AllianceBernstein Global Real Estate Investment Fund II

Semi-Annual Report

April 30, 2013

Bernstein
Global Wealth Management

A unit of AllianceBernstein L.P.

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, which contains this and other information, visit us online at www.bernstein.com and click on “Investments”, then “Stocks” or “Bonds”, then “Prospectuses, SAIs and Shareholder Reports” or call your financial advisor or call Bernstein’s mutual fund shareholder help line at 212.756.4097. Please read the 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.

June 10, 2013

Semi-Annual Report

This report provides management's discussion of fund performance for AllianceBernstein Global Real Estate Investment Fund II (the "Fund") for the semi-annual reporting period ended April 30, 2013.

Investment Objective and Policies

The Fund's investment objective is total return from long-term growth of capital and income.

Under normal circumstances, the Fund invests at least 80% of its net assets in the equity securities of real estate investment trusts ("REITs"), and other real estate industry companies, such as real estate operating companies. The Fund invests in real estate companies that AllianceBernstein L.P. (the "Adviser") believes have strong property fundamentals and management teams. The Fund seeks to invest in real estate companies whose underlying portfolios are diversified geographically and by property type.

The Fund invests in U.S. and non-U.S. issuers. Under normal circumstances, the Fund invests significantly (at least 40%—unless market conditions are not deemed favorable by the Adviser) in securities of non-U.S. companies. In addition, the Fund invests, under normal circumstances, in the equity securities of companies located in at least three countries. The Fund's investment policies emphasize investment in companies determined by the Adviser to be undervalued relative to their peers, using a fundamental value approach.

The Fund may invest in mortgage-backed securities, which are securities that directly or indirectly represent participations in, or are collateralized by and payable from, mortgage loans secured by real property. These securities include mortgage pass-through certificates, real estate mortgage investment conduit certificate, and collateralized mortgage obligations. The Fund may also invest in short-term investment grade debt securities and other fixed-income securities.

Currencies can have a dramatic impact on equity return, significantly adding to returns in some years and greatly diminishing them in others. The Adviser evaluates currency and equity positions separately and may seek to hedge the currency exposure resulting from securities positions when it finds the currency exposure unattractive. To hedge 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 also may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives.

The Fund invests in equity securities that include common stock, shares of beneficial interest of REITs, and securities with common stock characteristics, such as preferred stock or convertible securities ("real estate equity securities"). The Fund may enter into forward commitments and standby commitment agreements. The Fund may enter into other derivatives transactions, such as options, futures, 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 (including futures on individual securities and stock indexes) or exchange-traded funds ("ETFs"). These transactions may be used, for example, 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.

The Fund may, at times, invest in ETFs in lieu of making direct investments in equity securities. ETFs may provide more efficient and economical exposure to the type of companies and geographic locations in which the Fund seeks to invest than direct investments.

Investment Results

The table on page 6 shows the Fund's performance compared to its primary benchmark, the Financial Times Stock Exchange ("FTSE") European Public Real Estate Association ("EPRA")/ National Association of Real Estate Investment Trusts ("NAREIT") Developed Real Estate ("RE") Index for the six- and 12-month periods ended April 30, 2013. A comparison to the global equity market is also shown, as represented by the Morgan Stanley Capital International ("MSCI") World Index, for the same timeframes, as well as the Standard & Poor's ("S&P") 500 Index and the FTSE NAREIT Equity Real Estate Investment Trusts ("REIT") Index.

For both periods, the Fund advanced and outperformed its primary benchmark. During the six-month period, sector selection detracted, weighed down by an underweight to the outperforming industrial/office sector. This was more than offset by positive stock selection in several sectors; stock selection in the residential and industrial/office sector contributed and was only partially offset by negative stock selection in the specialty sector. For the 12-month period, sector selection was negative, weighed down by an underweight to the outperforming industrial/office sector and an overweight to the underperforming lodging sector. This was more than offset by positive stock selection in several sectors; stock selection in the diversified, specialty and industrial/office sectors contributed to returns.

During both periods, derivatives in the form of currency forwards were utilized for hedging and investment purposes to implement currency management, which added to returns.

Market Review and Investment Strategy

Policy announcements by several of the world's central banks and hopes for better global economic growth helped real estate markets post solid gains during the 12-month period ended April 30, 2013. The Fund's global benchmark finished the 12-month period up 26.94%; the MSCI World Index also benefitted from these trends and rose 16.70%. Real estate stocks have been benefitting from investor appetite for yield in this low interest rate environment.

Global real estate stocks have also been benefitting from other positive trends. For example, both debt and equity financing have remained available at attractive prices and, despite a challenging macroeconomic environment, real estate fundamentals have generally been improving. In Australia, the residential and retail sectors have begun to benefit from lower interest rates. In Japan, the overall economic environment has shown signs of improvement, and the office market has shown initial signs of a recovery in rents and the occupancy rate. In the U.S., most segments of the property market have performed well. For example, many retail shopping centers have benefitted from improving rents and occupancy, with occupancy levels at malls comparable to the levels reached during the peak of the prior cycle. In the lodging sector, companies have generated more revenue from available rooms. The Senior Investment Management Team has been finding attractive opportunities across a wide group of countries and sectors, focusing on attractively-priced companies with improving fundamentals, together with the balance sheet strength to withstand periods of renewed volatility.

DISCLOSURES AND RISKS

Benchmark Disclosure

The FTSE® EPRA/NAREIT Developed RE Index, the MSCI World Index, the S&P 500® Index and the FTSE® NAREIT Equity REIT Index are unmanaged and do not reflect fees and expenses associated with the active management of a mutual fund portfolio. The FTSE EPRA/NAREIT Developed RE Index and the FTSE NAREIT Equity REIT Index are market-value weighted indices based upon the last closing price of the month for tax-qualified REITs listed on the NYSE, AMEX and the NASDAQ. The MSCI World Index is a free-float, market capitalization-weighted index that measures equity market performance of developed markets. The MSCI World Index values are calculated using net returns, which 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. The S&P 500 Index includes 500 U.S. stocks and is a common representation of the performance of the overall U.S. stock market. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Fund.

A Word About Risk

Market Risk: The value of the Fund's assets will fluctuate as the stock or bond market fluctuates. The value of its investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

Interest Rate Risk: Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.

Credit Risk: An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default, causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.

