Class K and Class I shares, respectively, gross of any fee waivers or expense reimbursements. Contractual fee waivers and/or expense reimbursements limit the Fund's annual operating expense ratios to 1.55%, 2.25%, 1.25%, 1.75%, 1.50% and 1.25% for Class A, Class C, Advisor Class, Class R, Class K and Class I shares, respectively. These waivers/reimbursements extend through June 30, 2013. Absent reimbursements or waivers, performance would have been lower. The Financial Highlights section of this report sets forth expense ratio data for the current reporting period; the expense ratios shown above may differ from the expense ratios in the Financial Highlights section since they are based on different time periods.

* *Inception date: 10/26/2010.*

** *These share classes are offered at NAV to eligible investors and their SEC returns are the same as the NAV returns. Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.*

See Disclosures, Risks and Note about Historical Performance on pages 3-4.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE

(continued from previous page)

SEC AVERAGE ANNUAL RETURNS (WITH ANY APPLICABLE SALES CHARGES) AS OF THE MOST RECENT CALENDAR QUARTER-END (JUNE 30, 2012)

	SEC Returns
Class A Shares	
1 Year	-18.72%
Since Inception*	-7.89%
Class C Shares	
1 Year	-16.53%
Since Inception*	-6.12%
Advisor Class Shares**	
1 Year	-14.85%
Since Inception*	-5.19%
Class R Shares**	
1 Year	-15.25%
Since Inception*	-5.66%
Class K Shares**	
1 Year	-15.06%
Since Inception*	-5.40%
Class I Shares**	
1 Year	-14.85%
Since Inception*	-5.19%

* *Inception date: 10/26/2010.*

** *Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.*

See Disclosures, Risks and Note about Historical Performance on pages 3-4.

FUND EXPENSES

(unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, contingent deferred sales charges on redemptions and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period as indicated below.

Actual Expenses

The table below provides information about actual account values and actual expenses. You may use the information, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or contingent deferred sales charges on redemptions. Therefore, the hypothetical example is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value January 1, 2012	Ending Account Value June 30, 2012	Expenses Paid During Period*	Annualized Expense Ratio*
Class A				
Actual	$ 1,000	$ 1,073.50	$ 7.99	1.55%
Hypothetical**	$ 1,000	$ 1,017.16	$ 7.77	1.55%
Class C				
Actual	$ 1,000	$ 1,069.30	$ 11.58	2.25%
Hypothetical**	$ 1,000	$ 1,013.67	$ 11.26	2.25%
Advisor Class				
Actual	$ 1,000	$ 1,074.40	$ 6.45	1.25%
Hypothetical**	$ 1,000	$ 1,018.65	$ 6.27	1.25%
Class R				
Actual	$ 1,000	$ 1,072.80	$ 9.02	1.75%
Hypothetical**	$ 1,000	$ 1,016.16	$ 8.77	1.75%
Class K				
Actual	$ 1,000	$ 1,073.90	$ 7.73	1.50%
Hypothetical**	$ 1,000	$ 1,017.40	$ 7.52	1.50%
Class I				
Actual	$ 1,000	$ 1,075.10	$ 6.45	1.25%
Hypothetical**	$ 1,000	$ 1,018.65	$ 6.27	1.25%

* *Expenses are equal to the classes' annualized expense ratios, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period), respectively.*

** *Assumes 5% return before expenses.*

PORTFOLIO SUMMARY

June 30, 2012 (unaudited)

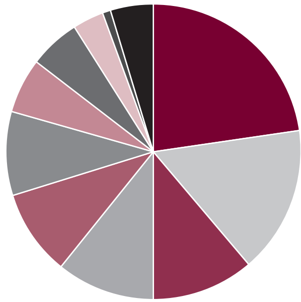
PORTFOLIO STATISTICS

Net Assets ($mil): $8.2

SECTOR BREAKDOWN*

- 22.7% Industrials
- 16.1% Consumer Discretionary
- 11.2% Consumer Staples
- 10.8% Financials
- 9.4% Information Technology
- 9.2% Materials
- 6.0% Health Care
- 5.6% Energy
- 3.4% Utilities
- 0.9% Telecommunication Services

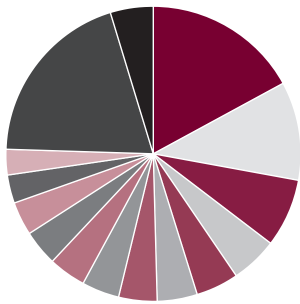
- 4.7% Short-Term



COUNTRY BREAKDOWN*

- 17.1% United Kingdom
- 10.8% Japan
- 7.5% Canada
- 5.1% Mexico
- 4.7% Taiwan
- 4.4% China
- 4.2% Australia
- 4.1% Russia
- 4.1% South Korea
- 3.9% Germany
- 3.7% Switzerland
- 3.1% Sweden
- 2.8% South Africa
- 19.8% Other

- 4.7% Short-Term



* *All data are as of June 30, 2012. The Fund's sector and country breakdowns are expressed as a percentage of total investments (excluding security lending collateral) and may vary over time. "Other" country weightings represent 2.3% or less in the following countries: Austria, Brazil, Chile, Denmark, Finland, France, India, Indonesia, Ireland, Italy, Norway, Peru, Poland, Qatar, Spain, Turkey, Ukraine and United Arab Emirates.*

Please note: The sector classifications presented herein are based on the Global Industry Classification Standard (GICS) which was developed by Morgan Stanley Capital International and Standard & Poor's. The components are divided into sector, industry group, and industry sub-indices as classified by the GICS for each of the market capitalization indices in the broad market. These sector classifications are broadly defined. The "Portfolio of Investments" section of the report reflects more specific industry information and is consistent with the investment restrictions discussed in the Fund's prospectus.

TEN LARGEST HOLDINGS*

June 30, 2012 (unaudited)

Company	U.S. $ Value	Percent of Net Assets
LG Household & Health Care Ltd.	$ 91,718	1.1%
Dollarama, Inc.	90,740	1.1
Partners Group Holding AG	88,926	1.1
Tsuruha Holdings, Inc.	87,053	1.1
Grupo Financiero Banorte SAB de CV – Class O	85,273	1.1
Alpek SAB de CV	84,109	1.0
China State Construction International Holdings Ltd.	83,974	1.0
Croda International PLC	83,496	1.0
Bolsa Mexicana de Valores SAB de CV	82,289	1.0
Yamato Holdings Co., Ltd.	80,508	1.0
	$ 858,086	10.5%

* *Long-term investments.*

PORTFOLIO OF INVESTMENTS
June 30, 2012

Company	Shares	U.S. $ Value
COMMON STOCKS – 93.6%		
Industrials – 22.7%		
Air Freight & Logistics – 1.0%		
Yamato Holdings Co., Ltd.[(a)]	5,000	$ 80,508
Airlines – 0.7%		
International Consolidated Airlines Group SA[(b)]	22,000	55,063
Building Products – 0.5%		
Assa Abloy AB	1,520	42,448
Commercial Services & Supplies – 1.0%		
Gategroup Holding AG[(b)]	1,320	37,394
Regus PLC	33,404	47,201
		84,595
Construction & Engineering – 4.0%		
China State Construction International Holdings Ltd.	88,000	83,973
Grana y Montero SA	15,760	48,779
Monadelphous Group Ltd.[(a)]	3,130	70,751
NRW Holdings Ltd.	16,470	51,583
Samsung Engineering Co., Ltd.	448	71,084
		326,170
Industrial Conglomerates – 0.7%		
Bidvest Group Ltd.	2,620	58,504
Machinery – 9.1%		
Alfa Laval AB	3,640	62,370
Andritz AG	1,400	71,994
Ferreycorp SAA	68,235	58,366
Hiwin Technologies Corp.	7,000	71,886
Hydraulic Machines (GDR)[(c)]	10,480	50,618
IHI Corp.	28,000	59,892
IMI PLC	4,010	52,387
KUKA AG[(b)]	1,890	42,578
Makita Corp.	1,700	59,635
Melrose PLC	10,630	62,049
Morgan Crucible Co. PLC	12,540	54,855
Nachi-Fujikoshi Corp.	10,000	42,561
Weir Group PLC (The)	2,270	54,548
		743,739
Marine – 0.4%		
SITC International Holdings Co., Ltd.	109,000	28,965
Professional Services – 0.5%		
DKSH Holding AG[(b)]	770	42,185
Road & Rail – 1.4%		
Localiza Rent a Car SA	4,060	61,350
TransContainer OAO (GDR)[(c)]	4,800	55,200
		116,550

Company	Shares	U.S. $ Value
Trading Companies & Distributors – 2.1%		
Ashtead Group PLC	5,910	$ 24,120
Barloworld Ltd.	4,650	46,100
Brenntag AG	625	69,167
Finning International, Inc.[a]	1,290	30,004
		169,391
Transportation Infrastructure – 1.3%		
DP World Ltd.	5,810	61,970
OHL Mexico SAB de CV[a][b]	36,790	44,816
		106,786
		1,854,904
Consumer Discretionary – 16.1%		
Auto Components – 1.7%		
GKN PLC	19,740	55,966
Linamar Corp.	1,220	23,631
Nokian Renkaat OYJ	1,630	61,919
		141,516
Automobiles – 0.7%		
Mazda Motor Corp.[b]	42,000	57,194
Distributors – 0.5%		
Inchcape PLC	8,250	42,825
Hotels, Restaurants & Leisure – 0.6%		
Flight Centre Ltd.[a]	2,570	50,235
Household Durables – 1.4%		
De'Longhi SpA	3,870	37,261
Rinnai Corp.	1,100	75,902
		113,163
Media – 3.5%		
Dentsu, Inc.[a]	2,300	68,174
Informa PLC	12,100	72,200
Kabel Deutschland Holding AG[b]	1,150	71,668
Perform Group PLC[b]	11,287	70,708
		282,750
Multiline Retail – 1.6%		
Dollarama, Inc.[a]	1,510	90,740
Hyundai Department Store Co., Ltd.	350	43,748
		134,488
Specialty Retail – 3.5%		
Dufry AG[b]	520	63,029
Dunelm Group PLC	6,430	52,550
Sports Direct International PLC[b]	15,000	71,918
Super Retail Group Ltd.[a]	7,840	57,926
Zhongsheng Group Holdings Ltd.[a]	34,500	42,169
		287,592

Company	Shares	U.S. $ Value
Textiles, Apparel & Luxury Goods – 2.6%		
Arezzo Industria e Comercio SA	2,900	$ 43,172
Brunello Cucinelli SpA[b]	3,997	56,854
Mulberry Group PLC	2,040	47,306
Salvatore Ferragamo Italia SpA	2,950	61,534
		208,866
		1,318,629
Consumer Staples – 11.2%		
Beverages – 0.7%		
Tsingtao Brewery Co., Ltd.[a]	10,000	57,143
Food & Staples Retailing – 5.1%		
Bizim Toptan Satis Magazalari AS	2,440	34,110
Brazil Pharma SA	7,500	40,142
Clicks Group Ltd.	7,040	46,342
Eurocash SA	5,230	64,571
FamilyMart Co., Ltd.	1,600	73,230
Grupo Comercial Chedraui SA de CV	25,300	67,917
Magnit OJSC	38	4,570
Tsuruha Holdings, Inc.	1,400	87,053
		417,935
Food Products – 2.8%		
Aryzta AG[b]	1,360	67,694
Devro PLC	8,380	39,776
MHP SA (GDR)[b][c]	3,130	35,995
Toyo Suisan Kaisha Ltd.	3,000	80,001
		223,466
Household Products – 2.0%		
LG Household & Health Care Ltd.	170	91,718
Vinda International Holdings Ltd.[a]	49,000	73,174
		164,892
Personal Products – 0.6%		
Amorepacific Corp.	55	51,125
		914,561
Financials – 10.4%		
Capital Markets – 2.6%		
Ashmore Group PLC	9,760	53,391
Intermediate Capital Group PLC	17,100	72,473
Partners Group Holding AG	500	88,926
		214,790
Commercial Banks – 1.7%		
Grupo Financiero Banorte SAB de CV – Class O	16,500	85,273
NOMOS-BANK (GDR)[b][c]	4,699	56,153
		141,426
Consumer Finance – 1.3%		
Compartamos SAB de CV[a]	47,050	55,057
International Personal Finance PLC	12,980	48,780
		103,837

