AllianceBernstein International Discovery Equity Portfolio

Semi-Annual Report

December 31, 2012

SEMI-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.

February 21, 2013

Semi-Annual Report

This report provides management's discussion of fund performance for AllianceBernstein International Discovery Equity Portfolio (the "Fund"), for the semi-annual reporting period ended December 31, 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 Adviser employs a "bottom-up" investment process that focuses on a company's prospective earnings growth, valuation and quality of management. The Fund does not target particular country or sector weightings. The percentage of the Fund's assets invested in securities of companies in a particular country or industry sector (or denominated in a particular currency) varies in accordance with the Adviser's assessment of the appreciation potential of such securities. The Fund may periodically invest in the securities of companies that are expected to appreciate due to a development particularly or uniquely applicable to that company, regardless of general business conditions or movements of the market as a whole. The Fund invests in both developed and emerging market countries and, at times, may invest significantly in emerging 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.

The Fund may, at times, invest in shares of exchange traded funds ("ETFs") in lieu of making direct investments in securities. ETFs may provide more efficient and economical exposure to the types of companies and geographic locations in which the Fund seeks to invest than direct investments.

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.

The Fund may enter into other derivatives transactions, such as options, futures contracts, forwards, and swaps. The Fund may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, including on individual securities and stock indexes, futures contracts (including futures contracts on individual securities and stock indexes) or shares of ETFs. These transactions may be used, for example, in an effort to earn extra income, to adjust exposure to individual securities or markets, or to protect all or a portion of the Fund's portfolio from a decline in value, sometimes within certain ranges.

Investment Results

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

The Fund outperformed its benchmark during both the six- and 12-month periods, before sales charges. Stock selection was strong across most sectors. During both periods, the Portfolio Management Team (the "Team") maintained the Fund's overweight positions in the consumer and industrial sectors, while remaining underweight in the materials and financials sectors. In particular, an overweight in consumer sector was the largest contributor to performance. Detracting from performance for both periods was stock selection in the technology sector and an underweight to the financial sector. The Team favored companies with exposure to emerging market consumers, as well as companies with a strong competitive position in their respective industries.

In terms of regional exposure, the Team focused on attractive growth opportunities in emerging markets, and as such, the Fund remained overweight emerging markets during both the six- and 12-month periods. The Fund's largest country overweight was Mexico, a market that the Team believes is benefiting from the initial U.S. recovery, political change and renewed optimism on much needed market reforms.

The Fund did not utilize derivatives during either period.

Market Review and Investment Strategy

Despite a fragile macro environment in critical regions, uncertainties related to political transitions in key countries and negative earnings revisions, equity markets were strong in 2012, with the Fund's benchmark recovering the losses of the previous year and performing stronger on an absolute basis vis a vis most other U.S. and international equity benchmarks. During 2012, exposure to cyclical and reflation sensitive sectors such as consumer discretionary and industrials helped drive performance. The Team's bias towards high quality growth companies also contributed to performance.

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 equity markets fluctuate. The value of the Fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

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 (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 risk may negatively affect the value of the Fund's investments or reduce its returns.

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, but there is no guarantee that its techniques will produce the intended results.

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

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

DISCLOSURES AND RISKS

(continued from previous page)

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.

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 DECEMBER 31, 2012	NAV Returns 6 Months	NAV Returns 12 Months
AllianceBernstein International Discovery Equity Portfolio		
Class A	15.55%	24.05%
Class C	15.18%	23.16%
Advisor Class†	15.71%	24.31%
Class R†	15.41%	23.82%
Class K†	15.56%	24.10%
Class I†	15.77%	24.46%
MSCI ACWI ex-U.S. SMID (unhedged, net)	13.90%	17.98%

† *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.*

Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

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 DECEMBER 31, 2012

	NAV Returns	SEC Returns
Class A Shares		
1 Year	24.05%	18.84%
Since Inception*	2.31%	0.31%
Class C Shares		
1 Year	23.16%	22.16%
Since Inception*	1.64%	1.64%
Advisor Class Shares**		
1 Year	24.31%	24.31%
Since Inception*	2.63%	2.63%
Class R Shares**		
1 Year	23.82%	23.82%
Since Inception*	2.11%	2.11%
Class K Shares**		
1 Year	24.10%	24.10%
Since Inception*	2.39%	2.39%
Class I Shares**		
1 Year	24.46%	24.46%
Since Inception*	2.65%	2.65%

The Fund's prospectus fee table shows the Fund's total annual operating expense ratios as 8.04%, 8.65%, 7.75%, 6.96%, 6.69% and 6.42% 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 November 1, 2013. Absent reimbursements or waivers, performance would have been lower.

* *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 (DECEMBER 31, 2012)

	SEC Returns
Class A Shares	
1 Year	18.84%
Since Inception*	0.31%
Class C Shares	
1 Year	22.16%
Since Inception*	1.64%
Advisor Class Shares**	
1 Year	24.31%
Since Inception*	2.63%
Class R Shares**	
1 Year	23.82%
Since Inception*	2.11%
Class K Shares**	
1 Year	24.10%
Since Inception*	2.39%
Class I Shares**	
1 Year	24.46%
Since Inception*	2.65%