Real Estate Risk: The Fund's investments in real estate securities have many of the same risks as direct ownership of real estate, including the risk that the value of real estate could decline due to a variety of factors affecting the real estate market generally. Investments in REITs may have additional risks. REITs are dependent on the capability of their managers, may have limited diversification, and could be significantly affected by changes in taxes.

Foreign (Non-U.S.) Risk: Investment 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.

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

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

DISCLOSURES AND RISKS

(continued from previous page)

Prepayment Risk: The value of mortgage-related or other asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early payments of principal on some mortgage-related securities may occur during periods of falling mortgage interest rates and expose the Fund to a lower rate of return upon reinvestment of principal. Early payments associated with mortgage-related securities cause these securities to experience significantly greater price and yield volatility than is experienced by traditional fixed-income securities. During periods of rising interest rates, a reduction in prepayments may increase the effective life of mortgage-related securities, subjecting them to greater risk of decline in market value in response to rising interest rates. If the life of a mortgage-related security is inaccurately predicted, the Fund may not be able to realize the rate of return it expected.

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.

Leverage Risk: When the Fund borrows money or otherwise leverages its portfolio, it may be more volatile because leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's investments. The Fund may create leverage through the use of reverse repurchase agreements or forward commitments, or by borrowing money.

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

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

An Important Note About Historical Performance

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

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus, which contains this and other information, visit us online at www.bernstein.com and click on "Investments", then "Stocks" or "Bonds", then "Prospectuses, SAIs and Shareholder Reports" or call your financial advisor or call Bernstein's mutual fund shareholder help line at 212.756.4097.

Please read the prospectus carefully before investing. All fees and expenses related to the operation of the Fund have been deducted. Performance assumes reinvestment of distributions and does not account for taxes. There are no sales charges associated with investing in the Fund.

HISTORICAL PERFORMANCE

THE FUND VS. ITS BENCHMARK PERIODS ENDED APRIL 30, 2013	Returns	
	6 Month	12 Months
AllianceBernstein Global Real Estate Investment Fund II Class I	22.51%	30.04%
Primary benchmark: FTSE EPRA/NAREIT Developed RE Index	19.59%	26.94%
MSCI World Index	14.67%	16.70%
S&P 500 Index	14.42%	16.89%
FTSE NAREIT Equity REIT Index	18.81%	21.28%

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 4-5.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE

(continued from previous page)

AVERAGE ANNUAL RETURNS AS OF APRIL 30, 2013

	Returns
Class I Shares	
1 Year	30.04%
5 Years	4.69%
10 Years	11.96%

AVERAGE ANNUAL RETURNS AS OF THE MOST RECENT CALENDAR QUARTER-END (MARCH 31, 2013)

	Returns
Class I Shares	
1 Year	24.97%
5 Years	4.54%
10 Years	11.76%

The Fund's current prospectus fee table shows the Fund's total annual operating expense ratio as 0.63% for Class I shares.

See Disclosures, Risks and Note about Historical Performance on pages 4-5.

EXPENSE EXAMPLE

(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 first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, 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 in the first line 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 second line of the table below 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 second line of the table 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 November 1, 2012	Ending Account Value April 30, 2013	Expenses Paid During Period*	Annualized Expense Ratio*
Actual	$ 1,000	$ 1,225.10	$ 3.53	0.64%
Hypothetical**	$ 1,000	$ 1,021.62	$ 3.21	0.64%

* *Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

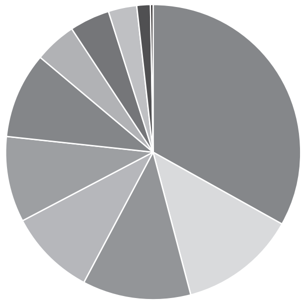
** *Assumes 5% annual return before expenses.*

PORTFOLIO SUMMARY
April 30, 2013 (unaudited)

PORTFOLIO STATISTICS
Net Assets ($mil): $572.7

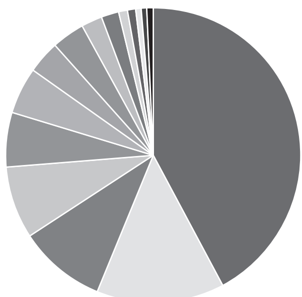
INDUSTRY BREAKDOWN*

- 33.1% Diversified/Specialty
- 12.8% Multi-Family
- 11.9% Shopping Center/ Other Retail
- 9.5% Regional Mall
- 9.4% Office
- 9.4% Healthcare
- 4.6% Lodging
- 4.4% Industrial Warehouse Distribution
- 3.1% Self Storage
- 1.5% Single Family
- 0.3% Mixed Office Industrial



COUNTRY BREAKDOWN*

- 42.2% United States
- 14.0% Japan
- 9.6% Hong Kong
- 7.9% Australia
- 6.0% Canada
- 5.1% France
- 3.6% United Kingdom
- 3.6% Singapore
- 2.3% China
- 1.9% Mexico
- 1.0% Germany
- 0.9% Netherlands
- 0.6% Brazil
- 0.6% Thailand
- 0.7% Other



* *All data are as of April 30, 2013. The Fund's industry and country breakdowns are expressed as a percentage of total investments (excluding collateral for securities loaned) and may vary over time. The Fund also enters into derivative transactions, which may be used for hedging or investment purposes (see "Portfolio of Investments" section of the report for additional details). "Other" country weightings represent 0.5% or less in the following countries: Belgium and Italy.*

Please note: The industry classifications presented herein are based on industry categorization methodology of the Adviser. These industry classifications are broadly defined. The "Portfolio of Investments" section of the report reflects more specific sector information and is consistent with the investment restrictions discussed in the Fund's prospectus.