Company	Shares	U.S. $ Value
Diversified Financial Services – 2.8%		
Bolsa Mexicana de Valores SAB de CV[(a)]	41,770	$ 82,289
Challenger Ltd./AU	13,780	46,283
Intercorp Financial Services Corp.[(c)]	1,320	40,313
Warsaw Stock Exchange	5,550	63,741
		232,626
Insurance – 1.4%		
Anadolu Hayat Emeklilik AS	19,780	45,459
Intact Financial Corp.[(a)]	1,060	65,999
		111,458
Real Estate Management & Development – 0.6%		
Aliansce Shopping Centers SA	5,400	46,512
		850,649
Information Technology – 9.4%		
Communications Equipment – 0.8%		
Wistron NeWeb Corp.	31,599	65,702
Electronic Equipment, Instruments & Components – 2.8%		
Chroma ATE, Inc.	27,760	63,371
FLEXium Interconnect, Inc.	15,000	61,082
Unimicron Technology Corp.	33,000	37,772
Yaskawa Electric Corp.	9,000	68,568
		230,793
Internet Software & Services – 0.6%		
Mail.ru Group Ltd. (GDR)[(b)(c)]	1,460	49,722
IT Services – 1.0%		
Itochu Techno-Solutions Corp.	1,600	77,222
Semiconductors & Semiconductor Equipment – 1.3%		
Duksan Hi-Metal Co., Ltd.[(b)]	3,570	76,875
Hermes Microvision, Inc.[(b)]	3,000	32,685
		109,560
Software – 2.9%		
Fidessa Group PLC	3,100	75,386
GameLoft SA[(b)]	9,290	58,052
International Games System Co., Ltd.[(b)]	11,000	53,871
Square Enix Holdings Co., Ltd.[(a)]	3,100	48,827
		236,136
		769,135
Materials – 9.2%		
Chemicals – 5.2%		
Alpek SA de CV[(b)]	37,550	84,109
AZ Electronic Materials SA	15,150	68,177

Company	Shares	U.S. $ Value
Chr Hansen Holding A/S	1,920	$ 49,469
Croda International PLC	2,350	83,496
Fuchs Petrolub AG (Preference Shares)	940	51,611
Lanxess AG	600	37,971
Phosagro OAO (GDR)[c]	4,550	52,734
		427,567
Metals & Mining – 4.0%		
First Quantum Minerals Ltd.	3,050	53,924
Franco-Nevada Corp.	970	43,865
Harry Winston Diamond Corp.[b]	6,740	76,463
Kenmare Resources PLC[b]	59,320	36,764
Koza Altin Isletmeleri AS	3,420	66,118
Sirius Minerals PLC[b]	200,188	48,627
		325,761
		753,328
Energy – 5.5%		
Energy Equipment & Services – 1.7%		
John Wood Group PLC	3,790	40,878
Petrofac Ltd.	2,740	59,807
Precision Drilling Corp.[b]	5,720	38,935
		139,620
Oil, Gas & Consumable Fuels – 3.8%		
Afren PLC[b]	29,260	47,563
Golar LNG Ltd.	1,480	56,482
Harum Energy TBK PT	74,500	45,727
MEG Energy Corp.[b]	2,170	77,776
Pacific Rubiales Energy Corp.[a]	2,490	52,730
RusPetro PLC[b]	15,960	33,769
		314,047
		453,667
Health Care – 5.3%		
Health Care Equipment & Supplies – 2.3%		
Ansell Ltd.	4,650	63,204
Draegerwerk AG & Co. KGaA (Preference Shares)	490	48,393
Elekta AB	1,670	76,312
		187,909
Life Sciences Tools & Services – 0.5%		
Eurofins Scientific	350	43,464
Pharmaceuticals – 2.5%		
Aspen Pharmacare Holdings Ltd.[b]	4,860	74,891
CFR Pharmaceuticals SA (ADR)[c]	1,412	31,624
Pharmstandard OJSC (GDR)[b][c]	2,400	34,200
Virbac SA	390	64,471
		205,186
		436,559

Company	Shares	U.S. $ Value
Utilities – 2.9%		
Electric Utilities – 1.3%		
Emera, Inc.[a]	1,760	$ 58,102
Enersis SA (Sponsored ADR)	2,590	48,433
		106,535
Gas Utilities – 1.6%		
Enagas SA	2,740	49,994
ENN Energy Holdings Ltd.	22,000	77,804
		127,798
		234,333
Telecommunication Services – 0.9%		
Wireless Telecommunication Services – 0.9%		
Millicom International Cellular SA	770	72,669
Total Common Stocks (cost $7,809,681)		7,658,434
WARRANTS – 1.7%		
Financials – 0.4%		
Commercial Banks – 0.4%		
Commercial Bank of Qatar, Deutsche Bank AG London, expiring 5/26/17[b]	1,680	31,550
Health Care – 0.7%		
Health Care Equipment & Supplies – 0.2%		
Opto Circuits, Merrill Lynch Intl & Co., expiring 5/02/16[b]	7,045	19,539
Pharmaceuticals – 0.5%		
Lupin Ltd., Merrill Lynch Intl & Co., expiring 10/20/14[b][c]	3,850	37,185
		56,724
Utilities – 0.6%		
Multi-Utilities – 0.6%		
Qatar Electricity, Credit Suisse International, expiring 9/05/12[b]	1,270	46,293
Total Warrants (cost $155,358)		134,567
SHORT-TERM INVESTMENTS – 4.7%		
Investment Companies – 4.7%		
AllianceBernstein Fixed-Income Shares, Inc. – Government STIF Portfolio, 0.14%[d] (cost $386,007)	386,007	386,007
Total Investments Before Security Lending Collateral for Securities Loaned – 100.0% (cost $8,351,046)		8,179,008

Company	Shares	U.S. $ Value
INVESTMENTS OF CASH COLLATERAL FOR SECURITY LOANED – 10.4%		
Investment Companies – 10.4%		
AllianceBernstein Exchange Reserves – Class I, 0.20%(d) (cost \$851,333)	851,333	\$ 851,333
Total Investments – 110.4% (cost \$9,202,379)		9,030,341
Other assets less liabilities – (10.4)%		(847,785)
Net Assets – 100.0%		**\$ 8,182,556**

(a) Represents entire or partial securities out on loan. See Note E for securities lending information.

(b) Non-income producing security.

(c) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered liquid and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2012, the aggregate market value of these securities amounted to \$443,744 or 5.4% of net assets.

(d) Investment in affiliated money market mutual fund. The rate shown represents the 7-day yield as of period end.

Glossary:

ADR – American Depositary Receipt
GDR – Global Depositary Receipt
OJSC – Open Joint Stock Company

See notes to financial statements.

STATEMENT OF ASSETS & LIABILITIES

June 30, 2012

Assets	
Investments in securities, at value	
Unaffiliated issuers (cost $7,965,039)	$ 7,793,001[(a)]
Affiliated issuers (cost $1,237,340—including investment of cash collateral for securities loaned of $851,333)	1,237,340
Foreign currencies, at value (cost $43,271)	43,361
Receivable for investment securities sold	69,396
Dividends and interest receivable	11,629
Total assets	9,154,727
Liabilities	
Payable for collateral received on securities loaned	851,333
Advisory fee payable	32,780
Transfer Agent fee payable	1,661
Distribution fee payable	110
Accrued expenses	86,287
Total liabilities	972,171
Net Assets	**$ 8,182,556**
Composition of Net Assets	
Capital stock, at par	$ 1,812
Additional paid-in capital	9,161,004
Undistributed net investment income	66,518
Accumulated net realized loss on investment and foreign currency transactions	(876,667)
Net unrealized depreciation on investments and foreign currency denominated assets and liabilities	(170,111)
	$ 8,182,556

Net Asset Value Per Share—18 billion shares of capital stock authorized, $.002 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
A	$ 328,290	36,277	$ 9.05*
C	$ 36,156	4,040	$ 8.95
Advisor	$ 1,079,704	118,624	$ 9.10
R	$ 8,992	1,000	$ 8.99
K	$ 9,007	1,000	$ 9.01
I	$ 6,720,407	745,000	$ 9.02

(a) Includes securities on loan with a value of $826,781 (see Note E).

* *The maximum offering price per share for Class A shares was $9.45 which reflects a sales charge of 4.25%.*

See notes to financial statements.

STATEMENT OF OPERATIONS

Year Ended June 30, 2012

Investment Income		
Dividends		
Unaffiliated issuers (net of foreign taxes withheld of $11,489)	$ 161,321	
Affiliated issuers	1,005	
Securities lending income	2,953	$ 165,279
Expenses		
Advisory fee (see Note B)	82,405	
Distribution fee—Class A	907	
Distribution fee—Class C	298	
Distribution fee—Class R	46	
Distribution fee—Class K	23	
Transfer agency—Class A	4,301	
Transfer agency—Class C	428	
Transfer agency—Advisor Class	14,461	
Transfer agency—Class R	5	
Transfer agency—Class K	5	
Transfer agency—Class I	1,375	
Custodian	113,552	
Administrative	66,916	
Registration fees	60,260	
Amortization of offering expenses	60,112	
Legal	52,799	
Audit	44,659	
Printing	16,331	
Directors' fees	8,136	
Miscellaneous	20,378	
Total expenses	547,397	
Less: expenses waived and reimbursed by the Adviser (see Note B)	(443,117)	
Net expenses		104,280
Net investment income		60,999
Realized and Unrealized Gain (Loss) on Investment and Foreign Currency Transactions		
Net realized loss on:		
Investment transactions		(835,427)
Foreign currency transactions		(15,980)
Net change in unrealized appreciation/depreciation of:		
Investments		(654,066)
Foreign currency denominated assets and liabilities		1,220
Net loss on investment and foreign currency transactions		(1,504,253)
Contributions from Adviser (see Note B)		2,783
Net Decrease in Net Assets from Operations		**$ (1,440,471)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Increase (Decrease) in Net Assets from Operations		
Net investment income	$ 60,999	$ 15,368
Net realized gain (loss) on investment and foreign currency transactions	(851,407)	49,410
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	(652,846)	482,735
Contributions from Adviser (see Note B)	2,783	2,716
Net increase (decrease) in net assets from operations	(1,440,471)	550,229
Dividends and Distributions to Shareholders from		
Net investment income		
Class R	(7)	(29)
Class K	(23)	(34)
Class I	(30,917)	(29,055)
Net realized gain on investment transactions		
Class A	(1,306)	– 0 –
Class C	(128)	– 0 –
Advisor Class	(4,294)	– 0 –
Class R	(42)	– 0 –
Class K	(42)	– 0 –
Class I	(31,290)	– 0 –
Capital Stock Transactions		
Net increase	256,510	8,913,455
Total increase (decrease)	(1,252,010)	9,434,566
Net Assets		
Beginning of period	9,434,566	– 0 –
End of period (including undistributed net investment income of $66,518 and $19,549, respectively)	$ 8,182,556	$ 9,434,566

(a) Commencement of operations.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE A
Significant Accounting Policies

AllianceBernstein Cap Fund, Inc. (the "Company"), which is a Maryland corporation, is registered under the Investment Company Act of 1940 as an open-end management investment company. The Company operates as a series company currently comprised of nine portfolios: AllianceBernstein U.S. Strategic Research Portfolio, AllianceBernstein Small Cap Growth Portfolio, AllianceBernstein Market Neutral Strategy—U.S., AllianceBernstein Market Neutral Strategy—Global, AllianceBernstein International Discovery Equity Portfolio, AllianceBernstein International Focus 40 Portfolio, AllianceBernstein Emerging Markets Multi-Asset Portfolio, AllianceBernstein Select U.S. Equity Portfolio and AllianceBernstein Dynamic All Market Fund Portfolio (the "Portfolios"). The AllianceBernstein U.S. Strategic Research Portfolio, AllianceBernstein Small Cap Growth Portfolio, AllianceBernstein Market Neutral Strategy—U.S., AllianceBernstein Market Neutral Strategy—Global and AllianceBernstein International Discovery Equity Portfolio are each diversified Portfolios. Each of the other Portfolios is non-diversified. AllianceBernstein Market Neutral Strategy—U.S. and AllianceBernstein Market Neutral Strategy—Global commenced operations on August 3, 2010. AllianceBernstein International Discovery Equity Portfolio commenced operations on October 26, 2010. AllianceBernstein International Focus 40 Portfolio commenced operations on July 6, 2011. AllianceBernstein Emerging Markets Multi-Asset Portfolio commenced operations on August 31, 2011. AllianceBernstein Select U.S. Equity Portfolio commenced operations on December 8, 2011. AllianceBernstein Dynamic All Market Fund commenced operations on December 16, 2011. Each Portfolio is considered to be a separate entity for financial reporting and tax purposes. This report relates only to the AllianceBernstein International Discovery Equity Portfolio (the "Fund"). The Fund offers Class A, Class C, Advisor Class, Class R, Class K and Class I shares. As of June 30, 2012, AllianceBernstein L.P. (the "Adviser"), was the sole shareholder of Class R, Class K and Class I shares. Class A shares are sold with a front-end sales charge of up to 4.25% for purchases not exceeding $1,000,000. With respect to purchases of $1,000,000 or more, Class A shares redeemed within one year of purchase may be subject to a contingent deferred sales charge of 1%. Class C shares are subject to a contingent deferred sales charge of 1% on redemptions made within the first year after purchase. Class R and Class K shares are sold without an initial or contingent deferred sales charge. Advisor Class and Class I shares are sold without an initial or contingent deferred sales charge and are not subject to ongoing distribution expenses. All six classes of shares have identical voting, dividend, liquidation and other rights, except that the classes bear different distribution and transfer agency expenses. Each class has exclusive voting rights with respect to its distribution plan. The financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") which require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

1. Security Valuation

Portfolio securities are valued at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are deemed unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Company's Board of Directors.