* *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 July 1, 2012	Ending Account Value December 31, 2012	Expenses Paid During Period*	Annualized Expense Ratio*
Class A				
Actual	$ 1,000	$ 1,155.50	$ 8.42	1.55%
Hypothetical**	$ 1,000	$ 1,017.39	$ 7.88	1.55%
Class C				
Actual	$ 1,000	$ 1,151.80	$ 12.20	2.25%
Hypothetical**	$ 1,000	$ 1,013.86	$ 11.42	2.25%
Advisor Class				
Actual	$ 1,000	$ 1,157.10	$ 6.80	1.25%
Hypothetical**	$ 1,000	$ 1,018.90	$ 6.36	1.25%
Class R				
Actual	$ 1,000	$ 1,154.10	$ 9.50	1.75%
Hypothetical**	$ 1,000	$ 1,016.38	$ 8.89	1.75%
Class K				
Actual	$ 1,000	$ 1,155.60	$ 8.15	1.50%
Hypothetical**	$ 1,000	$ 1,017.64	$ 7.63	1.50%
Class I				
Actual	$ 1,000	$ 1,157.70	$ 6.80	1.25%
Hypothetical**	$ 1,000	$ 1,018.90	$ 6.36	1.25%

* *Expenses are equal to the classes' annualized expense ratios, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period), respectively.*

** *Assumes 5% return before expenses.*

PORTFOLIO SUMMARY

December 31, 2012 (unaudited)

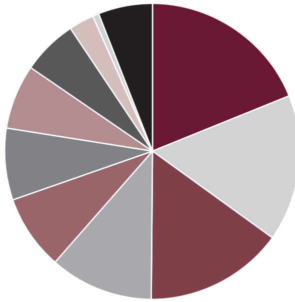
PORTFOLIO STATISTICS

Net Assets ($mil): $10.2

SECTOR BREAKDOWN*

- 18.9% Industrials
- 16.0% Consumer Discretionary
- 15.2% Financials
- 11.4% Consumer Staples
- 8.2% Materials
- 7.8% Information Technology
- 7.1% Health Care
- 6.0% Energy
- 2.8% Utilities
- 0.7% Telecommunication Services

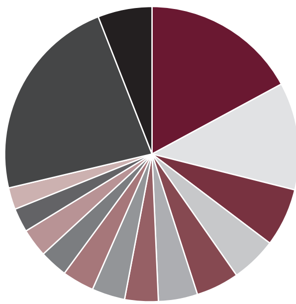
- 5.9% Short-Term



COUNTRY BREAKDOWN*

- 17.1% United Kingdom
- 11.8% Japan
- 6.4% Canada
- 5.0% Germany
- 4.7% Mexico
- 4.3% China
- 3.7% Taiwan
- 3.6% South Africa
- 3.5% Switzerland
- 3.1% Australia
- 3.1% Brazil
- 2.6% France
- 2.4% South Korea
- 22.8% Other

- 5.9% Short-Term



* *All data are as of December 31, 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, Chile, Denmark, India, Indonesia, Ireland, Italy, Nigeria, Norway, Peru, Poland, Qatar, Russia, Spain, Sweden, Thailand, 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*

December 31, 2012 (unaudited)

Company	U.S. $ Value	Percent of Net Assets
Tsuruha Holdings, Inc.	$ 118,296	1.1%
IHI Corp.	116,690	1.1
Mazda Motor Corp.	110,825	1.1
MonotaRO Co., Ltd.	109,542	1.1
Bolsa Mexicana de Valores SAB de CV	108,799	1.1
Rinnai Corp.	108,710	1.1
Partners Group Holding AG	104,031	1.0
Croda International PLC	102,794	1.0
Kabel Deutschland Holding AG	101,608	1.0
Intermediate Capital Group PLC	101,549	1.0
	$ 1,082,844	10.6%

* *Long-term investments.*

PORTFOLIO OF INVESTMENTS
December 31, 2012 (unaudited)

Company	Shares	U.S. $ Value
COMMON STOCKS – 89.4%		
Industrials – 17.9%		
Air Freight & Logistics – 0.9%		
Yamato Holdings Co., Ltd.	5,900	$ 89,662
Commercial Services & Supplies – 0.7%		
Societe BIC SA	570	68,325
Construction & Engineering – 2.9%		
China State Construction International Holdings Ltd.	44,000	53,709
Grana y Montero SA	22,850	86,834
Monadelphous Group Ltd.[a]	3,320	85,475
Samsung Engineering Co., Ltd.	428	66,681
		292,699
Electrical Equipment – 0.7%		
Zhuzhou CSR Times Electric Co., Ltd.[a]	20,000	75,907
Industrial Conglomerates – 0.6%		
Bidvest Group Ltd.	2,430	62,168
Machinery – 6.7%		
Andritz AG	1,530	98,316
Hiwin Technologies Corp.	8,350	61,716
IHI Corp.	45,000	116,690
KUKA AG[b]	2,230	81,918
Makita Corp.	2,000	92,909
Melrose Industries PLC	21,080	77,431
Nachi-Fujikoshi Corp.	20,000	81,719
Zoomlion Heavy Industry Science and Technology Co., Ltd.[a]	50,600	76,193
		686,892
Professional Services – 0.8%		
DKSH Holding AG[b]	1,090	78,841
Road & Rail – 0.6%		
Localiza Rent a Car SA	3,460	63,370
Trading Companies & Distributors – 3.3%		
Ashtead Group PLC	9,310	65,481
Barloworld Ltd.	7,010	72,700
Brenntag AG	675	88,928
MonotaRO Co., Ltd.[a]	3,400	109,542
		336,651
Transportation Infrastructure – 0.7%		
OHL Mexico SAB de CV[a][b]	32,070	70,386
		1,824,901
Consumer Discretionary – 15.8%		
Auto Components – 0.5%		
Linamar Corp.	2,220	51,778