TEN LARGEST HOLDINGS*

April 30, 2013 (unaudited)

Company	U.S. $ Value	Percent of Net Assets
Simon Property Group, Inc.	$ 28,690,638	5.0%
Mitsubishi Estate Co., Ltd.	21,040,936	3.7
Unibail-Rodamco SE	16,492,390	2.9
Mitsui Fudosan Co., Ltd.	15,553,090	2.7
Westfield Group	12,969,692	2.2
Sun Hung Kai Properties Ltd.	11,888,884	2.1
Equity Residential	10,939,085	1.9
Sumitomo Realty & Development Co., Ltd.	10,113,929	1.8
Wharf Holdings Ltd.	10,063,118	1.7
Health Care REIT, Inc.	9,624,574	1.7
	$ 147,376,336	25.7%

* *Long-term investments.*

PORTFOLIO OF INVESTMENTS
April 30, 2013 (unaudited)

Company	Shares	U.S. $ Value
COMMON STOCKS – 99.6%		
Equity:Other – 42.3%		
Diversified/Specialty – 33.0%		
Boral Ltd.	549,980	$ 2,854,713
British Land Co. PLC	808,063	7,474,988
Buzzi Unicem SpA	172,180	2,636,696
CapitaLand Ltd.	877,000	2,674,540
Cofinimmo	10,116	1,218,322
Country Garden Holdings Co., Ltd.(a)	4,577,000	2,599,033
CyrusOne, Inc.	202,349	4,854,352
Dexus Property Group	4,628,250	5,536,527
Duke Realty Corp.	323,007	5,697,843
Dundee Real Estate Investment Trust	103,931	3,818,042
Evergrande Real Estate Group Ltd.(b)	5,107,000	2,096,202
Fibra Uno Administracion SA de CV	1,368,060	5,257,132
Hang Lung Properties Ltd.	451,000	1,750,237
Henderson Land Development Co., Ltd.	273,000	1,986,327
ICADE(b)	44,125	4,078,970
Investors Real Estate Trust	337,118	3,280,158
Kerry Properties Ltd.	990,000	4,504,807
Land Securities Group PLC	201,946	2,743,375
LPN Development PCL	2,270,300	1,848,728
Mapletree Commercial Trust	3,438,000	4,089,004
Mexico Real Estate Management SA de CV(a)	2,417,200	5,842,783
Mitsubishi Estate Co., Ltd.	646,000	21,040,936
Mitsui Fudosan Co., Ltd.	457,000	15,553,090
New World Development Co., Ltd.	3,729,180	6,490,062
SeaWorld Entertainment, Inc.(a)	232,832	7,823,155
Spirit Realty Capital, Inc.	298,321	6,422,851
Sumitomo Realty & Development Co., Ltd.	214,000	10,113,929
Sun Hung Kai Properties Ltd.	821,454	11,888,884
Supalai PCL	1,911,900	1,335,399
Swire Properties Ltd.	1,351,200	4,778,664
UOL Group Ltd.	772,710	4,486,451
Vornado Realty Trust	53,950	4,723,862
West Fraser Timber Co., Ltd.	50,180	4,381,193
Wharf Holdings Ltd.	1,125,000	10,063,118
Wheelock & Co., Ltd.	534,000	2,986,064
		188,930,437
Health Care – 9.3%		
Chartwell Retirement Residences	298,260	3,377,981
HCP, Inc.	167,010	8,901,633
Health Care REIT, Inc.	128,379	9,624,574
LTC Properties, Inc.	126,357	5,875,601
Medical Properties Trust, Inc.	348,160	5,601,894
Omega Healthcare Investors, Inc.(b)	136,660	4,492,014
Sabra Health Care REIT, Inc.	46,882	1,398,021
Senior Housing Properties Trust	176,390	5,014,768
Ventas, Inc.	116,470	9,274,506
		53,560,992
		242,491,429

Company	Shares	U.S. $ Value
Retail – 21.3%		
Regional Mall – 9.4%		
General Growth Properties, Inc.	186,350	$ 4,233,872
Macerich Co. (The)	28,050	1,964,903
Pennsylvania Real Estate Investment Trust	300,852	6,236,662
Simon Property Group, Inc.	161,120	28,690,638
Westfield Group	1,072,217	12,969,692
		54,095,767
Shopping Center/Other Retail – 11.9%		
Aeon Mall Co., Ltd.	122,600	3,947,202
American Realty Capital Properties, Inc.	345,570	5,681,171
Corio NV(b)	59,612	2,760,843
DDR Corp.	383,650	7,036,141
Fukuoka REIT Co.	195	1,651,980
Japan Retail Fund Investment Corp.	1,411	3,344,743
Kimco Realty Corp.	87,400	2,078,372
Klepierre	118,604	5,032,983
Link REIT (The)	694,860	3,921,094
Mercialys SA	170,450	3,802,844
RioCan Real Estate Investment Trust (Toronto)	57,955	1,697,605
Unibail-Rodamco SE	63,089	16,492,390
Vastned Retail NV	54,600	2,439,131
Westfield Retail Trust	2,354,900	8,052,104
		67,938,603
		122,034,370
Residential – 17.3%		
Multi-Family – 12.8%		
Associated Estates Realty Corp.	280,250	5,008,067
AvalonBay Communities, Inc.	58,230	7,746,919
Berkeley Group Holdings PLC	99,020	3,210,651
Brookfield Incorporacoes SA	1,173,960	1,290,872
Brookfield Residential Properties, Inc.(a)	267,366	6,387,374
China Overseas Land & Investment Ltd.	1,572,000	4,809,853
China Vanke Co., Ltd. – Class B	1,727,547	3,522,973
Equity Residential	188,410	10,939,085
LEG Immobilien AG(a)	106,633	5,869,990
Mid-America Apartment Communities, Inc.	65,440	4,497,691
Mirvac Group	1,337,106	2,455,380
Persimmon Interim	180,130	209,854
Persimmon PLC	180,130	3,025,948
Rossi Residencial SA	1,291,514	2,175,385
Stockland	1,770,995	7,117,114
Sun Communities, Inc.	75,680	3,871,032
Wing Tai Holdings Ltd.	579,000	1,025,693
		73,163,881
Self Storage – 3.0%		
Extra Space Storage, Inc.	190,783	8,314,323
Public Storage	55,493	9,156,345
		17,470,668