In general, the market value of securities which are readily available and deemed reliable are determined as follows: Securities listed on a national securities exchange (other than securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ")) or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the last traded price from the previous day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities listed only on NASDAQ are valued in accordance with the NASDAQ Official Closing Price; listed or over the counter market ("OTC") put or call options are valued at the mid level between the current bid and ask prices. If either a current bid or current ask price is unavailable, the Adviser will have discretion to determine the best valuation (e.g. last trade price in the case of listed options); open futures contracts are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; U.S. government securities and other debt instruments having 60 days or less remaining until maturity are valued at amortized cost if their original maturity was 60 days or less; or by amortizing their fair value as of the 61st day prior to maturity if their original term to maturity exceeded 60 days; fixed-income securities, including mortgage backed and asset backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker/dealers. In cases where broker/dealer quotes are obtained, the Adviser may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security. Swaps and other derivatives are valued daily, primarily using independent pricing services, independent pricing models using market inputs, as well as third party broker-dealers or counterparties. Investments in money market funds are valued at their net asset value each day.

Securities for which market quotations are not readily available (including restricted securities) or are deemed unreliable are valued at fair value. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, analysis of the issuer's financial statements or other available documents. In addition, the Fund may use fair value pricing for securities primarily traded in non-U.S. markets because most foreign markets close well before the Fund values its securities at 4:00 p.m., Eastern Time. The earlier close of foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred between the close of the foreign markets and the time at which the Fund values its securities which may materially affect the value of securities trading in such markets. To account for this, the Fund may frequently value many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available.

2. Fair Value Measurements

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The U.S. GAAP disclosure requirements establish a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of June 30, 2012:

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks:				
Industrials	$ 340,700	$ 1,514,204	$ – 0 –	$ 1,854,904
Consumer Discretionary	285,105	1,033,524	– 0 –	1,318,629
Consumer Staples	108,059	806,502	– 0 –	914,561
Financials	375,443	419,053	56,153	850,649
Information Technology	– 0 –	769,135	– 0 –	769,135
Materials	311,095	442,233	– 0 –	753,328
Energy	203,210	250,457	– 0 –	453,667
Health Care	65,824	370,735	– 0 –	436,559
Utilities	106,535	127,798	– 0 –	234,333
Telecommunication Services	– 0 –	72,669	– 0 –	72,669
Warrants	– 0 –	46,293	88,274	134,567
Short-Term Investments	386,007	– 0 –	– 0 –	386,007
Investments of Cash Collateral for Security Loaned in Affiliated Money Market Fund	851,333	– 0 –	– 0 –	851,333
Total Investments in Securities	3,033,311	5,852,603+	144,427	9,030,341
Other Financial Instruments*	– 0 –	– 0 –	– 0 –	– 0 –
Total^	**$ 3,033,311**	**$ 5,852,603**	**$ 144,427**	**$ 9,030,341**

* *Other financial instruments are derivative instruments, such as futures, forwards and swap contracts, which are valued at the unrealized appreciation/depreciation on the instrument.*

\+ *A significant portion of the Fund's foreign equity investments are categorized as Level 2 investments since they are valued using fair value prices based on third party vendor modeling tools to the extent available, see Note A.1.*

^ *An amount of $434,468 was transferred from Level 1 into Level 2 due to insufficient observable inputs during the reporting period.*

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value. The transfers between levels of the fair value hierarchy assumes the financial instrument was transferred at the beginning of the reporting period.

	Financials	Warrants	Total
Balance as of 6/30/11	**$ 58,373**	**$ – 0 –**	**$ 58,373**
Accrued discounts/(premiums)	– 0 –	– 0 –	– 0 –
Realized gain (loss)	– 0 –	593	593
Change in unrealized appreciation/ depreciation	(20,691)	(21,071)	(41,762)
Purchases	18,471	53,214	71,685
Sales	– 0 –	(40,730)	(40,730)
Transfers in to Level 3	– 0 –	96,268	96,268+
Transfers out of Level 3	– 0 –	– 0 –	– 0 –
Balance as of 6/30/12	**$ 56,153**	**$ 88,274**	**$ 144,427**
Net change in unrealized appreciation/ depreciation from Investments held as of 6/30/12*	$ (20,691)	$ (21,071)	$ (41,762)

\+ *Transferred out of Level 2 into Level 3 due to insufficient observable inputs.*

* *The unrealized appreciation/depreciation is included in net change in unrealized appreciation/depreciation of investments in the accompanying statement of operations.*

The following presents information about significant unobservable inputs related to the Fund's material categories of Level 3 investments at June 30, 2012:

	Quantitative Information about Level 3 Fair Value Measurements		
	Fair Value at 6/30/2012	Valuation Technique	Range
Warrants	$88,274	Broker Quotes	2.7735-18.78

Warrants—The significant unobservable inputs used in the fair value measurement of the Fund's Warrants can consist of broker quotes received from industry sources via third party vendor or directly from the source. These instruments are typically not quoted on a vendor pricing source.

The Adviser has established a Valuation Committee (the "Committee") with responsibility for overseeing the pricing and valuation of all securities held in the Fund. The Committee operates under policies and procedures established by the Adviser and approved by the Company's Board of Directors. The Committee's responsibilities include, but not limited to the following: 1) fair value and liquidity determinations (and oversight of any third parties to whom any responsibility for fair value and liquidity determinations is delegated), and 2) regularly monitoring the Adviser's pricing and valuation policies and modifying or enhancing those policies (or recommending the modification of these policies) as appropriate.

The Committee is also responsible for monitoring the implementation of the pricing policies on a day-to-day basis by the Pricing Group (the "Pricing Group"). The Pricing Group has established the pricing policies, which sets forth the mechanisms and processes to be employed by the Pricing Group on a daily basis to implement these policies. In particular, the pricing policies describe how to determine market quotations for securities. The Committee will periodically review the activities of the Pricing Group and its policies, and will consider revisions and enhancement to the pricing policies as appropriate. The Committee may also engage the services of third-party vendors who may offer services related to fair value pricing and liquidity determinations.

3. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and ask prices of such currencies against the U.S. dollar. Purchases and sales of portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated into U.S. dollars at rates of exchange prevailing when accrued.

Net realized gain or loss on foreign currency transactions represents foreign exchange gains and losses from sales and maturities of foreign fixed income investments, foreign currency exchange contracts, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign investment transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation or depreciation of foreign currency denominated assets and liabilities.

4. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required. The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation/depreciation as such income and/or gains are earned.

In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Fund's tax positions taken or expected to be taken on federal and state income tax returns for all open tax years (all years since inception of the Fund) and has concluded that no provision for income tax is required in the Fund's financial statements.

5. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date or as soon as the Fund is informed of the dividend. Interest income is accrued daily. Investment transactions are accounted for on the date the securities are purchased or sold. Investment gains or losses are determined on the identified cost basis. The Fund amortizes premiums and accretes discounts as adjustments to interest income.

6. Class Allocations

All income earned and expenses incurred by the Fund are borne on a pro-rata basis by each outstanding class of shares, based on the proportionate interest in the Fund represented by the net assets of such class, except for class specific expenses which are allocated to the respective class. Expenses of the Company are charged to each Portfolio in proportion to each Portfolio's respective net assets. Realized and unrealized gains and losses are allocated among the various share classes based on respective net assets.

7. Dividends and Distributions

Dividends and distributions to shareholders, if any, are recorded on the ex-dividend date. Income dividends and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance with U.S. GAAP. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

NOTE B
Advisory Fee and Other Transactions with Affiliates

Under the terms of the investment advisory agreement, the Fund pays the Adviser an advisory fee at an annual rate of 1% of the first $1 billion, .95% of the next $1 billion, .90% of the next $1 billion and .85% in excess of $3 billion of the Fund's average daily net assets. The Adviser has agreed to waive its fees and bear certain expenses to the extent necessary to limit total operating expenses on an annual basis to 1.55%, 2.25%, 1.25%, 1.75%, 1.50% and 1.25% of average daily net assets for Class A, Class C, Advisor Class, Class R, Class K and Class I shares, respectively. Under the agreement, fees waived and expenses borne by the Adviser are subject to repayment by the Fund until October 26, 2013. No repayment will be made that would cause the Fund's total annualized operating expenses to exceed the net fee percentage set forth above or would exceed the amount of offering expenses as recorded by the Fund on or before October 26, 2013. This fee waiver and/or expense reimbursement agreement may not be terminated before June 30, 2013. For the year ended June 30, 2012, such reimbursement amounted to $376,201. For the period from inception through June 30, 2012, such reimbursement amounted to $702,040, which is subject to repayment, not to exceed the amount of offering expenses of $181,291.

During the period ended June 30, 2011 and the year ended June 30, 2012, the Adviser reimbursed the Fund $2,716 and $2,783, respectively, for trading losses incurred due to a trade entry error.

Pursuant to the investment advisory agreement, the Fund may reimburse the Adviser for certain legal and accounting services provided to the Fund by the Adviser. For the year ended June 30, 2012, the Adviser voluntarily agreed to waive such fees in the amount of $66,916.

The Fund compensates AllianceBernstein Investor Services, Inc. ("ABIS"), a wholly-owned subsidiary of the Adviser, under a Transfer Agency Agreement for providing personnel and facilities to perform transfer agency services for the Fund. ABIS may make payments to intermediaries that provide omnibus account services, sub-accounting services and/or networking services. Such compensation retained by ABIS amounted to $17,970 for the year ended June 30, 2012.

AllianceBernstein Investments, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, serves as the distributor of the Fund's shares. The Distributor has advised the Fund that it has retained front-end sales charges of $48 from the sale of Class A shares and received $-0- in contingent deferred sales charges imposed upon redemptions by shareholders of Class C shares for the year ended June 30, 2012.

The Fund may invest in the AllianceBernstein Fixed-Income Shares, Inc.—Government STIF Portfolio ("Government STIF Portfolio"), an open-end management investment company managed by the Adviser. The Government STIF Portfolio is offered as a cash management option to mutual funds and other institutional accounts of the Adviser, and is not available for direct purchase by members of the public. The Government STIF Portfolio pays no investment management fees but does bear its own expenses. A summary of the Fund's transactions in shares of the Government STIF Portfolio for the year ended June 30, 2012 is as follows:

Market Value June 30, 2011 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value June 30, 2012 (000)	Dividend Income (000)
$ 190	$ 4,130	$ 3,934	$ 386	$ – 0 –*

* *Amount is less than $500.*

Brokerage commissions paid on investment transactions for the year ended June 30, 2012 amounted to $13,827, of which $0 and $11, respectively, was paid to Sanford C. Bernstein & Co. LLC and Sanford C. Bernstein Limited, affiliates of the Adviser.