Company	Shares	U.S. $ Value
Automobiles – 1.1%		
Mazda Motor Corp.[b]	54,000	$ 110,825
Distributors – 0.8%		
Inchcape PLC	11,440	81,299
Hotels, Restaurants & Leisure – 0.5%		
Flight Centre Ltd.[a]	1,930	54,611
Household Durables – 2.8%		
Berkeley Group Holdings PLC[b]	3,300	94,935
De'Longhi SpA	5,510	79,181
Rinnai Corp.	1,600	108,710
		282,826
Media – 1.0%		
Kabel Deutschland Holding AG	1,350	101,608
Multiline Retail – 2.0%		
Dollarama, Inc.	1,145	67,880
Hyundai Department Store Co., Ltd.	400	59,511
Mitra Adiperkasa TBK PT	114,000	78,790
		206,181
Specialty Retail – 4.5%		
Dufry AG[b]	620	81,984
Dunelm Group PLC	5,590	64,107
Howden Joinery Group PLC	34,320	97,805
Mr. Price Group Ltd.	3,740	61,984
Sports Direct International PLC[b]	13,460	85,161
Super Retail Group Ltd.	5,990	62,576
		453,617
Textiles, Apparel & Luxury Goods – 2.6%		
Arezzo Industria e Comercio SA	3,300	63,744
Brunello Cucinelli SpA[b]	5,027	88,683
Mulberry Group PLC[a]	2,410	45,942
Ted Baker PLC	3,990	71,684
		270,053
		1,612,798
Financials – 13.1%		
Capital Markets – 3.4%		
3i Group PLC	14,960	53,391
EFG Financial Products Holding AG[b]	1,800	88,755
Intermediate Capital Group PLC	19,450	101,549
Partners Group Holding AG	450	104,031
		347,726
Commercial Banks – 0.6%		
Bank of Georgia Holdings PLC	3,720	62,757
Consumer Finance – 2.2%		
Compartamos SAB de CV[a]	35,310	50,453
Credito Real SAB de CV[b]	44,720	75,766
International Personal Finance PLC	15,230	93,421
		219,640

Company	Shares	U.S. $ Value
Diversified Financial Services – 2.3%		
Bolsa Mexicana de Valores SAB de CV	43,140	$ 108,799
Intercorp Financial Services Corp.[c]	1,550	55,490
Warsaw Stock Exchange	5,910	74,057
		238,346
Insurance – 2.2%		
Anadolu Hayat Emeklilik AS	34,830	82,708
Challenger Ltd./AU	16,170	60,251
Intact Financial Corp.	1,220	79,440
		222,399
Real Estate Investment Trusts (REITs) – 0.9%		
Emlak Konut Gayrimenkul Yatirim Ortakligi AS	50,760	89,297
Real Estate Management & Development – 0.8%		
Aliansce Shopping Centers SA	6,400	76,456
Thrifts & Mortgage Finance – 0.7%		
Paragon Group of Cos. PLC[b]	17,620	73,648
		1,330,269
Consumer Staples – 11.3%		
Beverages – 0.6%		
Coca-Cola Embonor SA (Preference Shares)	22,580	64,615
Food & Staples Retailing – 5.5%		
Bizim Toptan Satis Magazalari AS	3,520	55,005
Brazil Pharma SA	7,500	52,747
Clicks Group Ltd.[b]	9,670	74,515
Eurocash SA	4,980	70,312
FamilyMart Co., Ltd.	1,400	57,677
Grupo Comercial Chedraui SA de CV	21,180	68,818
Lawson, Inc.	900	61,052
Magnit OJSC	38	5,852
Tsuruha Holdings, Inc.	1,500	118,296
		564,274
Food Products – 3.4%		
Alicorp SA	27,210	88,479
Devro PLC	14,490	73,037
MHP SA (GDR)[b]	3,320	52,124
Minerva SA/Brazil	9,500	52,152
Thai Union Frozen Products PCL	34,600	81,438
		347,230
Household Products – 0.7%		
Vinda International Holdings Ltd.[a]	47,000	65,117
Personal Products – 1.1%		
Able C&C Co., Ltd.	924	68,606
Amorepacific Corp.	38	43,077
		111,683
		1,152,919

Company	Shares	U.S. $ Value
Materials – 8.1%		
Chemicals – 5.7%		
Alpek SA de CV[a]	37,320	$ 100,761
AZ Electronic Materials SA	12,780	73,530
Chr Hansen Holding A/S	2,750	89,375
Croda International PLC	2,630	102,794
Fuchs Petrolub AG (Preference Shares)	1,110	82,906
Kansai Paint Co., Ltd.	7,000	75,438
Phosagro OAO (GDR)[c]	4,020	54,672
		579,476
Metals & Mining – 2.4%		
First Quantum Minerals Ltd.	3,050	67,182
Franco-Nevada Corp.	1,230	70,211
Harry Winston Diamond Corp.[b]	4,300	60,434
Kenmare Resources PLC[b]	94,789	48,407
		246,234
		825,710
Information Technology – 7.8%		
Communications Equipment – 0.7%		
AAC Technologies Holdings, Inc.	19,500	68,888
Electronic Equipment, Instruments & Components – 1.9%		
Anritsu Corp.	7,000	83,160
Chroma ATE, Inc.	32,760	73,325
FLEXium Interconnect, Inc.	11,489	40,715
		197,200
Internet Software & Services – 0.6%		
Mail.ru Group Ltd. (GDR)[c]	1,710	59,620
IT Services – 1.7%		
Computacenter PLC	11,370	79,474
Itochu Techno-Solutions Corp.	2,200	90,593
		170,067
Semiconductors & Semiconductor Equipment – 0.7%		
Hermes Microvision, Inc.	4,000	73,870
Software – 2.2%		
Fidessa Group PLC	3,290	81,849
GameLoft SA[b]	9,850	69,251
International Games System Co., Ltd.[b]	18,000	70,117
		221,217
		790,862
Health Care – 6.5%		
Health Care Equipment & Supplies – 2.8%		
Ansell Ltd.	3,130	50,160
Draegerwerk AG & Co. KGaA (Preference Shares)	790	79,979
Elekta AB	6,270	97,765
Ginko International Co., Ltd.	5,000	55,910
		283,814