Company	Shares	U.S. $ Value
Single Family – 1.5%		
LIXIL Group Corp.	131,600	$ 2,958,545
Masco Corp.	294,415	5,723,428
		8,681,973
		99,316,522
Office – 9.4%		
Office – 9.4%		
Allied Properties Real Estate Investment Trust	86,928	2,975,976
Boston Properties, Inc.	41,274	4,516,614
Brandywine Realty Trust	119,580	1,785,329
CapitaCommercial Trust[b]	3,354,000	4,670,052
Cominar Real Estate Investment Trust	186,390	4,440,280
Corporate Office Properties Trust	83,620	2,424,144
Dundee International Real Estate Investment Trust	101,498	1,108,222
Hongkong Land Holdings Ltd.	260,000	1,893,110
Investa Office Fund	1,234,160	4,197,187
Japan Excellent, Inc.	430	2,937,723
Japan Real Estate Investment Corp.	260	3,492,684
Kenedix Realty Investment Corp. – Class A[b]	808	3,790,474
Mack-Cali Realty Corp.	136,120	3,780,052
Nippon Building Fund, Inc.	176	2,535,867
Orix JREIT, Inc.	2,580	3,492,619
Parkway Properties, Inc./MD	317,207	5,782,684
		53,823,017
Industrials – 4.7%		
Industrial Warehouse Distribution – 4.4%		
Daiwa House REIT Investment Corp.[b]	329	2,461,523
Granite Real Estate Investment	147,740	5,843,117
Hopewell Holdings Ltd.	281,500	1,085,980
Mapletree Logistics Trust	3,407,000	3,624,044
Nippon Prologis REIT, Inc.[a]	270	2,495,461
ProLogis, Inc.	171,418	7,190,985
STAG Industrial, Inc.	101,790	2,243,452
		24,944,562
Mixed Office Industrial – 0.3%		
Goodman Group	364,430	1,971,287
		26,915,849
Lodging – 4.6%		
Lodging – 4.6%		
Ashford Hospitality Trust, Inc.	494,970	6,375,214
Great Eagle Holdings Ltd.	755,000	3,195,560
Host Hotels & Resorts, Inc.	200,910	3,670,626
InterContinental Hotels Group PLC	139,836	4,131,610
Pebblebrook Hotel Trust	57,050	1,549,478
RLJ Lodging Trust	311,300	7,172,352
		26,094,840

Company	Shares	U.S. $ Value
Total Investments Before Security Lending Collateral for Securities Loaned – 99.6%		
(cost $431,048,151)		$ 570,676,027
INVESTMENTS OF CASH COLLATERAL FOR SECURITIES LOANED – 3.5%		
Investment Companies – 3.5%		
AllianceBernstein Exchange Reserves – Class I, 0.09%[c]		
(cost $19,804,532)	19,804,532	19,804,532
Total Investments – 103.1%		
(cost $450,852,683)		590,480,559
Other assets less liabilities – (3.1)%		(17,757,455)
Net Assets – 100.0%		**$ 572,723,104**

FORWARD CURRENCY EXCHANGE CONTRACTS (see Note C)

Counterparty	Contracts to Deliver (000)	In Exchange For (000)	Settlement Date	Unrealized Appreciation/ (Depreciation)
Barclays Bank PLC Wholesale	JPY 1,130,436	USD 12,140	5/15/13	$ 543,516
BNP Paribas SA	AUD 6,119	USD 6,296	5/15/13	(41,598)
BNP Paribas SA	USD 1,120	JPY 107,640	5/15/13	(15,354)
Citibank, NA	GBP 5,290	USD 8,302	5/15/13	85,483
Citibank, NA	USD 22,583	EUR 17,244	5/15/13	128,142
Citibank, NA	USD 9,827	JPY 930,120	5/15/13	(285,090)
Citibank, NA	EUR 17,244	USD 22,597	8/16/13	(129,289)
Credit Suisse International	NOK 11,930	USD 2,044	5/15/13	(24,007)
Credit Suisse International	USD 12,203	CAD 12,459	5/15/13	159,833
Credit Suisse International	USD 12,032	SEK 77,406	5/15/13	(91,634)
Deutsche Bank AG London	AUD 5,745	USD 5,990	5/15/13	39,720
Deutsche Bank AG London	CHF 5,601	USD 5,881	5/15/13	(143,868)
Deutsche Bank AG London	SEK 37,312	USD 5,710	5/15/13	(45,998)
Deutsche Bank AG London	USD 5,698	SEK 37,312	8/16/13	45,757
Goldman Sachs Capital Markets LP	CAD 14,863	USD 14,462	5/15/13	(286,541)
Goldman Sachs Capital Markets LP	GBP 2,931	USD 4,387	5/15/13	(165,223)
Goldman Sachs Capital Markets LP	USD 5,325	EUR 4,112	5/15/13	91,085
Goldman Sachs Capital Markets LP	USD 3,282	GBP 2,116	5/15/13	4,964
Goldman Sachs Capital Markets LP	GBP 2,116	USD 3,280	8/16/13	(5,142)
Goldman Sachs Capital Markets LP	JPY 1,594,760	USD 16,111	8/16/13	(257,930)
HSBC Bank USA	USD 5,395	NZD 6,500	5/15/13	171,552
Morgan Stanley & Co., Inc.	USD 2,072	EUR 1,552	5/15/13	(27,795)
Royal Bank of Canada	CAD 4,354	USD 4,369	5/15/13	48,645
Royal Bank of Canada	USD 14,127	CAD 14,306	5/15/13	69,114
Royal Bank of Canada	CAD 10,805	USD 10,623	8/16/13	(75,714)
Royal Bank of Scotland PLC	CHF 14,170	USD 15,107	5/15/13	(134,859)
Royal Bank of Scotland PLC	EUR 8,594	USD 11,166	5/15/13	(153,069)
Royal Bank of Scotland PLC	SEK 68,186	USD 10,488	5/15/13	(30,023)
Royal Bank of Scotland PLC	USD 21,196	CHF 19,771	5/15/13	69,945

Counterparty	Contracts to Deliver (000)	In Exchange For (000)	Settlement Date	Unrealized Appreciation/ (Depreciation)
Royal Bank of Scotland PLC	USD 5,047	GBP 3,319	5/15/13	$ 108,119
Royal Bank of Scotland PLC	USD 9,710	SEK 62,686	5/15/13	(40,174)
Royal Bank of Scotland PLC	USD 15,123	CHF 14,170	8/16/13	134,487
Societe Generale	NZD 4,766	USD 3,909	5/15/13	(172,446)
Standard Chartered Bank	USD 6,006	AUD 5,745	5/15/13	(55,938)
Standard Chartered Bank	USD 16,939	CAD 17,425	5/15/13	351,574
Standard Chartered Bank	USD 1,012	JPY 92,676	5/15/13	(61,465)
Standard Chartered Bank	USD 4,249	AUD 4,093	8/16/13	(38,456)
State Street Bank & Trust Co.	CAD 24,973	USD 24,942	5/15/13	161,427
State Street Bank & Trust Co.	EUR 12,908	USD 17,032	5/15/13	31,620
State Street Bank & Trust Co.	USD 18,130	NOK 100,383	5/15/13	(730,002)
UBS AG	EUR 1,406	USD 1,884	5/15/13	32,055
UBS AG	NOK 88,453	USD 15,455	5/15/13	122,919
UBS AG	SEK 34,594	USD 5,355	5/15/13	18,397
UBS AG	USD 4,215	GBP 2,786	5/15/13	112,205
Westpac Banking Corp.	AUD 2,586	USD 2,624	5/15/13	(54,262)
Westpac Banking Corp.	NZD 1,734	USD 1,461	5/15/13	(24,220)
Westpac Banking Corp.	USD 8,948	AUD 8,705	5/15/13	67,448
				$(492,090)

(a) Non-income producing security.