NOTE C
Distribution Services Agreement

The Fund has adopted a Distribution Services Agreement (the "Agreement") pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under the Agreement, the Fund pays distribution and servicing fees to the Distributor at an annual rate of up to .30% of the Fund's average daily net assets attributable to Class A shares, 1% of the Fund's average daily net assets attributable to Class C shares, .50% of the Fund's average daily net assets attributable to Class R shares and .25% of the Fund's average daily net assets attributable to Class K shares. There are no distribution and servicing fees on the Advisor Class and Class I shares. The fees are accrued daily and paid monthly. The Agreement provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities. Since the commencement of the Fund's operations, the Distributor has incurred expenses in excess of the distribution costs reimbursed by the Fund in the amounts of $25,771, $0 and $0 for Class C, Class R and Class K shares, respectively. While such costs may be recovered from the Fund in future periods so long as the Agreement is in effect, the rate of the distribution and servicing fees payable under the Agreement may not be increased without a shareholder vote. In accordance with the Agreement, there is no provision for recovery of unreimbursed distribution costs incurred by the Distributor beyond the current fiscal year for Class A shares. The Agreement also provides that the Adviser may use its own resources to finance the distribution of the Fund's shares.

NOTE D
Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended June 30, 2012 were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$ 8,237,387	$ 7,945,086
U.S. government securities	– 0 –	– 0 –

The cost of investments for federal income tax purposes, gross unrealized appreciation and unrealized depreciation (excluding foreign currency transactions) are as follows:

Cost	$ 9,222,456
Gross unrealized appreciation	$ 456,226
Gross unrealized depreciation	(648,341)
Net unrealized depreciation	$ (192,115)

1. Derivative Financial Instruments

The Fund may use derivatives in an effort to earn income and enhance returns, to replace more traditional direct investments, to obtain exposure to otherwise inaccessible markets (collectively, "investment purposes"), or to hedge or adjust the risk profile of its portfolio.

The Fund did not engage in derivatives transactions for the year ended June 30, 2012.

2. Currency Transactions

The Fund may invest in non-U.S. Dollar securities on a currency hedged or unhedged basis. The Fund may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures, swaps, and other options. The Fund may enter into transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value but securities denominated in that currency are not held by the Fund and do not present attractive investment opportunities. Such transactions may also be used when the Adviser believes that it may be more efficient than a direct investment in a foreign currency-denominated security. The Fund may also conduct currency exchange contracts on a spot basis (i.e., for cash at the spot rate prevailing in the currency exchange market for buying or selling currencies).

NOTE E
Securities Lending

The Fund may enter into securities lending transactions. Under the Fund's securities lending program, all securities loans will be collateralized continually by cash. The Fund will be compensated for the loan from a portion of the net return from the income earned on cash collateral after a rebate is paid to the borrower (in some cases, this rebate may be a "negative rebate" or fee paid by the borrower to the Fund in connection with the loan), and payments for fees of the securities lending agent and for certain other administrative expenses. It is the policy of the Fund to receive collateral consisting of cash in an amount exceeding the value of the securities loaned. The Fund will have the right to call a loan and obtain the securities loaned at any time on notice to the borrower within the normal and customary settlement time for the securities. While the securities are on loan, the borrower is obligated to pay the Fund amounts equal to any income or other distributions from the securities. The Fund will not have the right to vote any securities during the existence of a loan, but will have the right to regain ownership of loaned securities in order to exercise voting or other ownership rights. The lending agent has agreed to indemnify the Fund in the case of default of any securities borrower. Collateral received and securities loaned are marked to market daily to ensure that the securities loaned are secured by collateral. The lending agent will invest the cash collateral received in AllianceBernstein Exchange Reserves, an eligible money market vehicle, in accordance with the investment restrictions of the Fund, and as approved by the Company's Board of Directors. The collateral received on securities loaned is recorded as an asset as well as a corresponding liability in the statement of assets and liabilities. When the Fund lends securities, its investment performance will continue to reflect changes in the value of the securities loaned. At June 30, 2012, the Fund had securities on loan with a value of $826,781 and had received cash collateral which has been invested into AllianceBernstein Exchange Reserves of $851,333. The cash collateral will be adjusted on the next business day after period end to maintain the required collateral amount. The Fund earned securities lending income of $2,953 and $585 from the borrowers and AllianceBernstein Exchange Reserves, respectively, for the year ended June 30, 2012; these amounts are reflected in the statement of operations. A principal risk of lending portfolio securities is that the borrower will fail to return the loaned securities upon termination of the loan and that the collateral will not be sufficient to replace the loaned securities. A summary of the Fund's transactions in shares of AllianceBernstein Exchange Reserves for the year ended June 30, 2012 is as follows:

Market Value June 30, 2011 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value June 30, 2012 (000)	Dividend Income (000)
$ – 0 –	$ 3,644	$ 2,793	$ 851	$ 1

NOTE F
Capital Stock

Each class consists of 3,000,000,000 authorized shares. Transactions in capital shares for each class were as follows:

	Shares		Amount	
	Year Ended June 30, 2012	October 26, 2010(a) to June 30, 2011	Year Ended June 30, 2012	October 26, 2010(a) to June 30, 2011
Class A				
Shares sold	10,647	31,062	$ 100,017	$ 326,344
Shares issued in reinvestment of distributions	151	– 0 –	1,264	– 0 –
Shares redeemed	(5,583)	– 0 –(b)	(52,012)	(2)
Net increase	**5,215**	**31,062**	**$ 49,269**	**$ 326,342**
Class C				
Shares sold	6,127	2,340	$ 55,816	$ 23,802
Shares issued in reinvestment of distributions	10	– 0 –	86	– 0 –
Shares redeemed	(4,437)	– 0 –	(40,113)	– 0 –
Net increase	**1,700**	**2,340**	**$ 15,789**	**$ 23,802**

	Shares		Amount	
	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Advisor Class				
Shares sold	41,223	101,007	$ 396,963	$ 1,093,305
Shares issued in reinvestment of distributions	507	– 0 –	4,252	– 0 –
Shares redeemed	(24,113)	– 0 –	(209,763)	– 0 –
Net increase	**17,617**	**101,007**	**$ 191,452**	**$ 1,093,305**
Class R				
Shares sold	– 0 –	1,000	$ – 0 –	$ 10,002
Net increase	**– 0 –**	**1,000**	**$ – 0 –**	**$ 10,002**
Class K				
Shares sold	– 0 –	1,000	$ – 0 –	$ 10,002
Net increase	**– 0 –**	**1,000**	**$ – 0 –**	**$ 10,002**
Class I				
Shares sold	– 0 –	745,000	$ – 0 –	$ 7,450,002
Net increase	**– 0 –**	**745,000**	**$ – 0 –**	**$ 7,450,002**

(a) *Commencement of operations.*

(b) *Share amount is less than one full share.*

NOTE G
Risks Involved in Investing in the Fund

Capitalization Risk—Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.

Foreign Securities Risk—Investing in securities of foreign companies or foreign governments involves special risks which include changes in foreign currency exchange rates and the possibility of future political and economic developments which could adversely affect the value of such securities. Moreover, securities of many foreign companies or foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies or of the U.S. government.

Emerging Market Risk—Investments in emerging market countries may have more risk because the markets are less developed and less liquid, and because these investments may be subject to increased economic, political, regulatory and other uncertainties.

Currency Risk—This is the risk that changes in foreign currency exchange rates may negatively affect the value of the Fund's investments or reduce the returns of the Fund. For example, the value of the Fund's investments in foreign currency-denominated securities or currencies may decrease if the U.S. Dollar is strong (*i.e.*, gaining value relative to other currencies) and other currencies are weak (*i.e.*, losing value relative to the U.S. Dollar). Currency markets are generally not as regulated as securities markets. Independent of the Fund's investments denominated in foreign currencies, the Fund's positions in various foreign currencies may cause the Fund to experience investment losses due to the changes in exchange rates and interest rates.

Derivatives Risk—The Fund may enter into derivative transactions such as forwards, options, futures and swaps. Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Fund, and subject to counterparty risk to a greater degree than more traditional investments. Derivatives may result in significant losses, including losses that are far greater than the value of the derivatives reflected in the statement of assets and liabilities.

Liquidity Risk—Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Fund from selling out of these securities at an advantageous time or price. The Fund invests in unlisted securities and synthetic foreign equity securities, which may have greater liquidity risk.

Indemnification Risk—In the ordinary course of business, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote. Therefore, the Fund has not accrued any liability in connection with these indemnification provisions.

NOTE H
Joint Credit Facility

A number of open-end mutual funds managed by the Adviser, including the Fund, participate in a $140 million revolving credit facility (the "Facility") intended to provide short-term financing, if necessary, subject to certain restrictions in connection with abnormal redemption activity. Commitment fees related to the Facility are paid by the participating funds and are included in miscellaneous expenses in the statement of operations. The Fund did not utilize the Facility during the year ended June 30, 2012.

NOTE I
Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended June 30, 2012 and June 30, 2011 were as follows:

	2012	2011
Distributions paid from:		
Ordinary income	68,049	29,118
Total taxable distributions	68,049	29,118
Total distributions paid	68,049	29,118

As of June 30, 2012, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	$ 80,049
Accumulated capital and other losses	(861,644)[a]
Unrealized appreciation/(depreciation)	(190,188)[b]
Total accumulated earnings/(deficit)	$(971,783)[c]

(a) *On June 30, 2012, the Fund had a net capital loss carryforward of $457,322. At June 30, 2012, the Fund had a post-October short-term capital loss deferral of $ 364,631 and a post-October long-term capital loss deferral of $39,691. These losses are deemed to arise on July 1, 2012.*

(b) *The differences between book-basis and tax-basis unrealized appreciation/(depreciation) are attributable primarily to the tax deferral of losses on wash sales and the tax treatment of passive foreign investment companies (PFICs).*

(c) *The difference between book-basis and tax-basis components of accumulated earnings/(deficit) is attributable primarily to the amortization of offering costs.*

For tax purposes, net capital losses may be carried over to offset future capital gains, if any. Under the Regulated Investment Company Modernization Act of 2010, funds are permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an indefinite period. These post-enactment capital losses must be utilized prior to the pre-enactment capital losses, which are subject to expiration. Post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered short-term as under previous regulation.

As of June 30, 2012, the Fund had a net capital loss carryforward of $457,322 which will expire as follows:

SHORT-TERM AMOUNT	LONG-TERM AMOUNT	EXPIRATION
$ 457,322	$ – 0 –	No expiration

During the current fiscal year, permanent differences primarily due to foreign currency reclassifications, the tax treatment of passive foreign investment companies (PFICs), a redesignation of dividends, and the tax treatment of contributions from the Adviser resulted in a net increase in undistributed net investment income, a net increase in accumulated net realized loss on investment and foreign currency transactions, and a net decrease in additional paid-in capital. These reclassifications had no effect on net assets.

NOTE J
Recent Accounting Pronouncement

In December 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") related to disclosures about offsetting assets and liabilities in financial statements. The amendments in this update require an entity to disclose both gross and net information for derivatives and other financial instruments that are either offset in the statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. The ASU is effective during interim or annual reporting periods beginning on or after January 1, 2013. At this time, management is evaluating the implication of this ASU and its impact on the financial statements has not been determined.

NOTE K
Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Fund's financial statements through this date.