Company	Shares	U.S. $ Value
Life Sciences Tools & Services – 1.3%		
Eurofins Scientific	400	$ 65,067
Gerresheimer AG[b]	1,210	64,293
		129,360
Pharmaceuticals – 2.4%		
Aspen Pharmacare Holdings Ltd.[b]	4,740	94,901
Kalbe Farma TBK PT	842,500	92,846
Virbac SA	320	63,294
		251,041
		664,215
Energy – 5.9%		
Energy Equipment & Services – 2.8%		
John Wood Group PLC	6,050	72,325
Petrofac Ltd.	2,870	76,703
ShawCor Ltd.	1,900	74,476
TGS Nopec Geophysical Co. ASA	1,740	57,465
		280,969
Oil, Gas & Consumable Fuels – 3.1%		
Africa Oil Corp.[a][b]	4,550	32,313
Genel Energy PLC[b]	4,520	58,058
Golar LNG Ltd.	1,850	69,902
Harum Energy TBK PT	87,000	54,466
Ophir Energy PLC[b]	4,250	35,122
Pacific Rubiales Energy Corp.	3,090	71,790
		321,651
		602,620
Utilities – 2.3%		
Electric Utilities – 0.7%		
Emera, Inc.	2,030	70,898
Gas Utilities – 1.6%		
Enagas SA	2,900	62,130
ENN Energy Holdings Ltd.	22,000	96,401
		158,531
		229,429
Telecommunication Services – 0.7%		
Wireless Telecommunication Services – 0.7%		
Millicom International Cellular SA	830	72,045
Total Common Stocks (cost $7,949,372)		9,105,768
WARRANTS – 3.9%		
Financials – 2.0%		
Commercial Banks – 0.5%		
Commercial Bank of Qatar, Deutsche Bank AG London, expiring 5/26/17[b]	2,950	56,787
Diversified Financial Services – 0.8%		
First Bank of Nigeria PLC, Citigroup Global Markets Holdings, Inc., expiring 4/29/14[b]	778,710	77,871

Company	Shares	U.S. $ Value
Real Estate Management & Development – 0.7%		
Emaar Properties PJSC, Merril Lynch Intl & Co., expiring 10/10/15[b]	69,040	$ 70,490
		205,148
Industrials – 0.9%		
Construction & Engineering – 0.6%		
IRB Infrastructure Developers Ltd., Merrill Lynch Intl & Co., expiring 1/25/16[b]	23,170	53,822
Transportation Infrastructure – 0.3%		
Adani Ports and Special Economic Zone, Merrill Lynch Intl & Co., expiring 10/17/14[b]	13,390	32,870
		86,692
Utilities – 0.5%		
Multi-Utilities – 0.5%		
Qatar Electricity, Credit Suisse International, expiring 8/24/15[b]	1,490	54,186
Health Care – 0.5%		
Pharmaceuticals – 0.5%		
Lupin Ltd., Merrill Lynch Intl & Co., expiring 10/20/14[b][c]	4,500	50,229
Total Warrants (cost $370,112)		396,255
SHORT-TERM INVESTMENTS – 5.8%		
Investment Companies – 5.8%		
AllianceBernstein Fixed-Income Shares, Inc. – Government STIF Portfolio, 0.15%[d] (cost $597,293)	597,293	597,293
Total Investments Before Security Lending Collateral for Securities Loaned – 99.1% (cost $8,916,777)		10,099,316
INVESTMENTS OF CASH COLLATERAL FOR SECURITIES LOANED – 5.7%		
Investment Companies – 5.7%		
AllianceBernstein Exchange Reserves – Class I, 0.13%[d] (cost $578,293)	578,293	578,293
Total Investments – 104.8% (cost $9,495,070)		10,677,609
Other assets less liabilities – (4.8)%		(490,217)
Net Assets – 100.0%		**$ 10,187,392**

(a) Represents entire or partial securities out on loan.

(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 December 31, 2012, the aggregate market value of these securities amounted to $220,011 or 2.2% of net assets.

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

Glossary:

GDR – Global Depositary Receipt
OJSC – Open Joint Stock Company

See notes to financial statements.

STATEMENT OF ASSETS & LIABILITIES

December 31, 2012 (unaudited)

Assets	
Investments in securities, at value	
Unaffiliated issuers (cost $8,319,484)	$ 9,502,023[(a)]
Affiliated issuers (cost $1,175,586—including investment of cash collateral for securities loaned of $578,293)	1,175,586
Foreign currencies, at value (cost $55,288)	55,407
Receivable for investment securities sold and foreign currency transactions	122,901
Receivable due from Adviser	17,207
Receivable for capital stock sold	14,336
Dividends and interest receivable	8,296
Total assets	10,895,756
Liabilities	
Payable for collateral received on securities loaned	578,293
Payable for investment securities purchased and foreign currency transactions	91,324
Transfer Agent fee payable	1,644
Distribution fee payable	193
Accrued expenses and other liabilities	36,910
Total liabilities	708,364
Net Assets	**$ 10,187,392**
Composition of Net Assets	
Capital stock, at par	$ 1,983
Additional paid-in capital	10,033,940
Distributions in excess of net investment income	(76,315)
Accumulated net realized loss on investment and foreign currency transactions	(954,523)
Net unrealized appreciation on investments and foreign currency denominated assets and liabilities	1,182,307
	$ 10,187,392

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

Class	Net Assets	Shares Outstanding	Net Asset Value
A	$ 1,184,294	113,729	$ 10.41*
C	$ 115,841	11,311	$ 10.24
Advisor	$ 1,254,734	119,678	$ 10.48
R	$ 10,234	1,000	$ 10.23
K	$ 10,229	1,000	$ 10.23
I	$ 7,612,060	745,000	$ 10.22

(a) Includes securities on loan with a value of $553,852 (see Note E).