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

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

Currency Abbreviations:

AUD – Australian Dollar
CAD – Canadian Dollar
CHF – Swiss Franc
EUR – Euro
GBP – Great British Pound
JPY – Japanese Yen
NOK – Norwegian Krone
NZD – New Zealand Dollar
SEK – Swedish Krona
USD – United States Dollar

Glossary:

REIT – Real Estate Investment Trust

See notes to financial statements.

STATEMENT OF ASSETS & LIABILITIES

April 30, 2013 (unaudited)

Assets	
Investments in securities, at value	
Unaffiliated issuers (cost $431,048,151)	$ 570,676,027[(a)]
Affiliated issuers (cost $19,804,532—investment of cash collateral for securities loaned)	19,804,532
Foreign currencies, at value (cost $2,276,127)	2,299,606
Receivable for investment securities sold and foreign currency transactions	4,528,077
Unrealized appreciation of forward currency exchange contracts	2,658,158
Dividends and interest receivable	1,755,968
Receivable for capital stock sold	296,528
Total assets	602,018,896
Liabilities	
Due to custodian	953,911
Payable for collateral received on securities loaned	19,804,532
Unrealized depreciation of forward currency exchange contracts	3,150,248
Payable for investment securities purchased and foreign currency transactions	2,929,957
Payable for capital stock redeemed	2,003,193
Advisory fee payable	255,905
Administrative fee payable	15,930
Transfer Agent fee payable	1,496
Accrued expenses and other liabilities	180,620
Total liabilities	29,295,792
Net Assets	**$ 572,723,104**
Composition of Net Assets	
Capital stock, at par	$ 51,327
Additional paid-in capital	848,597,048
Distributions in excess of net investment income	(23,948,387)
Accumulated net realized loss on investment and foreign currency transactions	(391,027,041)
Net unrealized appreciation on investments and foreign currency denominated assets and liabilities	139,050,157
	$ 572,723,104
Class I Net Asset Value Per Share—3 billion shares of capital stock authorized, $.001 par value (based on 51,327,409 capital shares outstanding)	**$ 11.16**

(a) Includes securities on loan with a value of $18,958,301 (see Note D).

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended April 30, 2013 (unaudited)

Investment Income		
Dividends		
Unaffiliated issuers (net of foreign taxes withheld of $569,744)	$ 10,140,099	
Affiliated issuers	8,622	
Interest	461	
Securities lending income	174,029	$ 10,323,211
Expenses		
Advisory fee (see Note B)	1,587,053	
Custodian	91,390	
Directors' fees	28,470	
Audit	25,072	
Transfer agency	21,465	
Administrative	21,099	
Legal	20,718	
Printing	15,997	
Registration fees	15,542	
Miscellaneous	22,595	
Total expenses		1,849,401
Net investment income		8,473,810
Realized and Unrealized Gain on Investment and Foreign Currency Transactions		
Net realized gain on:		
Investment transactions		57,389,692[(a)]
Foreign currency transactions		2,929,812
Net change in unrealized appreciation/depreciation of:		
Investments		47,915,973[(b)]
Foreign currency denominated assets and liabilities		26,026
Net gain on investment and foreign currency transactions		108,261,503
Net Increase in Net Assets from Operations		**$ 116,735,313**

(a) Net of foreign capital gains taxes of $61,231.

(b) Net of increase in accrued foreign capital gains taxes of $79,325.

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended April 30, 2013 (unaudited)	Year Ended October 31, 2012
Increase in Net Assets from Operations		
Net investment income	$ 8,473,810	$ 17,445,759
Net realized gain on investment and foreign currency transactions	60,319,504	56,758,632
Net change in unrealized appreciation/ depreciation of investments and foreign currency denominated assets and liabilities	47,941,999	31,696,720
Net increase in net assets from operations	116,735,313	105,901,111
Dividends to Shareholders from		
Net investment income	(29,650,937)	(22,924,348)
Capital Stock Transactions		
Net decrease	(129,394,430)	(149,169,903)
Total decrease	(42,310,054)	(66,193,140)
Net Assets		
Beginning of period	615,033,158	681,226,298
End of period (including distributions in excess of net investment income of ($23,948,387) and ($2,771,260), respectively)	**$ 572,723,104**	**$ 615,033,158**

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013 (unaudited)

NOTE A
Significant Accounting Policies

AllianceBernstein Institutional Funds, Inc. (the "Company"), was organized as a Maryland corporation on October 3, 1997 and is registered under the Investment Company Act of 1940 (the "1940 Act") as an open-end series investment company. The Company is comprised of one fund, AllianceBernstein Global Real Estate Investment Fund II (the "Fund"). The Fund offers Class I shares. Sales are made without a sales charge, at the Fund's net asset value per share. 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, AllianceBernstein L.P. (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 counter-parties. 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.

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 or liability (including those valued based on their market values as described in Note 1 above). 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, 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.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of April 30, 2013:

Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Common Stocks:				
Equity: Other	$ 106,880,685	$ 135,610,744	$ – 0 –	$ 242,491,429
Retail	74,111,754	47,922,616	– 0 –	122,034,370
Residential	70,980,511	28,126,157	209,854	99,316,522
Office	26,813,301	27,009,716	– 0 –	53,823,017
Industrials	17,773,015	9,142,834	– 0 –	26,915,849
Lodging	18,767,670	7,327,170	– 0 –	26,094,840
Investments of Cash Collateral for Securities Loaned in Affiliated Money Market Fund	19,804,532	– 0 –	– 0 –	19,804,532
Total Investments in Securities	335,131,468	255,139,237+	209,854	590,480,559
Other Financial Instruments*:				
Assets:				
Forward Currency Exchange Contracts	– 0 –	2,658,158	– 0 –	2,658,158
Liabilities:				
Forward Currency Exchange Contracts	– 0 –	(3,150,248)	– 0 –	(3,150,248)
Total^	**$ 335,131,468**	**$ 254,647,147**	**$ 209,854**	**$ 589,988,469**

* *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 no transfers between Level 1 and Level 2 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.