FINANCIAL HIGHLIGHTS

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class A	
	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 10.71	$ 10.00
Income From Investment Operations		
Net investment income[b][c]	.05	.04
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(1.67)	.66
Contributions from Adviser	.00[d]	.01
Net increase (decrease) in net asset value from operations	(1.62)	.71
Less: Distributions		
Distributions from net realized gain on investment transactions	(.04)	– 0 –
Net asset value, end of period	**$ 9.05**	**$ 10.71**
Total Return		
Total investment return based on net asset value[e]	(15.07)%	7.10%
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$328	$333
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements	1.55 %	1.55%[f]
Expenses, before waivers/reimbursements	8.03 %	9.26%[f]
Net investment income[c]	.52 %	.56%[f]
Portfolio turnover rate	101 %	86%

See footnote summary on page 42.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class C	
	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 10.67	$ 10.00
Income From Investment Operations		
Net investment loss[b][c]	(.03)	(.05)
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(1.65)	.72
Contributions from Adviser[d]	.00	.00
Net increase (decrease) in net asset value from operations	(1.68)	.67
Less: Distributions		
Distributions from net realized gain on investment transactions	(.04)	– 0 –
Net asset value, end of period	**$ 8.95**	**$ 10.67**
Total Return		
Total investment return based on net asset value[e]	(15.70)%	6.70 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$36	$25
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements	2.25 %	2.25 %[f]
Expenses, before waivers/reimbursements	8.64 %	19.09 %[f]
Net investment loss[c]	(.28)%	(.75)%[f]
Portfolio turnover rate	101 %	86 %

See footnote summary on page 42.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Advisor Class	
	Year Ended June 30, 2012	October 26, 2010[(a)] to June 30, 2011
Net asset value, beginning of period	$ 10.74	$ 10.00
Income From Investment Operations		
Net investment income[(b)(c)]	.07	.03
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(1.67)	.70
Contributions from Adviser	.00[(d)]	.01
Net increase (decrease) in net asset value from operations	(1.60)	.74
Less: Distributions		
Distributions from net realized gain on investment transactions	(.04)	– 0 –
Net asset value, end of period	**$ 9.10**	**$ 10.74**
Total Return		
Total investment return based on net asset value[(e)]	(14.85)%	7.40%
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$1,080	$1,085
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements	1.25 %	1.25%[(f)]
Expenses, before waivers/reimbursements	7.74 %	12.03%[(f)]
Net investment income[(c)]	.79 %	.48%[(f)]
Portfolio turnover rate	101 %	86%

See footnote summary on page 42.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class R	
	Year Ended June 30, 2012	**October 26, 2010[a] to June 30, 2011**
Net asset value, beginning of period	$ 10.67	$ 10.00
Income From Investment Operations		
Net investment income (loss)[b][c]	.02	(.02)
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(1.65)	.72
Contributions from Adviser[d]	.00	.00
Net increase (decrease) in net asset value from operations	(1.63)	.70
Less: Dividends and Distributions		
Dividends from net investment income	(.01)	(.03)
Distributions from net realized gain on investment transactions	(.04)	– 0 –
Total dividends and distributions	(.05)	(.03)
Net asset value, end of period	**$ 8.99**	**$ 10.67**
Total Return		
Total investment return based on net asset value[e]	(15.25)%	7.00 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$9	$11
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements	1.75 %	1.75 %[f]
Expenses, before waivers/reimbursements	6.95 %	8.37 %[f]
Net investment income (loss)[c]	.24 %	(.24)%[f]
Portfolio turnover rate	101 %	86 %

See footnote summary on page 42.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class K	
	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 10.69	$ 10.00
Income From Investment Operations		
Net investment income[b][c]	.05	.00[d]
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(1.66)	.72
Contributions from Adviser[d]	.00	.00
Net increase (decrease) in net asset value from operations	(1.61)	.72
Less: Dividends and Distributions		
Dividends from net investment income	(.03)	(.03)
Distributions from net realized gain on investment transactions	(.04)	– 0 –
Total dividends and distributions	(.07)	(.03)
Net asset value, end of period	**$ 9.01**	**$ 10.69**
Total Return		
Total investment return based on net asset value[e]	(15.06)%	7.25 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$9	$11
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements	1.50 %	1.50 %[f]
Expenses, before waivers/reimbursements	6.68 %	8.13 %[f]
Net investment income[c]	.50 %	.01 %[f]
Portfolio turnover rate	101 %	86 %

See footnote summary on page 42.

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

	Class I	
	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 10.70	$ 10.00
Income From Investment Operations		
Net investment income[b][c]	.07	.02
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(1.67)	.72
Contributions from Adviser[d]	.00	.00
Net increase (decrease) in net asset value from operations	(1.60)	.74
Less: Dividends and Distributions		
Dividends from net investment income	(.04)	(.04)
Distributions from net realized gain on investment transactions	(.04)	– 0 –
Total dividends and distributions	(.08)	(.04)
Net asset value, end of period	**$ 9.02**	**$ 10.70**
Total Return		
Total investment return based on net asset value[e]	(14.85)%	7.41 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$6,721	$7,970
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements	1.25 %	1.25 %[f]
Expenses, before waivers/reimbursements	6.41 %	7.82 %[f]
Net investment income[c]	.75 %	.27 %[f]
Portfolio turnover rate	101 %	86 %

(a) Commencement of operations.

(b) Based on average shares outstanding.

(c) Net of fees and expenses waived/reimbursed by the Adviser.

(d) Amount is less than $.005.

(e) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Initial sales charges or contingent deferred sales charges are not reflected in the calculation of total investment return. Total return does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Total investment return calculated for a period of less than one year is not annualized.

(f) Annualized.

See notes to financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of AllianceBernstein Cap Fund, Inc. and Shareholders of AllianceBernstein International Discovery Equity Portfolio

We have audited the accompanying statement of assets and liabilities of AllianceBernstein International Discovery Portfolio (one of the portfolios constituting the AllianceBernstein Cap Fund, Inc.) (the "Fund"), including the portfolio of investments, as of June 30, 2012, and the related statements of operations for the year then ended and the statements of changes in net assets and the financial highlights for the year then ended and the period October 26, 2010 (commencement of operations) to June 30, 2011. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of June 30, 2012, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of AllianceBernstein International Discovery Equity Portfolio of AllianceBernstein Cap Fund, Inc. at June 30, 2012, the results of its operations for the year then ended, the changes in its net assets and the financial highlights for the year then ended and the period October 26, 2010 (commencement of operations) to June 30, 2011, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

New York, New York
August 28, 2012

2012 FEDERAL TAX INFORMATION

(unaudited)

For Federal income tax purposes, the following information is furnished with respect to the distributions paid by the Fund during the taxable year ended June 30, 2012. For corporate shareholders, 1.24% of dividends paid qualify for the dividends received deduction.

The Fund intends to make an election to pass through foreign taxes to its shareholders. For the taxable year ended June 30, 2012, $9,414 of foreign taxes may be passed through and the associated foreign source income for information reporting purposes is $152,721.

For the taxable year ended June 30, 2012, the Fund designates $95,076 as the maximum amount that may be considered qualified dividend income for individual shareholders.

Shareholders should not use the above information to prepare their income tax returns. The information necessary to complete your income tax returns will be included with your Form 1099-DIV which will be sent to you separately in January 2013.

BOARD OF DIRECTORS

William H. Foulk, Jr.[(1)], *Chairman*
John H. Dobkin[(1)]
Michael J. Downey[(1)]
D. James Guzy[(1)]
Nancy P. Jacklin[(1)]
Robert M. Keith, *President and Chief Executive Officer*
Garry L. Moody[(1)]
Marshall C. Turner, Jr.[(1)]
Earl D. Weiner[(1)]

OFFICERS

Philip L. Kirstein, Senior Vice President and Independent Compliance Officer
Liliana C. Dearth,[(2)] Vice President
Emilie D. Wrapp, Secretary
Joseph J. Mantineo, Treasurer and Chief Financial Officer
Phyllis J. Clarke, Controller

Custodian and Accounting Agent

State Street Bank and Trust Company
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Boston, MA 02111

Principal Underwriter

AllianceBernstein Investments, Inc.
1345 Avenue of the Americas
New York, NY 10105

Legal Counsel

Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004

Independent Registered Public Accounting Firm

Ernst & Young LLP
5 Times Square
New York, NY 10036

Transfer Agent

AllianceBernstein Investor
Services, Inc.
P.O. Box 786003
San Antonio, TX 78278-6003
Toll-Free (800) 221-5672

(1) Member of the Audit Committee, Governance and Nominating Committee and Independent Directors Committee. Mr. Foulk is the sole member of the Fair Value Pricing Committee.

(2) The day-to-day management of, and investment decisions for, the Fund's portfolio are made by Ms. Liliana C. Dearth.

MANAGEMENT OF THE FUND

Board of Directors Information

The business and affairs of the Fund are managed under the direction of the Board of Directors. Certain information concerning the Fund's Directors is set forth below.

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER RELEVANT QUALIFICATIONS***	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIPS HELD BY DIRECTOR IN PAST FIVE YEARS
INTERESTED DIRECTOR			
Robert M. Keith, + 1345 Avenue of the Americas New York, NY 10105 52 (2010)	Senior Vice President of AllianceBernstein L.P. (the "Adviser") and the head of AllianceBernstein Investments, Inc. ("ABI") since July 2008; Director of ABI and President of the AllianceBernstein Mutual Funds. Previously, he served as Executive Managing Director of ABI from December 2006 to June 2008. Prior to joining ABI in 2006, Executive Managing Director of Bernstein Global Wealth Management, and prior thereto, Senior Managing Director and Global Head of Client Service and Sales of the Adviser's institutional investment management business since 2004. Prior thereto, he was Managing Director and Head of North American Client Service and Sales in the Adviser's institutional investment management business, with which he had been associated since prior to 2004.	98	None

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER RELEVANT QUALIFICATIONS***	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIPS HELD BY DIRECTOR IN PAST FIVE YEARS
DISINTERESTED DIRECTORS			
William H. Foulk, Jr., #, ## 79 *Chairman of the Board* (2010)	Investment Adviser and an Independent Consultant since prior to 2007. Previously, he was Senior Manager of Barrett Associates, Inc., a registered investment adviser. He was formerly Deputy Comptroller and Chief Investment Officer of the State of New York and, prior thereto, Chief Investment Officer of the New York Bank for Savings. He has served as a director or trustee of various AllianceBernstein Funds since 1983 and has been Chairman of the AllianceBernstein Funds and of the Independent Directors Committee of such Funds since 2003. He is also active in a number of mutual fund related organizations and committees.	98	None
John H. Dobkin, # 70 (2010)	Independent Consultant since prior to 2007. Formerly, President of Save Venice, Inc. (preservation organization) from 2001- 2002; Senior Advisor from June 1999-June 2000 and President of Historic Hudson Valley (historic preservation) from December 1989-May 1999. Previously, Director of the National Academy of Design. He has served as a director or trustee of various AllianceBernstein Funds since 1992, and as Chairman of the Audit Committees of a number of such Funds from 2001-2008.	98	None

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER RELEVANT QUALIFICATIONS***	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIPS HELD BY DIRECTOR IN PAST FIVE YEARS
DISINTERESTED DIRECTORS (continued)			
Michael J. Downey, # 68 (2010)	Private Investor since prior to 2007. Formerly, managing partner of Lexington Capital, LLC (investment advisory firm) from December 1997 until December 2003. From 1987 until 1993, Chairman and CEO of Prudential Mutual Fund Management, director of the Prudential mutual funds, and member of the Executive Committee of Prudential Securities Inc. He has served as a director or trustee of the AllianceBernstein Funds since 2005 and is director of two other registered investment companies (and Chairman of one of them).	98	Asia Pacific Fund, Inc. and The Merger Fund since prior to 2007, and Prospect Acquisition Corp. (financial services) from 2007 until 2009
D. James Guzy, # 76 (2010)	Chairman of the Board of PLX Technology (semi-conductors) and of SRC Computers Inc., with which he has been associated since prior to 2007. He was a director of Intel Corporation (semi-conductors) from 1969 until 2008, and served as Chairman of the Finance Committee of such company for several years until May 2008. He has served as a director or trustee of one or more of the AllianceBernstein Funds since 1982.	98	Cirrus Logic Corporation (semi-conductors) and PLX Technology (semi-conductors) since prior to 2007 and Intel Corporation (semi-conductors) since prior to 2007 until 2008

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER RELEVANT QUALIFICATIONS***	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIPS HELD BY DIRECTOR IN PAST FIVE YEARS
DISINTERESTED DIRECTORS (continued)			
Nancy P. Jacklin, # 64 (2010)	Professorial Lecturer at the Johns Hopkins School of Advanced International Studies since 2008. Formerly, U.S. Executive Director of the International Monetary Fund (December 2002-May 2006); Partner, Clifford Chance (1992-2002); Sector Counsel, International Banking and Finance, and Associate General Counsel, Citicorp (1985-1992); Assistant General Counsel (International), Federal Reserve Board of Governors (1982-1985); and Attorney Advisor, U.S. Department of the Treasury (1973-1982). Member of the Bar of the District of Columbia and of New York; and member of the Council on Foreign Relations. She has served as a director or trustee of the AllianceBernstein Funds since 2006.	98	None

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER RELEVANT QUALIFICATIONS***	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIPS HELD BY DIRECTOR IN PAST FIVE YEARS
DISINTERESTED DIRECTORS (continued)			
Garry L. Moody, # 60 (2010)	Independent Consultant. Formerly, Partner, Deloitte & Touche LLP (1995-2008) where he held a number of senior positions, including Vice Chairman, and U.S. and Global Investment Management Practice Managing Partner; President, Fidelity Accounting and Custody Services Company (1993-1995); and Partner, Ernst & Young LLP (1975-1993), where he served as the National Director of Mutual Fund Tax Services. He is also a member of the Governing Council of the Independent Directors Council (IDC), an organization of independent directors of mutual funds. He has served as a director or trustee, and as Chairman of the Audit Committee, of the AllianceBernstein Funds since 2008.	98	None