* *The maximum offering price per share for Class A shares was $10.87 which reflects a sales charge of 4.25%.*

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended December 31, 2012 (unaudited)

Investment Income		
Dividends		
Unaffiliated issuers (net of foreign taxes withheld of $6,301)	$ 79,942	
Affiliated issuers	812	
Securities lending income	6,023	$ 86,777
Expenses		
Advisory fee (see Note B)	44,479	
Distribution fee—Class A	592	
Distribution fee—Class C	391	
Distribution fee—Class R	24	
Distribution fee—Class K	12	
Transfer agency—Class A	2,139	
Transfer agency—Class C	417	
Transfer agency—Advisor Class	6,298	
Transfer agency—Class R	3	
Transfer agency—Class K	2	
Transfer agency—Class I	724	
Registration fees	60,831	
Custodian	55,938	
Audit	25,858	
Administrative	24,508	
Legal	19,356	
Printing	5,209	
Directors' fees	2,359	
Miscellaneous	6,010	
Total expenses	255,150	
Less: expenses waived and reimbursed by the Adviser (see Note B)	(198,529)	
Net expenses		56,621
Net investment income		30,156
Realized and Unrealized Gain (Loss) on Investment and Foreign Currency Transactions		
Net realized gain (loss) on:		
Investment transactions		(82,318)
Foreign currency transactions		4,462
Net change in unrealized appreciation/depreciation of:		
Investments		1,354,547[(a)]
Foreign currency denominated assets and liabilities		(2,129)
Net gain on investment and foreign currency transactions		1,274,562
Net Increase in Net Assets from Operations		**$ 1,304,718**

(a) Net of increase in accrued foreign capital gains taxes of $30.

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012
Increase (Decrease) in Net Assets from Operations		
Net investment income	$ 30,156	$ 60,999
Net realized loss on investment and foreign currency transactions	(77,856)	(851,407)
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	1,352,418	(652,846)
Contributions from Adviser (see Note B)	– 0 –	2,783
Net increase (decrease) in net assets from operations	1,304,718	(1,440,471)
Dividends and Distributions to Shareholders from		
Net investment income		
Class A	(2,133)	– 0 –
Class C	(668)	– 0 –
Advisor Class	(5,813)	– 0 –
Class R	(145)	(7)
Class K	(181)	(23)
Class I	(164,049)	(30,917)
Net realized gain on investment transactions		
Class A	– 0 –	(1,306)
Class C	– 0 –	(128)
Advisor Class	– 0 –	(4,294)
Class R	– 0 –	(42)
Class K	– 0 –	(42)
Class I	– 0 –	(31,290)
Capital Stock Transactions		
Net increase	873,107	256,510
Total increase (decrease)	2,004,836	(1,252,010)
Net Assets		
Beginning of period	8,182,556	9,434,566
End of period (including distributions in excess of net investment income of ($76,315) and undistributed net investment income of $66,518, respectively)	**$ 10,187,392**	**$ 8,182,556**

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 (unaudited)

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 eleven 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, AllianceBernstein Dynamic All Market Fund Portfolio, AllianceBernstein Emerging Markets Equity Portfolio and AllianceBernstein Select U.S. Long/Short 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 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. AllianceBernstein Emerging Markets Equity Portfolio commenced operations on September 27, 2012. AllianceBernstein Select U.S. Long/Short Portfolio commenced operations on December 12, 2012. 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 has authorized the issuance of Class A, Class B, Class C, Advisor Class, Class R, Class K, and Class I shares. Class B shares are not currently being offered. As of December 31, 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 (the "Board").

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 ("OTC") market 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. U.S. GAAP establishes 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 (including those valued based on their market values as described in Note 1 above) 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)

Where readily available market prices or relevant bid prices are not available for certain equity investments, such investments may be valued based on similar publicly traded investments, movements in relevant indices since last available prices or based upon underlying company fundamentals and comparable company data (such as multiples to earnings or other multiples to equity). Where an investment is valued using an observable input, by pricing vendors, such as another publicly traded security, the investment will be classified as Level 2. If management determines that an adjustment is appropriate based on restrictions on resale, illiquidity or uncertainty, and such adjustment is a significant component of the valuation, the investment will be classified as Level 3. An investment will also be classified as Level 3 where management uses company fundamentals and other significant inputs to determine the valuation.

Options and warrants are valued using market-based inputs to models, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency, where such inputs and models are available. Alternatively the values may be obtained through unobservable management determined inputs and/or management's proprietary models. Where models are used, the selection of a particular model to value an option or a warrant depends upon the contractual terms of, and specific risks inherent in, the option or warrant as well as the availability of pricing information in the market. Valuation models require a variety of inputs, including contractual terms, market prices, measures of volatility and correlations of such inputs. Exchange traded options will be classified as Level 2. For options or warrants that do not trade on exchange but trade in liquid markets, inputs can generally be verified and model selection does not involve significant management judgment. Options and warrants are classified within Level 2 on the fair value hierarchy when all of the significant inputs can be corroborated to market evidence. Otherwise such instruments are classified as Level 3.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of December 31, 2012:

Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Common Stocks:				
Industrials	$ 220,590	$ 1,604,311	$ – 0 –	$ 1,824,901
Consumer Discretionary	229,344	1,383,454	– 0 –	1,612,798
Financials	535,159	795,110	– 0 –	1,330,269
Consumer Staples	455,099	697,820	– 0 –	1,152,919
Materials	442,635	383,075	– 0 –	825,710
Information Technology	8,625	782,237	– 0 –	790,862
Health Care	161,059	503,156	– 0 –	664,215
Energy	216,168	386,452	– 0 –	602,620
Utilities	70,898	158,531	– 0 –	229,429
Telecommunication Services	– 0 –	72,045	—	72,045
Warrants	– 0 –	124,676	271,579	396,255
Short-Term Investments	597,293	– 0 –	– 0 –	597,293
Investments of Cash Collateral for Securities Loaned in Affiliated Money Market Fund	578,293	– 0 –	– 0 –	578,293
Total Investments in Securities	3,515,163	6,890,867+	271,579	10,677,609
Other Financial Instruments*	– 0 –	– 0 –	– 0 –	– 0 –
Total^(a)	**$ 3,515,163**	**$ 6,890,867**	**$ 271,579**	**$ 10,677,609**

* *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.*

^ *There were de minimis transfers under 1% of net assets from Level 1 to Level 2 during the reporting period.*

(a) *An amount of $363,181 was transferred from Level 2 to Level 1 due to increase in observable inputs during the reporting period.*

The Fund recognizes all transfers between levels of the fair value hierarchy assuming the financial instruments were transferred at the beginning of the reporting period.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value.

	Financials	Warrants	Total
Balance as of 6/30/12	**$ 56,153**	**$ 88,274**	**$ 144,427**
Accrued discounts/(premiums)	– 0 –	– 0 –	– 0 –
Realized gain (loss)	(23,957)	(18,369)	(42,326)
Change in unrealized appreciation/depreciation	19,579	45,969	65,548
Purchases	19,707	196,344	216,051
Sales	(71,482)	(40,639)	(112,121)
Transfers in to Level 3	– 0 –	– 0 –	– 0 –
Transfers out of Level 3	– 0 –	– 0 –	– 0 –
Balance as of 12/31/12	**$ – 0 –**	**$ 271,579**	**$ 271,579**
Net change in unrealized appreciation/ depreciation from Investments held as of 12/31/12*	$ – 0 –	$ 32,967	$ 32,967

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

The Adviser has established a Valuation Committee (the "Committee") which is responsible for overseeing the pricing and valuation of all securities held in the Fund. The Committee operates under pricing and valuation policies and procedures established by the Adviser and approved by the Board, including pricing policies which set forth the mechanisms and processes to be employed on a daily basis to implement these policies and procedures. In particular, the pricing policies describe how to determine market quotations for securities and other instruments. The Committee's responsibilities include: 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) regular monitoring of the Adviser's pricing and valuation policies and procedures and modification or enhancement of these policies and procedures (or recommendation of the modification of these policies and procedures) as the Committee believes appropriate.

The Committee is also responsible for monitoring the implementation of the pricing policies by the Adviser's Pricing Group (the "Pricing Group") and a third party which performs certain pricing functions in accordance with the pricing policies. The Pricing Group is responsible for the oversight of the third party on a day-to-day basis. The Committee and the Pricing Group perform a series of activities to provide reasonable assurance of the accuracy of prices including: 1) periodic vendor due diligence meetings, review of methodologies, new developments and process at vendors, 2) daily compare of security valuation versus prior day for all securities that exceeded established thresholds, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by senior management and the Committee.

In addition, several processes outside of the pricing process are used to monitor valuation issues including: 1) performance and performance attribution reports are monitored for anomalous impacts based upon benchmark performance, and 2) portfolio managers review all portfolios for performance and analytics (which are generated using the Adviser's prices).

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 November 1, 2013. For the six months ended

December 31, 2012, such reimbursement amounted to $174,021. For the period from inception through December 31, 2012, such reimbursement amounted to $876,061, which is subject to repayment, not to exceed the amount of offering expenses of $181,291.

During the year ended June 30, 2012, the Adviser reimbursed the Fund $2,783 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 six months ended December 31, 2012, the Adviser voluntarily agreed to waive such fees in the amount of $24,508.

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 $9,000 for the six months ended December 31, 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 $69 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 six months ended December 31, 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 six months ended December 31, 2012 is as follows:

Market Value June 30, 2012 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value December 31, 2012 (000)	Dividend Income (000)
$ 386	$ 2,333	$ 2,121	$ 598	$ 0*

* *Amount is less than $500.*

Brokerage commissions paid on investment transactions for the six months ended December 31, 2012 amounted to $8,166, of which $0 and $0, 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 $34,626, $109 and $163 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 six months ended December 31, 2012 were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$ 4,164,483	$ 3,775,149
U.S. government securities	– 0 –	– 0 –

The cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes. Accordingly, gross unrealized appreciation and unrealized depreciation (excluding foreign currency transactions) are as follows:

Gross unrealized appreciation	$ 1,375,958
Gross unrealized depreciation	(193,419)
Net unrealized appreciation	$ 1,182,539

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 six months ended December 31, 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 loans of securities 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 are made 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 December 31, 2012, the Fund had securities on loan with a value of $553,852 and had received cash collateral which has been invested into AllianceBernstein Exchange Reserves of $578,293. The cash collateral will be adjusted on the next business day to maintain the required collateral amount. The Fund earned securities lending income of $6,023 and $509 from the borrowers and AllianceBernstein Exchange Reserves, respectively, for the six months ended December 31, 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 six months ended December 31, 2012 is as follows:

Market Value June 30, 2012 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value December 31, 2012 (000)	Dividend Income (000)
$ 851	$ 2,722	$ 2,995	$ 578	$ 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	
	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012	Six Months Ended December 31,2012 (unaudited)	Year Ended June 30, 2012
Class A				
Shares sold	78,051	10,647	$ 799,437	$ 100,017
Shares issued in reinvestment of dividends and distributions	198	151	2,041	1,264
Shares redeemed	(797)	(5,583)	(7,752)	(52,012)
Net increase	**77,452**	**5,215**	**$ 793,726**	**$ 49,269**
Class C				
Shares sold	7,215	6,127	$ 68,288	$ 55,816
Shares issued in reinvestment of dividends and distributions	59	10	600	86
Shares redeemed	(3)	(4,437)	(34)	(40,113)
Net increase	**7,271**	**1,700**	**$ 68,854**	**$ 15,789**

	Shares		Amount	
	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012
Advisor Class				
Shares sold	504	41,223	$ 4,804	$ 396,963
Shares issued in reinvestment of dividends and distributions	554	507	5,765	4,252
Shares redeemed	(4)	(24,113)	(42)	(209,763)
Net increase	**1,054**	**17,617**	**$ 10,527**	**$ 191,452**

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 six months ended December 31, 2012.

NOTE I
Distributions to Shareholders

The tax character of distributions to be paid for the year ending June 30, 2013 will be determined at the end of the current fiscal year.

The tax character of distributions paid during the fiscal year ended June 30, 2012 and the period ended 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

NOTE J
Recent Accounting Pronouncement

In December 2011, the Financial Accounting Standards Board 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		
	Six Months Ended December 31, 2012 (unaudited)	**Year Ended June 30, 2012**	**October 26, 2010[a] to June 30, 2011**
Net asset value, beginning of period	$ 9.05	$ 10.71	$ 10.00
Income From Investment Operations			
Net investment income[b][c]	.01	.05	.04
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.40	(1.67)	.66
Contributions from Adviser	– 0 –	.00[d]	.01
Net increase (decrease) in net asset value from operations	1.41	(1.62)	.71
Less: Dividends and Distributions			
Dividends from net investment income	(.05)	– 0 –	– 0 –
Distributions from net realized gain on investment transactions	– 0 –	(.04)	– 0 –
Total dividends and distributions	(.05)	(.04)	– 0 –
Net asset value, end of period	**$ 10.41**	**$ 9.05**	**$ 10.71**
Total Return			
Total investment return based on net asset value[e]	15.55 %	(15.07)%	7.10 %
Ratios/Supplemental Data			
Net assets, end of period (000's omitted)	$1,184	$328	$333
Ratio to average net assets of:			
Expenses, net of waivers/reimbursements	1.55 %[f]	1.55 %	1.55 %[f]
Expenses, before waivers/reimbursements	6.89 %[f]	8.03 %	9.26 %[f]
Net investment income[c]	.37 %[f]	.52 %	.56 %[f]
Portfolio turnover rate	45 %	101 %	86 %

See footnote summary on page 40.

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

	Class C		
	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 8.95	$ 10.67	$ 10.00
Income From Investment Operations			
Net investment loss[b][c]	(.02)	(.03)	(.05)
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.38	(1.65)	.72
Contributions from Adviser	– 0 –	.00[d]	.00[d]
Net increase (decrease) in net asset value from operations	1.36	(1.68)	.67
Less: Dividends and Distributions			
Dividends from net investment income	(.07)	– 0 –	– 0 –
Distributions from net realized gain on investment transactions	– 0 –	(.04)	– 0 –
Total dividends and distributions	(.07)	(.04)	– 0 –
Net asset value, end of period	**$ 10.24**	**$ 8.95**	**$ 10.67**
Total Return			
Total investment return based on net asset value[e]	15.18 %	(15.70)%	6.70 %
Ratios/Supplemental Data			
Net assets, end of period (000's omitted)	$116	$36	$25
Ratio to average net assets of:			
Expenses, net of waivers/reimbursements	2.25 %[f]	2.25 %	2.25 %[f]
Expenses, before waivers/reimbursements	7.42 %[f]	8.64 %	19.09 %[f]
Net investment loss[c]	(.41)%[f]	(.28)%	(.75)%[f]
Portfolio turnover rate	45 %	101 %	86 %

See footnote summary on page 40.

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

	Advisor Class		
	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 9.10	$ 10.74	$ 10.00
Income From Investment Operations			
Net investment income[b][c]	.03	.07	.03
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.40	(1.67)	.70
Contributions from Adviser	– 0 –	.00[d]	.01
Net increase (decrease) in net asset value from operations	1.43	(1.60)	.74
Less: Dividends and Distributions			
Dividends from net investment income	(.05)	– 0 –	– 0 –
Distributions from net realized gain on investment transactions	– 0 –	(.04)	– 0 –
Total dividends and distributions	(.05)	(.04)	– 0 –
Net asset value, end of period	**$ 10.48**	**$ 9.10**	**$ 10.74**
Total Return			
Total investment return based on net asset value[e]	15.71 %	(14.85)%	7.40 %
Ratios/Supplemental Data			
Net assets, end of period (000's omitted)	$1,255	$1,080	$1,085
Ratio to average net assets of:			
Expenses, net of waivers/reimbursements	1.25 %[f]	1.25 %	1.25 %[f]
Expenses, before waivers/reimbursements	6.58 %[f]	7.74 %	12.03 %[f]
Net investment income[c]	.70 %[f]	.79 %	.48 %[f]
Portfolio turnover rate	45 %	101 %	86 %

See footnote summary on page 40.