	Residential	Total
Balance as of 10/31/12	**$ – 0 –**	**$ – 0 –**
Accrued discounts/(premiums)	– 0 –	– 0 –
Realized gain (loss)	– 0 –	– 0 –
Change in unrealized appreciation/depreciation	4,067	4,067
Purchases	205,787	205,787
Sales	– 0 –	– 0 –
Transfers in to Level 3	– 0 –	– 0 –
Transfers out of Level 3	– 0 –	– 0 –
Balance as of 4/30/13	**$ 209,854**	**$ 209,854**
Net change in unrealized appreciation/depreciation from Investments held as of 4/30/13*	$ 4,067	$ 4,067

* *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 (the current and the prior three tax years) 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. 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 .55% of the first $2.5 billion, .45% of the next $2.5 billion and .40% in excess of $5 billion of the Fund's daily net assets. The fee is accrued daily and paid monthly.

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 April 30, 2013, the reimbursement for such services amounted to $21,099.

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 April 30, 2013.

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 April 30, 2013 is as follows:

Market Value October 31, 2012 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value April 30, 2013 (000)	Dividend Income (000)
$ 5,238	$ 61,371	$ 66,609	$– 0 –	$ 1

Brokerage commissions paid on investment transactions for the six months ended April 30, 2013 amounted to $942,872, of which $0 and $590, respectively, was paid to Sanford C. Bernstein & Co. LLC and Sanford C. Bernstein Limited, affiliates of the Adviser.

NOTE C
Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the six months ended April 30, 2013 were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$ 279,336,361	$ 417,182,323
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	$ 143,578,698
Gross unrealized depreciation	(3,950,822)
Net unrealized appreciation	$ 139,627,876

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 principal type of derivatives utilized by the Fund, as well as the methods in which they may be used are:

- **Forward Currency Exchange Contracts**

  The Fund may enter into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to hedge certain firm purchase and sale commitments denominated in foreign currencies and for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions".

  A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contract and the closing of such contract would be included in net realized gain or loss on foreign currency transactions. Fluctuations in the value of open forward currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and/or depreciation by the Fund. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

During the six months ended April 30, 2013, the Fund held forward currency exchange contracts for hedging and non-hedging purposes.

Documentation governing the Fund's OTC derivatives may contain provisions for early termination of such transaction in the event the net assets of the Fund decline below specific levels set forth in the documentation ("net asset contingent features"). If these levels are triggered, the Fund's counterparty has the right to terminate such transaction and require the Fund to pay or receive a settlement amount in connection with the terminated transaction. As of April 30, 2013, the Fund had OTC derivatives with contingent features in net liability positions in the amount of $1,774,686. If a trigger event had occurred at April 30, 2013, for those derivatives in a net liability position, an amount of $1,774,686 would be required to be posted by the Fund.

At April 30, 2013, the Fund had entered into the following derivatives:

	Asset Derivatives		Liability Derivatives	
Derivative Type	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Foreign exchange contracts..........	Unrealized appreciation of forward currency exchange contracts	$ 2,658,158	Unrealized depreciation of forward currency exchange contracts	$ 3,150,248
Total..................		$ 2,658,158		$ 3,150,248

The effect of derivative instruments on the statement of operations for the six months ended April 30, 2013:

Derivative Type	Location of Gain or (Loss) on Derivatives	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Foreign exchange contracts	Net realized gain (loss) on foreign currency transactions; Net change in unrealized appreciation/ depreciation of foreign currency denominated assets and liabilities	$ 3,017,351	$ 1,210
Total		$ 3,017,351	$ 1,210

The following table represents the volume of the Fund's derivative transactions during the six months ended April 30, 2013:

Forward Currency Exchange Contracts:	
Average principal amount of buy contracts	$ 99,665,100
Average principal amount of sale contracts	$113,181,602

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 D
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 April 30, 2013, the Fund had securities on loan with a value of $18,958,301 and had received cash collateral which has been invested into AllianceBernstein Exchange Reserves of $19,804,532. The cash collateral will be adjusted on the next business day to maintain the required collateral amount. The Fund earned securities lending income of $174,029 and $7,630 from the borrowers and AllianceBernstein Exchange Reserves, respectively, for the six months ended April 30, 2013; 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 April 30, 2013 is as follows:

Market Value October 31, 2012 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value April 30, 2013 (000)	Dividend Income (000)
$ 17,464	$ 146,431	$ 144,090	$ 19,805	$ 8

NOTE E
Capital Stock

Transactions in capital shares were as follows:

	Shares		Amount	
	Six Months Ended April 30, 2013 (unaudited)	Year Ended October 31, 2012	Six Months Ended April 30, 2013 (unaudited)	Year Ended October 31, 2012
Class I				
Shares sold	4,210,159	5,611,947	$ 42,414,632	$ 49,352,743
Shares issued in reinvestment of dividends	2,633,774	1,836,906	25,518,999	15,658,285
Shares redeemed	(19,659,419)	(24,175,348)	(197,328,061)	(214,180,931)
Net decrease	**(12,815,486)**	**(16,726,495)**	**$(129,394,430)**	**$(149,169,903)**

NOTE F
Risks Involved in Investing in the Fund

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.

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.

Concentration of Risk—Although the Fund does not invest directly in real estate, it invests primarily in real estate equity securities and has a policy of concentration of its investments in the real estate industry. Therefore, an investment in the Fund is subject to certain risks associated with the direct ownership of real estate and with the real estate industry in general. To the extent that assets underlying the Fund's investments are concentrated geographically, by property type or in certain other respects, the Fund may be subject to additional risks.

In addition, investing in Real Estate Investment Trusts ("REITs") involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs are also subject to the possibilities of failing to qualify for tax-free pass-through of income under the Code and failing to maintain their exemptions from registration under the 1940 Act. REITs (especially mortgage REITs) also are subject to interest rate risks.

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 G
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 April 30, 2013.