NAME, ADDRESS*, AGE AND (YEAR FIRST ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER RELEVANT QUALIFICATIONS***	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIPS HELD BY DIRECTOR IN PAST FIVE YEARS
DISINTERESTED DIRECTORS (continued)			
Marshall C. Turner, Jr., # 70 (2010)	Private Investor since prior to 2007. Interim CEO of MEMC Electronic Materials, Inc.(semi-conductor and solar cell substrates) from November 2008 until March 2009. He was Chairman and CEO of Dupont Photomasks, Inc. (components of semi-conductor manufacturing), 2003-2005, and President and CEO, 2005-2006, after the company was acquired and renamed Toppan Photomasks, Inc. He has extensive experience in venture capital investing including prior service as general partner of three institutional venture capital partnerships, and serves on the boards of a number of education and science-related non-profit organizations. He has served as a director or trustee of one or more of the AllianceBernstein Funds since 1992.	98	Xilinx, Inc. (programmable logic semi-conductors) and MEMC Electronic Materials, Inc. (semi-conductor and solar cell substrates) since prior to 2007
Earl D. Weiner, # 73 (2010)	Of Counsel, and Partner prior to January 2007, of the law firm Sullivan & Cromwell LLP and member of ABA Federal Regulation of Securities Committee Task Force to draft editions of the Fund Director's Guidebook. He also serves as a director or trustee of various non-profit organizations and has served as Chairman or Vice Chairman of a number of them. He has served as a director or trustee of the AllianceBernstein Funds since 2007 and is Chairman of the Governance and Nominating Committees of the Funds.	98	None

* *The address for each of the Fund's disinterested Directors is c/o AllianceBernstein L.P., Attention: Philip L. Kirstein, 1345 Avenue of the Americas, New York, NY 10105.*

** *There is no stated term of office for the Fund's Directors.*

*** *The information above includes each Director's principal occupation during the last five years and other information relating to the experience, attributes, and skills relevant to each Director's qualifications to serve as a Director, which led to the conclusion that each Director should serve as a Director for the Fund.*

\+ *Mr. Keith is an "interested person", as defined in the 1940 Act, of the Fund due to his position as a Senior Vice President of the Adviser.*

\# *Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee.*

\#\# *Member of the Fair Value Pricing Committee.*

Officer Information

Certain information concerning the Fund's officers is set forth below.

NAME, ADDRESS* AND AGE	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Robert M. Keith 52	President and Chief Executive Officer	See biography above.
Philip L. Kirstein 67	Senior Vice President and Independent Compliance Officer	Senior Vice President and Independent Compliance Officer of the AllianceBernstein Funds, with which he has been associated since October 2004. Prior thereto, he was Of Counsel to Kirkpatrick & Lockhart, LLP from October 2003 to October 2004, and General Counsel of Merrill Lynch Investment Managers, L.P. since prior to March 2003.
Liliana C. Dearth 43	Vice President	Senior Vice President of the Adviser,** with which she has been associated since prior to 2007.
Emilie D. Wrapp 56	Secretary	Senior Vice President, Assistant General Counsel and Assistant Secretary of ABI,** with which she has been associated since prior to 2007.
Joseph J. Mantineo 53	Treasurer and Chief Financial Officer	Senior Vice President of AllianceBernstein Investor Services, Inc. ("ABIS"),** with which he has been associated since prior to 2007.
Phyllis J. Clarke 51	Controller	Vice President of ABIS,** with which she has been associated since prior to 2007.

* *The address for each of the Fund's Officers is 1345 Avenue of the Americas, New York, NY 10105.*

** *The Adviser, ABI and ABIS are affiliates of the Fund.*

The Fund's Statement of Additional Information ("SAI") has additional information about the Fund's Directors and Officers and is available without charge upon request. Contact your financial representative or AllianceBernstein at 1-800-227-4618, or visit www.alliancebernstein.com, for a free prospectus or SAI.

Information Regarding the Review and Approval of the Portfolio's Advisory Agreement

The disinterested directors (the "directors") of AllianceBernstein Cap Fund, Inc. (the "Fund") unanimously approved the continuance of the Fund's Advisory Agreement with the Adviser in respect of AllianceBernstein International Discovery Equity Portfolio (the "Portfolio") at a meeting held on May 1-3, 2012.

Prior to approval of the continuance of the Advisory Agreement, the directors had requested from the Adviser, and received and evaluated, extensive materials. They reviewed the proposed continuance of the Advisory Agreement with the Adviser and with experienced counsel who are independent of the Adviser, who advised on the relevant legal standards. The directors also reviewed an independent evaluation prepared by the Fund's Senior Officer (who is also the Fund's Independent Compliance Officer) of the reasonableness of the advisory fee in the Advisory Agreement, in which the Senior Officer concluded that the contractual fee for the Portfolio was reasonable. The directors also discussed the proposed continuance in private sessions with counsel and the Fund's Senior Officer.

The directors considered their knowledge of the nature and quality of the services provided by the Adviser to the Portfolio gained from their experience as directors or trustees of most of the registered investment companies advised by the Adviser, their overall confidence in the Adviser's integrity and competence they have gained from that experience, the Adviser's initiative in identifying and raising potential issues with the directors and its responsiveness, frankness and attention to concerns raised by the directors in the past, including the Adviser's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the AllianceBernstein Funds. The directors noted that they have four regular meetings each year, at each of which they receive presentations from the Adviser on the investment results of the Portfolio and review extensive materials and information presented by the Adviser.

The directors also considered all other factors they believed relevant, including the specific matters discussed below. In their deliberations, the directors did not identify any particular information that was all-important or controlling, and different directors may have attributed different weights to the various factors. The directors determined that the selection of the Adviser to manage the Portfolio and the overall arrangements between the Portfolio and the Adviser, as provided in the Advisory Agreement, including the advisory fee, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their business judgment. The material factors and conclusions that formed the basis for the directors' determinations included the following:

Nature, Extent and Quality of Services Provided

The directors considered the scope and quality of services provided by the Adviser under the Advisory Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Portfolio. They noted the professional experience and qualifications of the Portfolio's portfolio management team and other senior personnel of the Adviser. The directors also considered that the Advisory Agreement provides that the Portfolio will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services provided at the Portfolio's request by employees of the Adviser or its affiliates. Requests for these reimbursements are approved by the directors on a quarterly basis and, to the extent requested and paid, will result in a higher rate of total compensation from the Portfolio to the Adviser than the fee rate stated in the Advisory Agreement. The directors noted that the methodology used to determine the reimbursement amounts had been reviewed by an independent consultant retained by the Fund's Senior Officer. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Portfolio's other service providers, also were considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided to the Portfolio under the Advisory Agreement.

Costs of Services Provided and Profitability

The directors reviewed a schedule of the revenues, expenses and related notes indicating the profitability of the Portfolio to the Adviser for calendar years 2010 and 2011 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Fund's Senior Officer. The directors reviewed the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and noted that there are a number of potentially acceptable allocation methodologies for information of this type. The directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with the Portfolio, including those relating to its subsidiaries which provide transfer agency, distribution and brokerage services to the Portfolio. The directors recognized that it is difficult to make comparisons of profitability of the Advisory Agreement with fund advisory contracts for unaffiliated funds because comparative information is not generally publicly available and is affected by numerous factors. The directors focused on the profitability of the Adviser's relationship with the Portfolio before taxes and distribution expenses. The directors noted that the Adviser's relationship with the Portfolio (October 2010 inception) was not profitable to it in 2010 or 2011.

Fall-Out Benefits

The directors considered the other benefits to the Adviser and its affiliates from their relationships with the Portfolio, including but not limited to benefits relating to soft dollar arrangements (whereby the Adviser receives brokerage and research services from brokers that execute transactions for certain clients, including the Portfolio); 12b-1 fees and sales charges received by the Fund's principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of certain classes of the Portfolio's shares; transfer agency fees paid by the Portfolio to a wholly owned subsidiary of the Adviser; and brokerage commissions paid by the Portfolio to brokers affiliated with the Adviser. The directors recognized that the Portfolio's unprofitability to the Adviser would be exacerbated without these benefits. The directors understood that the Adviser also might derive reputational and other benefits from its association with the Portfolio.

Investment Results

In addition to the information reviewed by the directors in connection with the meeting, the directors receive detailed performance information for the Portfolio at each regular Board meeting during the year. At the May 2012 meeting, the directors reviewed information prepared by Lipper showing the performance of the Class A Shares of the Portfolio as compared with that of a group of similar funds selected by Lipper (the "Performance Group") and as compared with that of a broader array of funds selected by Lipper (the "Performance Universe"), and information prepared by the Adviser showing performance of the Class A Shares as compared with the Morgan Stanley Capital International (MSCI) All Country World (ACWI) ex-U.S. Small and Mid-Cap (SMID) Index (the "Index"), in each case for the 1-year period ended February 29, 2012 and (in the case of comparisons with the Index) the since inception period (October 2010 inception). The directors noted that the Portfolio was 2nd out of 3 of the Performance Group and in the 3rd quintile of the Performance Universe for the 1-year period. The directors noted the small number of other funds in the Performance Group. The Portfolio outperformed the Index in the 1-year period and lagged it in the since inception period. The directors noted that all reference points showed negative results in the 1-year period. The directors also reviewed performance information for periods ended March 31, 2012 (for which the data was not limited to Class A Shares), and noted that in the 3-month period the Portfolio had outperformed the Lipper International Small/Mid Cap Growth Funds Average and the Index. Based on their review, the directors concluded that the Portfolio's performance was acceptable.

Advisory Fees and Other Expenses

The directors considered the advisory fee rate paid by the Portfolio to the Adviser and information prepared by Lipper concerning advisory fee rates paid by other funds in the same Lipper category as the Portfolio at a common asset level. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees paid by other funds.

The directors also considered the fees the Adviser charges non-fund clients pursuing a substantially similar investment style. For this purpose, they reviewed the relevant fee information from the Adviser's Form ADV and the evaluation from the Fund's Senior Officer. The directors noted that the Portfolio's institutional fee schedule's starting fee rate was the same as the Portfolio's starting fee rate, but had more breakpoints starting at lower asset levels. Applying the institutional fee schedule to the level of assets of the Portfolio would result in the same fee rate as that being paid by the Portfolio, prior to taking account of the administrative expense reimbursement to the Adviser. The directors noted that the Adviser had waived reimbursement of the administrative expenses. The directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the directors and that they had previously discussed with the Adviser its policies in respect of such arrangements.

The Adviser reviewed with the directors the significantly greater scope of the services it provides to the Portfolio relative to institutional clients. The Adviser also noted that because mutual funds are constantly issuing and redeeming shares, they are more difficult to manage than an institutional account, where the assets tend to be relatively stable. In light of the substantial differences in services rendered by the Adviser to institutional clients as compared to funds such as the Portfolio, the directors considered these comparisons inapt and did not place significant weight on them in their deliberations.

The directors also considered the total expense ratio of the Class A shares of the Portfolio in comparison to the fees and expenses of funds within two comparison groups created by Lipper: an Expense Group and an Expense Universe. Lipper described an Expense Group as a representative sample of funds similar to the Portfolio and an Expense Universe as a broader group, consisting of all funds in the investment classification/objective with a similar load type as the Portfolio. The directors noted that because of the small number of funds in the Portfolio's Lipper category, Lipper had expanded the Portfolio's Expense Group to include peers that had a similar (but not the same) Lipper investment objective/classification. The Portfolio's Expense Universe had also been expanded by Lipper pursuant to Lipper's standard guidelines. The Class A expense ratio of the Portfolio was based on the Portfolio's latest fiscal year and reflected fee waivers and/or expense reimbursements as a result of an expense limitation agreement between the Adviser and the Portfolio. The directors noted that it was likely that the expense ratios of some of the other funds in the Portfolio's Lipper category were lowered by waivers or reimbursements by those funds' investment advisers, which in some cases might be voluntary or temporary. The directors view the expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to the Portfolio by others.

The directors noted that, at the Portfolio's current size, its contractual effective advisory fee rate of 100 basis points was higher than the Expense Group median and that, in the Portfolio's latest fiscal year, the administrative expense reimbursement of 0.58% had been waived by the Adviser. The directors noted that the Portfolio's total expense ratio, which reflected an expense limitation agreement between the Adviser and the Portfolio, was higher than the Expense Group and the Expense Universe medians. The directors noted that the Portfolio's very small asset base of less than $10 million significantly impacted the Portfolio's expense ratio. The directors concluded that the Portfolio's expense ratio was acceptable.