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

	Class R		
	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 8.99	$ 10.67	$ 10.00
Income From Investment Operations			
Net investment income (loss)[b][c]	.01	.02	(.02)
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.37	(1.65)	.72
Contributions from Adviser	– 0 –	.00[d]	.00[d]
Net increase (decrease) in net asset value from operations	1.38	(1.63)	.70
Less: Dividends and Distributions			
Dividends from net investment income	(.14)	(.01)	(.03)
Distributions from net realized gain on investment transactions	– 0 –	(.04)	– 0 –
Total dividends and distributions	(.14)	(.05)	(.03)
Net asset value, end of period	**$ 10.23**	**$ 8.99**	**$ 10.67**
Total Return			
Total investment return based on net asset value[e]	15.41 %	(15.25)%	7.00 %
Ratios/Supplemental Data			
Net assets, end of period (000's omitted)	$10	$9	$11
Ratio to average net assets of:			
Expenses, net of waivers/reimbursements	1.75 %[f]	1.75 %	1.75 %[f]
Expenses, before waivers/reimbursements	6.08 %[f]	6.95 %	8.37 %[f]
Net investment income (loss)[c]	.19 %[f]	.24 %	(.24)%[f]
Portfolio turnover rate	45 %	101 %	86 %

See footnote summary on page 40.

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

	Class K		
	Six Months Ended December 31, 2012 (unaudited)	**Year Ended June 30, 2012**	**October 26, 2010[a] to June 30, 2011**
Net asset value, beginning of period	$ 9.01	$ 10.69	$ 10.00
Income From Investment Operations			
Net investment income[b][c]	.02	.05	.00[d]
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.38	(1.66)	.72
Contributions from Adviser	– 0 –	.00[d]	.00[d]
Net increase (decrease) in net asset value from operations	1.40	(1.61)	.72
Less: Dividends and Distributions			
Dividends from net investment income	(.18)	(.03)	(.03)
Distributions from net realized gain on investment transactions	– 0 –	(.04)	– 0 –
Total dividends and distributions	(.18)	(.07)	(.03)
Net asset value, end of period	**$ 10.23**	**$ 9.01**	**$ 10.69**
Total Return			
Total investment return based on net asset value[e]	15.56 %	(15.06)%	7.25 %
Ratios/Supplemental Data			
Net assets, end of period (000's omitted)	$10	$9	$11
Ratio to average net assets of:			
Expenses, net of waivers/reimbursements	1.50 %[f]	1.50 %	1.50 %[f]
Expenses, before waivers/reimbursements	5.82 %[f]	6.68 %	8.13 %[f]
Net investment income[c]	.45 %[f]	.50 %	.01 %[f]
Portfolio turnover rate	45 %	101 %	86 %

See footnote summary on page 40.

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

	Class I		
	Six Months Ended December 31, 2012 (unaudited)	Year Ended June 30, 2012	October 26, 2010[a] to June 30, 2011
Net asset value, beginning of period	$ 9.02	$ 10.70	$ 10.00
Income From Investment Operations			
Net investment income[b][c]	.03	.07	.02
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.39	(1.67)	.72
Contributions from Adviser	– 0 –	.00[d]	.00[d]
Net increase (decrease) in net asset value from operations	1.42	(1.60)	.74
Less: Dividends and Distributions			
Dividends from net investment income	(.22)	(.04)	(.04)
Distributions from net realized gain on investment transactions	– 0 –	(.04)	– 0 –
Total dividends and distributions	(.22)	(.08)	(.04)
Net asset value, end of period	**$ 10.22**	**$ 9.02**	**$ 10.70**
Total Return			
Total investment return based on net asset value[e]	15.77 %	(14.85)%	7.41 %
Ratios/Supplemental Data			
Net assets, end of period (000's omitted)	$7,612	$6,721	$7,970
Ratio to average net assets of:			
Expenses, net of waivers/reimbursements	1.25 %[f]	1.25 %	1.25 %[f]
Expenses, before waivers/reimbursements	5.52 %[f]	6.41 %	7.82 %[f]
Net investment income[c]	.70 %[f]	.75 %	.27 %[f]
Portfolio turnover rate	45 %	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.

BOARD OF DIRECTORS

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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

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Boston, MA 02111

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Legal Counsel

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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.

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

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.*

of what §36(b) requires: to face liability under §36(b), "an investment adviser 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 advisory fee of

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.*

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: $25 m*	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 number of peers. Consequently, Lipper expanded the Portfolio's EG to include peers that have similar but not the same Lipper investment classification/objective.

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.*

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. 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.

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.*

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]

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.*

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 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.

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

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.

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]

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.*

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.*

	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					

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

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.*

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

ALLIANCEBERNSTEIN FAMILY OF FUNDS

Wealth Strategies

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 Funds

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

Growth Funds

Domestic

Discovery Growth Fund**
Growth Fund
Large Cap Growth Fund
Select US Equity Portfolio
Small Cap Growth Portfolio
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
Discovery Value Fund**
Equity Income Fund
Growth & Income Fund
Value Fund

Global & International

Emerging Markets Equity Portfolio
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

Municipal Bond Funds

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

Intermediate Municipal Bond Funds

Intermediate California Portfolio
Intermediate Diversified Portfolio
Intermediate New York Portfolio

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

Global Risk Allocation Fund**
Market Neutral Strategy-Global
Market Neutral Strategy-U.S.
Real Asset Strategy
Select US Long/Short Portfolio
Unconstrained Bond Fund

Retirement Strategies

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 Exchange Reserves 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.

**** Prior to October 8, 2012, Global Risk Allocation Fund was named Balanced Shares. Prior to November 1, 2012, Discovery Growth Fund was named Small/Mid Cap Growth Fund and Discovery Value Fund was named Small/Mid Cap Value Fund.**

NOTES

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