NOTE H
Distributions to Shareholders

The tax character of distributions to be paid for the year ending October 31, 2013 will be determined at the end of the current fiscal year. The tax character of distributions paid during the fiscal years ended October 31, 2012 and October 31, 2011 were as follows:

	2012	2011
Distributions paid from:		
Ordinary income	$ 22,924,348	$ 43,539,134
Total taxable distributions paid	$ 22,924,348	$ 43,539,134

As of October 31, 2012, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	$ 25,115,522
Accumulated capital and other losses	(443,193,583)(a)
Unrealized appreciation/(depreciation)	55,068,399(b)
Total accumulated earnings/(deficit)	$ (363,009,662)

(a) *On October 31, 2012, the Fund had a net capital loss carryforward of $443,193,583. During the fiscal year, the Fund utilized $45,372,699 of capital loss carryforwards to offset current year net realized gains.*

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

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 October 31, 2012, the Fund had a net capital loss carryforward of $443,193,583 which will expire as follows:

SHORT-TERM AMOUNT	LONG-TERM AMOUNT	EXPIRATION
$ 14,425,325	n/a	2016
418,457,249	n/a	2017
10,311,009	n/a	2018

NOTE I
Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") related to disclosures about offsetting assets and liabilities in financial statements. The amendments in this update require an entity to disclose both gross and net information for derivatives and other financial instruments that are either offset in the statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. In January 2013, the FASB issued an ASU to clarify the scope of disclosures about offsetting assets and liabilities. The ASU limits the scope of the new balance sheet offsetting disclosures to derivatives, repurchase agreements and securities lending transactions. 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 J
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 I					
	Six Months Ended April 30, 2013	Year Ended October 31,				
	(unaudited)	2012	2011	2010	2009	2008
Net asset value, beginning of period	$ 9.59	$ 8.42	$ 9.04	$ 7.78	$ 6.64	$ 18.03
Income From Investment Operations						
Net investment income[(a)]	.15	.24	.18	.22	.24	.28
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.93	1.24	(.34)	1.61	1.09	(7.33)
Net increase (decrease) in net asset value from operations	2.08	1.48	(.16)	1.83	1.33	(7.05)
Less: Dividends and Distributions						
Dividends from net investment income	(.51)	(.31)	(.46)	(.57)	(.19)	(.56)
Tax return of capital	– 0 –	– 0 –	– 0 –	–0 –	– 0 –	(.23)
Distributions from net realized gain on investment transactions	– 0 –	– 0 –	– 0 –	– 0 –	– 0 –	(3.55)
Total dividends and distributions	(.51)	(.31)	(.46)	(.57)	(.19)	(4.34)
Net asset value, end of period	**$ 11.16**	**$ 9.59**	**$ 8.42**	**$ 9.04**	**$ 7.78**	**$ 6.64**
Total Return						
Total investment return based on net asset value[(b)]	22.51 %	18.04 %	(1.87)%	24.73 %	20.93 %	(48.70)%
Ratios/Supplemental Data						
Net assets, end of period (000's omitted)	$572,723	$615,033	$681,226	$883,101	$883,493	$835,750
Ratio to average net assets of:						
Expenses	.64 %[(c)]	.63 %	.62 %	.62 %[(d)]	.63 %	.63 %
Net investment income	2.94 %[(c)]	2.71 %	2.02 %	2.79 %[(d)]	3.80 %	2.62 %
Portfolio turnover rate	48 %	101 %	66 %	62 %	68 %	62 %

(a) Based on average shares outstanding.

(b) 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. 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.

(c) Annualized.

(d) The ratio includes expenses attributable to costs of proxy solicitation.

See notes to financial statements.

BOARD OF DIRECTORS

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

OFFICERS

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

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Independent Registered Public Accounting Firm
Ernst & Young LLP
5 Times Square
New York, NY 10036

(1) Member of the Audit Committee, the Governance and Nominating Committee and the 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 the Global Real Estate Senior Investment Management Team. Mr. Eric J. Franco is the investment professional with the most significant responsibility for the day-to-day management of the Fund's portfolio.

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 Alliance Bernstein Institutional Funds, Inc. ("the Company") in respect of AllianceBernstein Global Real Estate Investment Fund II (the "Fund"),[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 Fund 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 Fund grows larger; and
6. Nature and quality of the Adviser's services including the performance of the Fund.

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

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

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

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]

FUND ADVISORY FEES, NET ASSETS & EXPENSE RATIOS

The Adviser proposed that the Fund pay the advisory fee set forth in the table below for receiving the services to be provided pursuant to the Investment Advisory Agreement. The fee schedule below, implemented in January 2004 in consideration of the Adviser's settlement with the NYAG in December 2003, is based on a master schedule that contemplates eight categories of funds with almost all funds in each category having the same advisory fee schedule.[4]

Category	Advisory Fee Schedule[5]	Net Assets 3/31/12 ($MIL)	Fund
Value	55 bp on 1st $2.5 billion 45 bp on next $2.5 billion 40 bp on the balance	$667.4	Global Real Estate Investment Fund II

The Adviser is reimbursed as specified in the Investment Advisory Agreement for certain clerical, legal, accounting, administrative and other services provided to the Fund. During the Fund's most recently completed fiscal year, the Adviser received $62,006 (0.01% of the Fund's average daily net assets) for such services.

Set forth below is the Fund's total expense ratio for the most recently completed fiscal year:

Fund	Total Expense Ratio		Fiscal Year
Global Real Estate Investment Fund II	Class I	0.62%	October 31

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

3 Jones v. Harris *at 1427.*

4 *Most of the AllianceBernstein Mutual Funds, which the Adviser manages, were affected by the Adviser's settlement with the NYAG.*

5 *The advisory fee is based on a percentage of the average daily net assets and paid on a monthly basis.*

such clients, and different liabilities assumed. Services to be provided by the Adviser to the Fund 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 Fund'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 Fund 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 Fund.[6] In addition to the AllianceBernstein institutional fee schedule, set forth below are the Fund's advisory fee and what would have been the effective advisory fee of the Fund had the AllianceBernstein institutional fee schedule been applicable to the Fund based on March 31, 2012 net assets:[7]

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.*

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.*

Fund	Net Assets 3/31/12 ($MIL)	AllianceBernstein ("AB") Institutional ("Inst.") Fee Schedule	Effective AB Inst. Adv. Fee	Fund Advisory Fee
Global Real Estate Investment Fund II	$667.4	Global REIT 75 bp on 1st $25 million 65 bp on next $25 million 55 bp on the balance *Minimum Account Size: $25m*	0.587%	0.550%