Economies of Scale

The directors noted that the advisory fee schedule for the Portfolio contains breakpoints that reduce the fee rates on assets above specified levels. The directors took into consideration prior presentations by an independent consultant on economies of scale in the mutual fund industry and for the AllianceBernstein Funds, and by the Adviser concerning certain of its views on economies of scale. The directors also had requested and received from the Adviser certain updates on economies of scale at the May 2012 meetings. The directors believe that economies of scale may be realized (if at all) by the Adviser across a variety of products and services, and not only in respect of a single fund. The directors noted that there is no established methodology for establishing breakpoints that give effect to the fund-specific services provided by a fund's adviser and to the economies of scale that an adviser may realize in its overall mutual fund business or those components of it which directly or indirectly affect a fund's operations. The directors observed that in the mutual fund industry as a whole, as well as among funds similar to the Portfolio, there is no uniformity or pattern in the fees and asset levels at which breakpoints (if any) apply. The directors also noted that the advisory agreements for many funds do not have breakpoints at all. Having taken these factors into account, the directors concluded that the Portfolio's shareholders would benefit from a sharing of economies of scale in the event the Portfolio's net assets exceed a breakpoint in the future.

THE FOLLOWING IS NOT PART OF THE SHAREHOLDER REPORT OR THE FINANCIAL STATEMENTS

SUMMARY OF SENIOR OFFICER'S EVALUATION OF INVESTMENT ADVISORY AGREEMENT[1]

The following is a summary of the evaluation of the Investment Advisory Agreement between AllianceBernstein L.P. (the "Adviser") and The AllianceBernstein Cap Fund (the "Fund"), in respect of AllianceBernstein International Discovery Equity Portfolio (the "Portfolio")[2]. prepared by Philip L. Kirstein, the Senior Officer of the Fund for the Directors of the Fund, as required by the August 2004 agreement between the Adviser and the New York State Attorney General (the "NYAG"). The Senior Officer's evaluation of the Investment Advisory Agreement is not meant to diminish the responsibility or authority of the Board of Directors to perform its duties pursuant to Section 15 of the Investment Company Act of 1940 (the "40 Act") and applicable state law. The purpose of the summary is to provide shareholders with a synopsis of the independent evaluation of the reasonableness of the advisory fees proposed to be paid by the Portfolio which was provided to the Directors in connection with their review of the proposed approval of the continuance of the Investment Advisory Agreement.

The Senior Officer's evaluation considered the following factors:

1. Advisory fees charged to institutional and other clients of the Adviser for like services;
2. Advisory fees charged by other mutual fund companies for like services;
3. Costs to the Adviser and its affiliates of supplying services pursuant to the advisory agreement, excluding any intra-corporate profit;
4. Profit margins of the Adviser and its affiliates from supplying such services;
5. Possible economies of scale as the Portfolio grows larger; and
6. Nature and quality of the Adviser's services including the performance of the Portfolio.

These factors, with the exception of the first factor, are generally referred to as the "*Gartenberg* factors," which were articulated by the United States Court of Appeals for the Second Circuit in 1982. *Gartenberg v. Merrill Lynch Asset Management, Inc.*, 694 F. 2d 923 (2d Cir. 1982). On March 30, 2010, the Supreme Court held the *Gartenberg* decision was correct in its basic formulation of what §36(b) requires: to face liability under §36(b), "an investment adviser

1 *The information in the fee evaluation was completed on April 19, 2012 and discussed with the Board of Directors on May 1-3, 2012.*

2 *Future references to the Fund and the Portfolio do not include "AllianceBernstein." References in the fee summary pertaining to performance and expense ratios refer to Class A shares of the Portfolio.*

must charge a fee that is so disproportionately large that it bears no reasonable relationship to the services rendered and could not have been the product of arm's length bargaining." *Jones v. Harris Associates L.P.*, 130 S. Ct. 1418 (2010). In *Jones*, the Court stated the *Gartenberg* approach fully incorporates the correct understanding of fiduciary duty within the context of section 36(b) and noted with approval that "*Gartenberg* insists that all relevant circumstances be taken into account" and "uses the range of fees that might result from arm's length bargaining as the benchmark for reviewing challenged fees."[3]

PORTFOLIO ADVISORY FEES, NET ASSETS & EXPENSE RATIOS

The Adviser proposed that the Portfolio pay the advisory fee set forth in the table below for receiving the services to be provided pursuant to the Investment Advisory Agreement.

Advisory Fee Based on % of Average Daily Net Assets	Net Assets 3/31/12 ($MIL)	Portfolio
100 bp on 1st $1 billion 95 bp on next $1 billion 90 bp on next $1 billion 85 bp on the balance	$8.9	International Discovery Equity Portfolio

The Adviser is reimbursed as specified in the Investment Advisory Agreement for certain clerical, legal, accounting, administrative and other services provided to the Portfolio. During the Portfolio's most recently completed fiscal year, the Adviser was entitled to receive $47,500 (0.58% of the Portfolio's average daily net assets) for such services, but waived the amount in its entirety.

The Adviser has agreed to waive that portion of its management fees and/or reimburse the Portfolio for that portion of the Portfolio's total operating expenses to the degree necessary to limit the Portfolio's total expense ratios to the amounts set forth below for the Portfolio's fiscal year. The waiver is terminable by the Adviser three years after the Portfolio commenced operations. Also, set forth below are the gross expense ratios of the Portfolio for the most recent semi-annual period:[4]

Portfolio	Expense Cap Pursuant to Expense Limitation Undertaking		Gross Expense Ratio (12/31/11)[5]	Fiscal Year End
International Discovery Equity Portfolio	Advisor	1.25%	8.76%	June 30
	Class A	1.55%	9.08%	
	Class C	2.25%	9.76%	
	Class R	1.75%	7.84%	
	Class K	1.50%	7.56%	
	Class I	1.25%	7.31%	

3 Jones v. Harris *at 1427.*

4 *Semi-annual total expense ratios are unaudited.*

5 *Annualized.*

I. ADVISORY FEES CHARGED TO INSTITUTIONAL AND OTHER CLIENTS

The advisory fees charged to investment companies which the Adviser manages and sponsors are normally higher than those charged to similar sized institutional accounts, including pension plans and sub-advised investment companies. The fee differential reflects, among other things, different services provided to such clients, and different liabilities assumed. Services to be provided by the Adviser to the Portfolio that are not provided to non-investment company clients include providing office space and personnel to serve as Fund Officers, who among other responsibilities make the certifications required under the Sarbanes–Oxley Act of 2002, and coordinating with and monitoring the Portfolio's third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting, administrative, legal and compliance requirements for the Portfolio are more costly than those for institutional client assets due to the greater complexities and time required for investment companies, although as previously noted, the Adviser is reimbursed for providing such services. The Adviser also believes that it incurs substantial entrepreneurial risk when offering a new mutual fund, since establishing a new mutual fund requires a large upfront investment and it may take a long time for the fund to achieve profitability since the fund must be priced to scale from inception in order to be competitive and assets are acquired one account at a time. In addition, managing the cash flow of an investment company may be more difficult than managing that of a stable pool of assets, such as an institutional account with little cash movement in either direction, particularly, if a fund is in net redemption and the Adviser is frequently forced to sell securities to raise cash for redemptions. However, managing a fund with positive cash flow may be easier at times than managing a stable pool of assets. Finally, in recent years, investment advisers have been sued by institutional clients and have suffered reputational damage both by the attendant publicity and outcomes other than complete victories. Accordingly, the legal and reputational risks associated with institutional accounts are greater than previously thought, although still not equal to those related to the mutual fund industry.

Notwithstanding the Adviser's view that managing an investment company is not comparable to managing other institutional accounts because the services provided are different, the Supreme Court has indicated consideration should be given to the advisory fees charged to institutional accounts with a similar investment style as the Portfolio.[6] In addition to the AllianceBernstein institutional fee schedule, set forth below is what would have been the effective

6 *The Supreme Court stated that "courts may give such comparisons the weight that they merit in light of the similarities and differences between the services that the clients in question require, but the courts must be wary of inapt comparisons." Among the significant differences the Supreme Court noted that may exist between services provided to mutual funds and institutional accounts are "higher marketing costs."* Jones v. Harris *at 1428.*

advisory fee of the Portfolio had the AllianceBernstein institutional fee schedule been applicable to the Portfolio versus the Portfolio's advisory fee based on March 31, 2012 net assets:[7]

Portfolio	Net Assets 3/31/12 ($MIL)	AllianceBernstein Institutional Fee Schedule	Effective AB Inst. Adv. Fee	Portfolio Advisory Fee
International Discovery Equity Portfolio	$8.9	International SMID Cap Growth 100 bp on 1st $25 million 85 bp on next $25 million 75 bp on next $50 million 65 bp on next the balance *Minimum account size: $25m*	1.000%	1.000%

II. MANAGEMENT FEES CHARGED BY OTHER MUTUAL FUND COMPANIES FOR LIKE SERVICES.

Lipper, Inc. ("Lipper"), an analytical service that is not affiliated with the Adviser, compared the fees charged to the Portfolio with fees charged to other investment companies for similar services offered by other investment advisers.[8] Lipper's analysis included the comparison of the Portfolio's contractual management fee, estimated at the approximate current asset level of the Portfolio, to the median of the Portfolio's Lipper Expense Group ("EG")[9] and the Portfolio's contractual management fee ranking.[10]

Lipper describes an EG as a representative sample of comparable funds. Lipper's standard methodology for screening funds to be included in an EG entails the consideration of several fund criteria, including fund type, investment classification/objective, load type and similar 12b-1/non-12b-1 service fees, asset (size) comparability, expense components and attributes. An EG will typically consist of seven to twenty funds. The Portfolio's original EG had an insufficient

7 *The Adviser has indicated that with respect to institutional accounts with assets greater than $300 million, it will negotiate a fee schedule. Discounts that are negotiated vary based upon each client relationship.*

8 *The Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since "these comparisons are problematic because these fees, like those challenged, may not be the product of negotiations conducted at arm's length."* Jones v. Harris *at 1429.*

9 *Lipper does not consider average account size when constructing EGs. Funds with relatively small average account sizes tend to have higher transfer agent expense ratio than comparable sized funds that have relatively large average account sizes. Note that there are limitations on Lipper expense category data because different funds categorize expenses differently.*

10 *The contractual management fee is calculated by Lipper using the Portfolio's contractual management fee rate at a hypothetical asset level. The hypothetical asset level is based on the combined net assets of all classes of the Portfolio, rounded up to the next $25 million. Lipper's total expense ratio information is based on the most recent annual report except as otherwise noted. A ranking of "1" would mean that the Portfolio had the lowest effective fee rate in the Lipper peer group.*

number of peers. Consequently, Lipper expanded the Portfolio's EG to include peers that have similar but not the same Lipper investment classification/ objective.

Portfolio	Contractual Management Fee (%)[11]	Lipper Exp. Group Median (%)	Rank
International Discovery Equity Portfolio[12]	1.000	0.952	8/12

Because Lipper had expanded the EG of the Portfolio, under Lipper's standard guidelines, the Lipper Expense Universe ("EU") was also expanded to include the universes of those peers that had a similar but not the same Lipper investment classification/objective. A "normal" EU will include funds that have the same investment classification/objective as the subject Portfolio.[13] Set forth below is Lipper's comparison of the Portfolio's total expense ratio and the medians of the Portfolio's EG and EG. The Portfolio's total expense ratio rankings are also shown.

Portfolio	Expense Ratio (%)[14]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
International Discovery Equity Portfolio[15]	1.550	1.530	8/12	1.504	38/60

Based on this analysis, the Portfolio has equally favorable rankings on a management fee basis and a total expense ratio basis.

III. COSTS TO THE ADVISER AND ITS AFFILIATES OF SUPPLYING SERVICES PURSUANT TO THE MANAGEMENT FEE ARRANGEMENT, EXCLUDING ANY INTRA-CORPORATE PROFIT.

The Adviser utilizes two profitability reporting systems, which operate independently but are aligned with each other, to estimate the Adviser's profitability in connection with investment advisory services provided to the Portfolio.

11 *The contractual management fee does not reflect any expense reimbursements made by the Portfolio to the Adviser for certain clerical, legal, accounting, administrative, and other services. In addition, the contractual management fee does not reflect any advisory fee waivers for expense caps.*

12 *The Portfolio's EG includes the Portfolio, two other International Small/Mid Cap Growth Funds ("ISMG"), three International Multi-Cap Value Funds ("IMLV") and six International Multi-Cap Core Funds ("IMLC").*

13 *Except for asset (size) comparability, Lipper uses the same criteria for selecting an EG peer when selecting an EU peer. Unlike the EG, the EU allows for the same adviser to be represented by more than just one fund.*

14 *Projected total expense ratio information pertains to the Portfolio's Class A shares.*

15 *The Portfolio's EU includes the Portfolio, EG and all other ISMG, IMLV and IMLC, excluding outliers.*

The Senior Officer has retained a consultant to provide independent advice regarding the alignment of the two profitability systems as well as the methodologies and allocations utilized by both profitability systems. See Section IV for additional discussion.

IV. PROFIT MARGINS OF THE ADVISER AND ITS AFFILIATES FOR SUPPLYING SUCH SERVICES.

The Portfolio's profitability information, prepared by the Adviser for the Board of Directors, was reviewed by the Senior Officer and the consultant. The Adviser's profitability from providing investment advisory services to the Portfolio was negative during calendar years 2011 and 2010.

In addition to the Adviser's direct profits from managing the Portfolio, certain of the Adviser's affiliates have business relationships with the Portfolio and may earn a profit from providing other services to the Portfolio. The courts have referred to this type of business opportunity as "fall-out benefits" to the Adviser and indicated that such benefits should be factored into the evaluation of the total relationship between the Portfolio and the Adviser. Neither case law nor common business practice precludes the Adviser's affiliates from earning a reasonable profit on this type of relationship provided the affiliates' charges and services are competitive and the relationship otherwise complies with the 40 Act restrictions. These affiliates provide transfer agent, distribution and brokerage related services to the Portfolio and receive transfer agent fees, Rule 12b-1 payments, front-end sales loads, contingent deferred sales charges ("CDSC") and brokerage commissions. In addition, the Adviser benefits from soft dollar arrangements which offset expenses the Adviser would otherwise incur.

AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, is the Portfolio's principal underwriter. ABI and the Adviser have disclosed in the Portfolio's prospectus that they may make revenue sharing payments from their own resources, in addition to resources derived from sales loads and Rule 12b-1 fees, to firms that sell shares of the Portfolio. In 2011, ABI paid approximately 0.04% of the average monthly assets of the AllianceBernstein Mutual Funds or approximately $17.0 million for distribution services and educational support (revenue sharing payments).

During the Portfolio's most recently completed fiscal year, ABI received from the Portfolio $8, $516 and $0 in front-end sales charges, Rule 12b-1 and CDSC fees, respectively.

Fees and reimbursements for out of pocket expenses charged by AllianceBernstein Investor Services, Inc. ("ABIS"), the affiliated transfer agent for the Portfolio, are charged on a per account basis, based on the level of service provided and the class of share held by the account. ABIS also receives a fee per shareholder sub-account for each account maintained by an intermediary on an omnibus basis. During the Portfolio's most recently completed fiscal year, ABIS received $8,964 in fees from the Portfolio.[16]

The Portfolio effected brokerage transactions during the most recently completed fiscal year through the Adviser's affiliate, Sanford C. Bernstein & Co., LLC ("SCB & Co.") and/or its U.K. affiliate, Sanford C. Bernstein Limited ("SCB Ltd."), collectively "SCB," and paid commissions for such transactions. The Adviser represented that SCB's profitability from any business conducted with the Portfolio is comparable to the profitability of SCB's dealings with other similar third party clients. In the ordinary course of business, SCB receives and pays liquidity rebates from electronic communications networks ("ECNs") derived from trading for its clients. These credits and charges are not being passed onto any SCB client. The Adviser also receives certain soft dollar benefits from brokers that execute agency trades for its clients. These soft dollar benefits reduce the Adviser's cost of doing business and increase its profitability.

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with shareholders through fee structures,[17] subsidies and enhancement to services. Based on some of the professional literature that has considered economies of scale in the mutual fund industry, it is thought that to the extent economies of scale exist, they may more often exist across a fund family as opposed to a specific fund. This is because the costs incurred by the Adviser, such as investment research or technology for trading or compliance systems can be spread across a greater asset base as the fund family increases in size. It is also possible that as the level of services required to operate a successful investment company has increased over time, and advisory firms make such investments in their business to provide services, there may be a sharing of economies of scale without a reduction in advisory fees.

An independent consultant, retained by the Senior Officer, provided the Board of Directors information on the Adviser's firm-wide average costs from 2005 through 2011 and potential economies of scale. The independent consultant noted that from 2005 through 2007 the Adviser experienced significant growth in assets under management ("AUM"). During this period, operating expenses increased, in part to keep up with growth, and in part reflecting market returns. However, from 2008 through the first quarter of 2009, AUM rapidly

16 *The fees disclosed are net of any expense offsets with ABIS. An expense offset is created by the interest earned on the positive cash balance that occurs within the transfer agent account as there is a one day lag with regards to money movement from the shareholder's account to the transfer agent's account and then the transfer agent's account to the Portfolio's account. Due to lower average balances and interest rates during the Portfolio's most recently completed fiscal year, monthly fees exceeded interest credits, resulting in zero expense offsets for the period.*

17 *Fee structures include fee reductions, pricing at scale and breakpoints in advisory fee schedules.*

and significantly decreased. Some operating expenses, including base compensation and office space, adjusted more slowly during this period, resulting in an increase in average costs. Since 2009, AUM has moved within a range of $400 to $500 million ending 2011 with an average of $411 million in the fourth quarter. The independent consultant noted that changes in operating expenses reflect changes in business composition and business practices in response to changes in financial markets. Finally, the independent consultant concluded that the increase in average cost and the decline in net operating margin across the company since 2008 are inconsistent with the view that there are currently "economies of scale" to be shared with clients through lower fees.

In February 2008, the independent consultant provided the Board of Directors an update of the Deli[18] study on advisory fees and various fund characteristics.[19] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[20] The independent consultant then discussed the results of the regression model that was utilized to study the effects of various factors on advisory fees. The regression model output indicated that the bulk of the variation in fees predicted were explained by various factors, but substantially by fund AUM, family AUM, index fund indicator and investment style. The independent consultant also compared the advisory fees of the AllianceBernstein Mutual Funds to similar funds managed by 19 other large asset managers, regardless of the fund size and each Adviser's proportion of mutual fund assets to non-mutual fund assets.

VI. NATURE AND QUALITY OF THE ADVISER'S SERVICES, INCLUDING THE PERFORMANCE OF THE FUND

With assets under management of approximately $419 billion as of March 31, 2012, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolio.

18 *The Deli study, originally published in 2002 based on 1997 data and updated for the February 2008 Presentation, may be of diminished value due to the age of data used in the presentation and the changes experienced in the industry over the last four years.*

19 *The Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since the fees may not be the product of negotiations conducted at arm's length. See* Jones V. Harris *at 1429.*

20 *The two dimensional analysis showed patterns of lower advisory fees for funds with larger asset sizes and funds from larger family sizes compared to funds with smaller asset sizes and funds from smaller family sizes, which according to the independent consultant is indicative of a sharing of economies of scale and scope. However, in less liquid and active markets, such is not the case, as the empirical analysis showed potential for diseconomies of scale in those markets. The empirical analysis also showed diminishing economies of scale and scope as funds surpassed a certain high level of assets.*

The information prepared by Lipper shows the 1 year performance return and rankings[21] of the Portfolio relative to its Lipper Performance Group ("PG") and Lipper Performance Universe ("PU")[22] for the period ended February 29, 2012.[23]

	Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
1 year	-5.01	-5.01	-4.63	2/3	11/20

Set forth below are the 1 year and since inception performance returns of the Portfolio (in bold)[24] versus its benchmark.[25] Portfolio and benchmark volatility and reward-to-variability ratios ("Sharpe Ratio") information are also shown.[26]

	Periods Ending February 29, 2012 Annualized Performance				
			Annualized		
	1 Year (%)	Since Inception (%)	Volatility (%)	Sharpe (%)	Risk Period (Year)
International Discovery Equity Portfolio	-5.01	-0.90	23.95	-0.09	1
MSCI ACWI SMID Ex US	-6.64	0.19	-0.21	0.32	1

Inception Date: October 26, 2010

21 *The performance returns and rankings of the Portfolio are for the Portfolio's Class A shares. The performance return of the Portfolio was provided by Lipper.*

22 *The Portfolio's PG/PU are not identical to the Portfolio's EG/EU as the criteria for including/excluding a fund in/from a PG/PU is somewhat different from that of an EG/EU.*

23 *The current Lipper investment classification/objective dictates the PG and PU throughout the life of the Portfolio even if a Portfolio had a different investment classification/ objective at a different point in time.*

24 *The performance returns and risk measures shown in the table are for the Class A shares of the Portfolio.*

25 *The Adviser provided Portfolio and benchmark performance return information for periods through February 29, 2012.*

26 *Portfolio and benchmark volatility and Sharpe Ratio information was obtained through Lipper LANA, a database maintained by Lipper. Volatility is a statistical measure of the tendency of a market price or yield to vary over time. A Sharpe Ratio is a risk adjusted measure of return that divides a fund's return in excess of the riskless return by the fund's standard deviation. A fund with a greater volatility would be viewed as more risky than a fund with equivalent performance but lower volatility; for that reason, a greater return would be demanded for the more risky fund. A fund with a higher Sharpe Ratio would be viewed as better performing than a fund with a lower Sharpe Ratio.*

Based on the factors discussed above the Senior Officer's conclusion is that the proposed fee for the Portfolio is reasonable and within the range of what would have been negotiated at arm's-length in light of all the surrounding circumstances. This conclusion in respect of the Portfolio is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: May 25, 2012

THIS PAGE IS NOT PART OF THE SHAREHOLDER REPORT OR THE FINANCIAL STATEMENTS

ALLIANCEBERNSTEIN FAMILY OF FUNDS

Wealth Strategies Funds

Balanced Wealth Strategy
Conservative Wealth Strategy
Wealth Appreciation Strategy
Tax-Managed Balanced Wealth Strategy
Tax-Managed Conservative Wealth Strategy
Tax-Managed Wealth Appreciation Strategy

Asset Allocation/Multi-Asset

Dynamic All Market Fund
Emerging Markets Multi-Asset
International Portfolio
Real Asset Strategy
Tax-Managed International Portfolio

Growth Funds

Domestic
Growth Fund
Large Cap Growth Fund
Select US Equity Portfolio
Small Cap Growth Portfolio
Small/Mid Cap Growth Fund
U.S. Strategic Research Portfolio

Global & International
Global Thematic Growth Fund
International Discovery Equity Portfolio
International Focus 40 Portfolio
International Growth Fund

Value Funds

Domestic
Core Opportunities Fund
Equity Income Fund
Growth & Income Fund
Small/Mid Cap Value Fund
Value Fund

Global & International
Global Real Estate Investment Fund
Global Value Fund
International Value Fund

Taxable Bond Funds

Bond Inflation Strategy
Global Bond Fund
High Income Fund
Intermediate Bond Portfolio
Limited Duration High Income Portfolio
Short Duration Portfolio
Unconstrained Bond Fund

Municipal Bond Funds

Arizona
California
High Income
Massachusetts
Michigan
Minnesota
Municipal Bond Inflation Strategy
National
New Jersey
New York
Ohio
Pennsylvania
Virginia

Intermediate Municipal Bond Funds

Intermediate California
Intermediate Diversified
Intermediate New York

Closed-End Funds

Alliance California Municipal Income Fund
Alliance New York Municipal Income Fund
AllianceBernstein Global High Income Fund
AllianceBernstein Income Fund
AllianceBernstein National Municipal Income Fund

Alternatives

Market Neutral Strategy-Global
Market Neutral Strategy-U.S.

Balanced

Balanced Shares

Retirement Strategies Funds

2000 Retirement Strategy
2005 Retirement Strategy
2010 Retirement Strategy
2015 Retirement Strategy
2020 Retirement Strategy
2025 Retirement Strategy
2030 Retirement Strategy
2035 Retirement Strategy
2040 Retirement Strategy
2045 Retirement Strategy
2050 Retirement Strategy
2055 Retirement Strategy

We also offer Exchange Reserves,* which serves as the money market fund exchange vehicle for the AllianceBernstein mutual funds.

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.alliancebernstein.com or contact your AllianceBernstein investments representative. Please read the prospectus and/or summary prospectus carefully before investing.

* **An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the Fund.**

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