The AllianceBernstein Variable Products Series Fund, Inc. ("AVPS"), which is managed by the Adviser and is available through variable annuity and variable life contracts offered by other financial institutions, offers investors the option to invest in a portfolio with a substantially similar investment style as the Fund. The following table shows the fee schedule of the AVPS portfolio that has a substantially similar investment style as the Fund.[8] Also shown are what would have been the effective advisory fee of the Fund had the AVPS fee schedule been applicable to the Fund based on March 31, 2012 net assets and the Fund's advisory fee:

Fund	AVPS Portfolio	Fee Schedule	Effective AVPS Adv. Fee	Fund Advisory Fee
Global Real Estate Investment Fund II	Real Estate Investment Portfolio	0.55% on first $2.5 billion 0.45% on next $2.5 billion 0.40% on the balance	0.550%	0.550%

The Adviser also manages and sponsors retail mutual funds, which are organized in jurisdictions outside the United States, generally Luxembourg and Japan, and sold to non-United States resident investors. The Adviser charges the fees set forth for Global Real Estate Securities Portfolio, which is a Luxembourg fund that has a similar investment style as the Fund:

Fund	Fee[9]
Global Real Estate Securities Portfolio	
Class A	1.75%
Class I (Institutional)	0.95%

The Adviser represented that it does not sub-advise any registered investment company with a substantially similar investment style as the Fund.

8 *The AVPS portfolio was also affected by the settlement between the Adviser and the NYAG. As a result, the Fund has the same fee schedule as the AVPS portfolio.*

9 *Class I shares of the funds are charged an "all-in" fee, which covers investment advisory services and distribution related services, unlike Class I shares, whose fee is for investment advisory services only.*

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 Fund with fees charged to other investment companies for similar services offered by other investment advisers.[10] Lipper's analysis included the comparison of the Fund's contractual management fee, estimated at the approximate current asset level of the Fund, to the median of the Fund's Lipper Expense Group ("EG")[11] and the Fund's contractual management fee ranking.[12]

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.

Fund	Contractual Management Fee (%)[13]	Lipper Exp. Group Median (%)	Rank
Global Real Estate Investment Fund II	0.550	0.867	1/11

Lipper also compared the Fund's total expense ratio to the medians of the Fund's EG and Lipper Expense Universe ("EU"). The EU is a broader group compared to the EG, consisting of all funds that have the same investment classifications/objective and load type as the subject Fund. Set forth below is Lipper's comparison of the Fund's total expense ratio and the medians of the Fund's EG and EU. The Fund's total expense ratio rankings are also shown.

10 *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.*

11 *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.*

12 *The contractual management fee is calculated by Lipper using the Fund'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 Fund, 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 Fund had the lowest effective fee rate in the Lipper peer group.*

13 *The contractual management fee rate does not reflect any expense reimbursement payments made by the Fund to the Adviser for certain clerical, legal, accounting, administrative, and other services.*

Fund	Expense Ratio (%)[14]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
Global Real Estate Investment Fund II	0.621	0.996	1/11	1.006	1/22

Based on this analysis, the Fund has an equally favorable ranking on a management fee basis than 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 Fund. The Senior Officer has retained a consultant to provide independent advice regarding the alignment of the two profitability systems as well as the methodologies and allocations utilized by both profitability systems. See Section IV for additional discussion.

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

The Fund'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 Fund decreased during calendar year 2011, relative to 2010.

In addition to the Adviser's direct profits from managing the Fund, certain of the Adviser's affiliates have business relationships with the Fund and may earn a profit from providing other services to the Fund. 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 Fund 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 Fund and receive transfer agent fees 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 Fund's principal underwriter. ABI and the Adviser have disclosed in the Fund's prospectus that they may make revenue sharing payments from their own

14 Most recently completed fiscal year end Class I total expense ratio.

resources to firms that sell shares of the Fund. 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).

Fees and reimbursements for out of pocket expenses charged by AllianceBernstein Investor Services, Inc. ("ABIS"), the affiliated transfer agent for the Fund, 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 Fund's most recently completed fiscal year, ABIS received $18,000 in fees from the Fund.[15]

The Fund effected brokerage transactions 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 during the Fund's most recently completed fiscal year. The Adviser represented that SCB's profitability from any business conducted with the Fund 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,[16] 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

15 *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 Fund's account. Due to lower average balances and interest rates during the Fund's most recently completed fiscal year, monthly fees exceeded interest credits, resulting in zero expense offsets for the period.*

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

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.

In February 2008, the independent consultant provided the Board of Directors an update of the Deli[17] study on advisory fees and various fund characteristics.[18] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[19] 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

17 *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.*

18 *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.*

19 *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.*

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 Fund.

The information prepared by Lipper shows the 1, 3, 5 and 10 year performance returns and rankings[20] of the Fund relative to its Lipper Performance Group ("PG") and Lipper Performance Universe ("PU")[21] for the periods ended February 29, 2012.[22]

	Fund Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
1 year	0.19	-0.69	-0.01	2/11	13/30
3 year	31.83	31.83	31.54	6/11	11/25
5 year	-4.02	-3.91	-4.33	6/10	7/15
10 year	9.51	9.51	9.51	2/3	2/3

Set forth below are the 1, 3, 5 and 10 year and since inception performance returns of the Fund (in bold)[23] versus its benchmarks.[24] Fund and benchmark volatility and reward-to-variability ratio ("Sharpe Ratio") information is also shown.[25]

20 *The performance returns and rankings of the Fund are for the Fund's Class I shares. The Fund's performance returns were provided by Lipper.*

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

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

23 *The performance returns and risk measures shown in the table are for the Class I shares of the Fund.*

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

25 *Fund 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.*

	Periods Ending February 29, 2012 Annualized Performance							
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Annualized Volatility (%)	Annualized Sharpe (%)	Risk Period (Year)
Global Real Estate Investment Fund II	0.19	31.83	-4.02	9.51	6.97	21.79	0.44	10
FTSE EPRA NAREIT Developed RE Index	0.76	33.95	-4.22	10.78	7.63	21.49	0.50	10
FTSE NAREIT Equity REIT Index[26]	4.80	41.85	-1.53	10.55	8.45	N/A	N/A	N/A

Inception Date: December 9, 1997

Based on the factors discussed above the Senior Officer's conclusion is that the proposed fee for the Fund 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 Fund is based on an evaluation of all of these factors and no single factor was dispositive.

May 25, 2012

26 Benchmark since inception date is the nearest month end after the Fund's inception date.

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Global Wealth Management

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